



SUNDARAM-CLAYTON LIMITED

Our Company was incorporated as ‘Sundaram-Clayton Limited’ (“Company”/ “Issuer”) on May 24, 1962, at Chennai as a limited company under the Companies Act, 1956 and a certificate of incorporation was issued by the Registrar of Companies, Chennai, Tamil Nadu (“ROC”) on May 24, 1962. The Corporate Identification Number of the Company is L35999TN1962PLC004792 and PAN of our Company is AAACS4920J. There has been no change in the name of the Company since incorporation. The registered office of the Company was shifted from “Jayalakshmi Estates”, No. 29 (Old No. 8), Haddows Road, Chennai - 600 006, Tamil Nadu, India to “Chaitanya” No. 12, Khader Nawaz Khan Road, Nungambakkam, Chennai - 600 006, Tamil Nadu, India in the year 2019. For further details about our Company, see section titled “History and Certain Corporate Matters” on page 56.

Registered Office and Corporate Office: “Chaitanya”, No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai - 600006, Tamil Nadu, India

Tel: +91 44 2833 2115; **E-mail:** corpsec@sundaramclayton.com; **Website:** www.sundaram-clayton.com

Director & Group Chief Financial Officer: Mr. K Gopala Desikan, **Tel.:** +91 44 2833 2115; **E-mail:** kgd@tvsmotor.com

Company Secretary & Compliance Officer: Mr. R Raja Prakash, **Tel.:** +91 44 2833 2115; **E-mail:** rrp@sundaramclayton.com

INFORMATION MEMORANDUM FOR LISTING OF 234,69,21,860 9% CUMULATIVE NON-CONVERTIBLE REDEEMABLE PREFERENCE SHARES (“NCRPS”) OF FACE VALUE ₹ 10 EACH ISSUED BY SUNDARAM-CLAYTON LIMITED PURSUANT TO THE COMPOSITE SCHEME OF ARRANGEMENT (THE “ISSUE”)

NO EQUITY SHARES ARE PROPOSED TO BE SOLD OR OFFERED PURSUANT TO THIS INFORMATION MEMORANDUM

OUR PROMOTERS

Our Promoters are (i) TVS Holdings Private Limited, **Tel.:** +91 44 - 2833 2115; **E-mail:** phoenix@tvsholdings.in; and (ii) T.V. Sundram Iyengar & Sons Private Limited, **Tel.:** (045) 2235 6400; **E-mail:** compliances.tvsmpl@tvs.in

GENERAL RISKS

Instruments offered through this Information Memorandum are Non-Convertible Redeemable Preference Shares and not debentures/bonds. They are riskier than debentures/bonds and may not carry any guaranteed coupon and can be redeemed only out of the distributable profits of the Company or out of the proceeds of a fresh issue of shares made, if any, by the Company for the purposes of the redemption. Specific attention of investors is invited to statement of “Risk Factors” on page 8 of this Information Memorandum. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the NCRPS.

ISSUER’S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Information Memorandum contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue; that the information contained in the Information Memorandum is true and correct in all material aspects and is not misleading, that the opinions and intentions expressed herein are honestly stated and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading.

DIVIDEND RATE, DIVIDEND PAYMENT FREQUENCY, REDEMPTION DATE, REDEMPTION AMOUNT & ELIGIBLE SHAREHOLDERS

For details relating to dividend rate, dividend payment frequency, redemption date, redemption amount & eligible shareholders of the NCRPS, please refer to section titled “Issue Structure” on page 114.

CREDIT RATING

The NCRPS proposed to be issued under the Issue have been rated “A1 +” for an amount of ₹ 2,346.92 crore by CRISIL Ratings Limited vide their rating letter dated March 15, 2023 (valid for 180 days) and press release for rating rationale dated March 14, 2023. The ratings provided by CRISIL Ratings Limited is valid as on the date of this Information Memorandum and shall remain valid on date of the Issue and Allotment of NCRPS and the listing of the NCRPS on Stock Exchanges. The ratings provided by CRISIL Ratings Limited may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. These ratings are not a recommendation to buy, sell or hold securities and Investors should take their own decisions. Please refer to Annexure I of this Information Memorandum for the rating letter and rationale for the above ratings.

LISTING

These NCRPS of our Company are proposed to be listed on the BSE Limited (“BSE”) and National Stock Exchange of India Limited (“NSE”). NSE shall be the Designated Stock Exchange for the Issue. The Issuer shall comply with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time to the extent applicable to it on a continuous basis. The Company has submitted this Information Memorandum with BSE and NSE and same will be available at the website of the Company viz. www.sundaram-clayton.com. The Information Memorandum will also be available on the website of BSE at www.bseindia.com and at NSE at www.nseindia.com. The Issue shall be subject to the provisions of the Companies Act, the Rules notified thereunder, SEBI Circulars, the Memorandum of Association and Articles of Association of the Issuer, the terms and conditions of the Information Memorandum filed with the Stock Exchanges and other documents in relation to the Issue.

REGISTRAR AND TRANSFER AGENT

 **Integrated**
since 1974
Investments Simplified
Integrated Registry Management Services Private Limited
2nd Floor, Kences Towers,
No.1, Ramakrishna Street,
North Usman Road, T Nagar, Chennai - 600 017
SEBI Registration No: INR0000000544
Tel: +91 44 2814 0801/ 0803
Fax: +91 44 2814 2479
E-mail: corpsec@integratedindia.in
Investor Grievance Email: srirams@integratedindia.in
Website: https://www.integratedindia.in
Contact Person: Mr. Sriram S

CREDIT RATING AGENCY


CRISIL Ratings Limited
CRISIL House, Central Avenue,
Hiranandani Business Park,
Powai, Mumbai - 400076
SEBI Registration No: IN/CRA/001/1999
Tel: +91 22 3342 3000
Fax: +91 22 3342 3001
E-mail: crisilratingdesk@crisil.com
Website: www.crisilratings.com/en/home.html
Contact Person: Mr. Naren Kartic. K

STATUTORY AUDITOR

M/s. Raghavan, Chaudhuri & Narayanan
Chartered Accountants
No.17/12, II Floor, Casa Capitol,
Wood Street, Ashoknagar,
Bengaluru -560025
Tel: +91 80 2556 7578 / 2551 4771
E-mail: sathya@nca-india.com
Website: http://rcn-audit.com
Contact Person: Mr. V Sathyanarayanan

CONTENTS

SECTION I – GENERAL	1
DEFINITIONS AND ABBREVIATIONS	1
CERTAIN CONVENTIONS, USE OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION	5
FORWARD LOOKING STATEMENT	7
SECTION II – RISK FACTORS	8
SECTION III – INTRODUCTION	17
GENERAL INFORMATION	17
CAPITAL STRUCTURE	21
SCHEME OF ARRANGEMENT	46
SECTION IV – ABOUT OUR COMPANY	49
OUR BUSINESS	49
HISTORY AND CERTAIN CORPORATE MATTERS	56
OUR MANAGEMENT	67
OUR PROMOTERS	79
RELATED PARTY TRANSACTIONS	82
SECTION V – FINANCIAL STATEMENTS	83
FINANCIAL INFORMATION	83
KEY OPERATIONAL AND FINANCIAL PARAMETERS	93
FINANCIAL INDEBTEDNESS	96
MATERIAL DEVELOPMENTS	101
SECTION VI- LEGAL AND OTHER INFORMATION	102
OUTSTANDING LITIGATIONS	102
OTHER REGULATORY AND STATUTORY DISCLOSURES	108
SECTION VII- ISSUE STRUCTURE	114
SECTION VIII - MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION	117
SECTION IX - MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION	157
DECLARATION	158
ANNEXURE I – CREDIT RATING LETTER AND RATIONALE	162
ANNEXURE II- DAY COUNT CONVENTION	163

SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

In this Information Memorandum, unless the context otherwise indicates or implies, the following terms have the following meanings in this Information Memorandum, and references to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act, regulation, rules, guidelines or policies as amended from time to time.

Further, unless the context otherwise indicates, all references in this Information Memorandum to “the Issuer”, “our Company”, “the Company” or “SCL” or “we” or “us” or “our” are to Sundaram-Clayton Limited and references to “you” are to the Eligible Shareholders, as the case may be, in the NCRPS.

COMPANY RELATED TERMS

Term	Description
₹ / Rs. / INR / Rupees / Indian Rupees	The lawful currency of the Republic of India
Articles / Articles of Association / AOA	The Articles of Association of our Company, as amended from time to time
Audited Financial Statements	The audited standalone and consolidated balance sheet of our Company as at March 31, 2023, March 31, 2022 and March 31, 2021 and the audited standalone and consolidated statement of profit and loss for the year ended March 31, 2023, March 31, 2022 and March 31, 2021 and the audited standalone and consolidated statement of changes in equity for the year ended March 31, 2023, March 31, 2022 and March 31, 2021 and the audited standalone and consolidated statement of cash flows for the year ended March 31, 2023, March 31, 2022 and March 31, 2021 and the related summary statement of significant accounting policies. Our audited standalone and consolidated financial statements as at and for the years ended March 31, 2023, March 31, 2022 and March 31, 2021 audited under Ind-AS as per the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and notified under Section 133 of the Companies Act, 2013 and presented in accordance with the requirements of the SEBI LODR Regulations.
Board / our Board	The Board of Directors of Sundaram-Clayton Limited
Company / our Company / SCL/ Issuer / we / us / our	Unless the context otherwise requires, refers to, Sundaram-Clayton Limited, a public limited company incorporated under the Companies Act, 1956
Company Secretary and Compliance Officer	The Company Secretary and Compliance Officer of our Company, Mr. R Raja Prakash
Director(s)	Director of our Company, unless otherwise specified
Equity Shares	Equity shares of our Company of face value of ₹ 5 each
Independent Director	A Non-Executive, Independent Director as per the Companies Act, 2013 and the SEBI LODR Regulations, who are currently on the Board of our Company
Key Managerial Personnel	The Key Managerial Personnel of the Company appointed in accordance with the provisions of SEBI ICDR Regulations and the Companies Act, 2013
Memorandum / Memorandum of Association / MoA	Memorandum of Association of our Company
Promoters	(i) TVS Holdings Private Limited; and (ii) T.V. Sundram Iyengar & Sons Private Limited
Promoter Group	(i) Sundaram Finance Holdings Limited; (ii) Venu Srinivasan; (iii) Sudarshan Venu; (iv) Mallika Srinivasan; (v) Lakshmi Venu; (vi) VS Trustee Private Limited as trustee of Srinivasan Trust; (vii) Venu Srinivasan as trustee of VS Trust; (viii) VS Trustee Private Limited; (ix) Venu Srinivasan as trustee of VS PTC Trust; (x) VEE ESS Trading Private Limited; (xi) Venu Srinivasan Trustee Private Limited as trustee of VEE ESS Trust; (xii) Venu Srinivasan as trustee of Srinivasan Venu Trust; (xiii) Venu Srinivasan Trustee Private Limited; (xiv) S. Venu Trustee Private Limited; (xv) Srinivasan Trading Private Limited; (xvi) VS Investments Private Limited.
Registered Office/ our Registered Office	“Chaitanya”, No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai - 600006, Tamil Nadu

Term	Description
RoC	Registrar of Companies, Tamil Nadu at Chennai
Shareholder(s)	The holder(s) of Equity Shares of our Company, unless otherwise specified in the context thereof
Statutory Auditor / Auditor	The current statutory auditor of our Company, M/s. Raghavan, Chaudhuri & Narayanan, Chartered Accountants

ISSUE RELATED TERMS

Term	Description
Allotment/ Allot/ Allotted	The issue and allotment of the NCRPS to Allottees pursuant to the Scheme
Allottee(s)	Each equity shareholder whose name is recorded in the register of members of our Company and/or the records of the depository(ies) as equity shareholder of our Company on the Record Date i.e., March 24, 2023
BSE	BSE Limited
Client ID	Client identification number maintained with one of the Depositories in relation to the demat account
Composite Scheme of Arrangement / Scheme	Composite Scheme of Arrangement amongst Sundaram-Clayton Limited, TVS Holdings Private Limited, VS Investments Private Limited, Sundaram-Clayton DCD Limited and their respective shareholders and creditors under Sections 230 to 232 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 for issuance of NCRPS to the shareholders of the Company by way of bonus issue. For more details relating to the Scheme please refer to the section titled “Scheme of Arrangement” on page 46 of this Information Memorandum.
Dividend Rate	The rate of dividend payable in connection with the NCRPS in accordance with this Information Memorandum. Please see the section titled “Issue Structure” on page 114.
Credit Rating Agency	For the present Issue, the credit rating agency being CRISIL Ratings Limited
CRISIL	CRISIL Ratings Limited
Date of Allotment	March 25, 2023
Depositories Act	The Depositories Act 1996
Depository(ies)	National Securities Depository Limited (NSDL) and /or Central Depository Services (India) Limited (CDSL)
DP / Depository Participant	A depository participant as defined under the Depositories Act
Designated Stock Exchange	NSE
Eligible Shareholders	It shall have the meaning given to the term in “Issue Structure”
Information Memorandum	The Information Memorandum dated June 8, 2023 filed by our Company with Stock Exchanges in accordance with the provisions of the SEBI NCS Regulations in pursuance to the Scheme
Issue	Issuance of NCRPS by Sundaram-Clayton Limited of 234,69,21,860 NCRPS of the face value of ₹ 10 each aggregating to ₹ 2,346.92 crore in pursuance to the Composite Scheme of Arrangement
Issue Size	234,69,21,860 NCRPS of the face value of ₹ 10 each, aggregating to a total of ₹ 2346,92,18,600
Listing Agreement	The uniform listing agreement entered into between our Company and the Stock Exchanges in connection with the listing of NCRPS of our Company
NCLT / Tribunal	The National Company Law Tribunal, Chennai Bench
NCRPS	9% Cumulative Non-Convertible Redeemable Preference Shares of face value of ₹ 10 each, being issued at par value of ₹ 10 each, pursuant to the Composite Scheme of Arrangement
NSE	National Stock Exchange of India Limited
Recovery Expense Fund	The recovery expense fund shall mean the fund created by our Company with the Designated Stock Exchange, in the manner as specified under SEBI Debenture Trustee Operational Circular, as amended from time to time and in Regulation 11 of SEBI NCS Regulations

Term	Description
Record Date	March 24, 2023
Redemption Amount	The amount repayable on redemption of the NCRPS, as specified in the Information Memorandum. Please see the section titled “ <i>Issue Structure</i> ” on page 114.
Redemption Date	The date on which our Company is liable to redeem the NCRPS. Please see the section titled “ <i>Issue Structure</i> ” on page 114.
Register of NCRPS Holders	The register of NCRPS holders maintained by the Issuer in accordance with the provisions of the Companies Act
Registrar / RTA / Share Transfer Agent	Integrated Registry Management Services Private Limited
Stock Exchange(s)	BSE and NSE, with NSE being the Designated Stock Exchange to the Issue
Tripartite Agreements	Tripartite agreement dated May 1, 2021 among our Company, the Registrar and CDSL and tripartite agreement dated May 1, 2021 among our Company, the Registrar and NSDL
Wilful Defaulter	Includes wilful defaulters as defined under Regulation 2(1)(III) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended

CONVENTIONAL AND GENERAL TERMS OR ABBREVIATION

Term	Description
AGM	Annual General Meeting
Applicable Laws	Any statute, notification, by-laws, rules, regulations, guidelines, common law, policy, code, directives, ordinance, schemes, notices, orders or instructions, laws enacted or issued or sanctioned by any appropriate authority in India including any modifications or re-enactment thereof for the time being in force.
AS	Accounting Standards
BSE	BSE Limited
CIN	Corporate Identification Number
CDSL	Central Depository Services (India) Limited
Companies Act	Companies Act, 2013, read with the rules, regulations, clarifications, circulars, notifications and modifications thereunder, as amended from time to time
CRISIL	CRISIL Ratings Limited
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository / Depositories	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time, in this case being NSDL and CDSL
Depository Participant / DP	Depository Participant as defined under the Depositories Act
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
EGM	Extra-ordinary General Meeting
ESOP	Employees Stock Option Scheme
ESP Scheme	Employees Stock Purchase Scheme
Financial Year / Fiscal Year / FY	Twelve months ending on March 31 of a particular year
GoI	Government of India
HUF	Hindu Undivided Family
Ind-AS	Indian Accounting Standards
IFRS	International Financial Reporting Standards issued by International Accounting Standards Board (IASB)
IT Act	Income-tax Act, 1961
KMP	Key Managerial Personnel
N.A.	Not Applicable
NEFT	National Electronic Funds Transfer
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
PAN	Permanent Account Number
ROC	Registrar of Companies, Tamil Nadu at Chennai
RBI	Reserve Bank of India

Term	Description
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956 as amended from time to time
SCRR	Securities Contracts (Regulations) Rules, 1957 as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI Master Circulars	SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021, read with SEBI Operational Circular SEBI/HO/DDHS/DDHS_Div1/P/CIR/2022/0000000103 dated July 29, 2022 and Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017, issued by SEBI and as amended from time to time or any other circular(s) issued by SEBI applicable to a scheme of arrangement by Listed Entities and Relaxation under sub-rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957, as amended or any other circulars issued by SEBI applicable to schemes of arrangement from time to time
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended from time to time
SEBI NCS Regulations	Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended read with SEBI Operational Circular
SEBI Listing Regulations / SEBI LODR Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
SEBI Operational Circular	Circular no. SEBI/HO/DDHS/DDHS_Div1/P/CIR/2022/0000000103 dated July 29, 2022 issued by SEBI, as amended
SEBI Debenture Trustee Operational Circular	SEBI circular with reference number SEBI/HO/DDHS/P/CIR/2023/50 dated March 31, 2023 as may be amended from time to time.

CERTAIN CONVENTIONS, USE OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION

Certain Conventions

All references in this Information Memorandum to “India” are to the Republic of India and its territories and possessions and all references to the “Government”, the “Central Government” or the “State Government” are to the Government of India, central or state, as applicable.

Unless stated otherwise, all references to page numbers in this Information Memorandum are to the page numbers of this Information Memorandum.

Presentation of Financial Information

Our Company’s financial year commences on April 1 of the immediately preceding calendar year and ends on March 31 of that particular calendar year, so all references to a particular financial year or fiscal are to the 12 months period commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year. Unless the context requires otherwise, all references to a year in this Information Memorandum are to a calendar year and references to a Financial Year are to the year ended on March 31 of that calendar year.

Our Company publishes its financial statements in Rupees in crore. Our Company’s Audited Financial Statements as at and for the year ended March 31, 2023, March 31, 2022 and March 31, 2021 have been prepared in accordance with Ind AS.

Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding off.

Currency and Unit of Presentation

In this Information Memorandum, all references to ‘Rupees’/ ‘₹’/ ‘INR’/ ‘Rs.’ Are to Indian Rupees, the official currency of the Republic of India.

In the Information Memorandum, unless the context otherwise requires, all references to one gender also refers to another gender and the word “Lac / Lakh” means “one hundred thousand”, the word “million (mn)” means “ten lac / lakh”, the word “Crore” means “ten million” and the word “billion (bn)” means “one hundred crore”.

Throughout the Information Memorandum, unless otherwise stated, all figures have been expressed in “₹ crore”. Unless indicated otherwise, the financial data in the Information Memorandum is derived from our financial statements prepared in accordance with Ind-AS and included in the Information Memorandum. In the Information Memorandum, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

There may be some differences between Ind-AS and IFRS and / or US GAAP; accordingly, the degree to which the Ind-AS financial statements included in the Information Memorandum will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practice and Ind-AS. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in the Information Memorandum should accordingly be limited. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

For additional definitions used in the Information Memorandum, see the section “*Definitions and Abbreviations*” on page 1 of the Information Memorandum. In the section titled “*Main Provisions of the Articles of Association*” on page 117, defined terms have the meaning given to such terms in the Articles of Association of our Company.

USE OF MARKET DATA

Unless stated otherwise, market data used throughout the Information Memorandum was obtained from internal Company reports and data, public websites and industry publications. Industry publication data and public website data generally state that the information contained therein has been obtained from sources believed to be reliable, but that their accuracy and completeness and underlying assumptions are not guaranteed, and their reliability cannot be assured.

Although, we believe market data used in the Information Memorandum is reliable, it has not been independently verified. Similarly, internal Company reports and data, while believed by us to be reliable, have not been verified by any independent source.

General Risk

Investment in debt securities/ non-convertible redeemable preference shares involve a degree of risk and investors should not invest any funds in such securities unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this offering. For taking an investment decision, investors must rely on their examination of the issue including the risks involved in it.

Specific attention of investors is invited to statement of risk factors contained under section “*Risk Factors*” of this offer document. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the debt securities/non-convertible redeemable preference shares or investor’s decision to purchase such securities.

FORWARD LOOKING STATEMENT

We have included statements in the Information Memorandum which contain words or phrases such as “will”, “believe”, “expect”, “anticipate”, “estimate”, “intend”, “future”, “objective”, “goal”, “project”, “should” and similar expressions or variations of such expressions, that are “forward-looking statements”.

All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include but are not limited to:

- Successful implementation of strategies, such as to be a total solutions provider, expand customer base and expand the product portfolio;
- Cancellation of commitment purchase agreements with our customers;
- Discontinuation of, the loss of business with respect to, or a lack of commercial success of, a particular customer programs for which Company is a significant supplier;
- Dependency on senior management team and the loss of key members or failure to attract skilled personnel;
- Ability to sustain or manage growth, business, results of operations;
- Fluctuations in prices of raw materials, bought-outs and other input materials;
- Number of competitors;
- Ability to achieve more favourable terms had related party transactions would have been with non-related parties;
- Significant energy requirements and any disruption to the power sources;
- Highly competitive aluminium die casting industry;
- Change in environmental and safety regulations.

For a further discussion of factors that could cause our actual results to differ, please refer to the sections titled “*Risk Factors*” and “*Our Business*” on pages 8 and 49, of the Information Memorandum, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

Neither we nor our Directors, officers nor any of their respective affiliates or associates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

SECTION II – RISK FACTORS

The Company believes that the following factors may affect its ability to fulfil its obligations under the NCRPS. These risks may include, among others, business aspects, equity market, bond market, interest rate, market volatility and economic, political and regulatory risks and any combination of these and other risks. Eligible Shareholders should carefully consider all the information in this Information Memorandum, including the risks and uncertainties described below. All of these factors are contingencies which may or may not occur and the Company is not in a position to express a view on the likelihood of any such contingency occurring.

INTERNAL RISK FACTORS

- 1. Our Company may not be successful in implementing its strategies, such as to be a total solutions provider, expand customer base and expand the product portfolio, which could adversely affect our business, results of operations and future prospects.***

The success of our business depends largely on our ability to effectively implement our business strategies. Successful execution of our business strategies in the past may not be of assurance that we will be able to execute our strategies on time and within the estimated budget, or that we will meet the expectations of targeted customer. We expect our strategies to place significant demands on our management and other resources and require us to continue developing and improving our operational, financial and other internal efficiencies. Our inability to effectively manage our business and strategies could have an adverse effect on our business, financial condition, profitability and future prospects. In order to achieve future growth, we need to effectively manage our product portfolio and customer base, accurately assess new markets, attract new customers, obtain sufficient financing for our expected capital expenditures, contain our input cost and fixed costs, maintain sufficient operational and financial controls and make additional capital investments to take advantage of anticipated market conditions. We may not be able to achieve growth in revenues and profits or maintain such rate of growth in the future. If we are unable to execute our strategies effectively, our business and financial results will be adversely affected. See section titled “Our Business” on page 49 of this Information Memorandum.

- 2. Our Company does not have firm commitment purchase agreements with our customers. If our customers choose not to source their requirements from us, our business and results of operations may be adversely affected.***

Consistent with the automotive component industry practice, we rely on purchase orders/EDI (Electronic Data Interchange) to govern the volume and other terms of our sales of products. However, purchase orders may be amended or cancelled prior to finalisation, and should such an amendment or cancellation take place, we may be unable to seek compensation for any surplus unpurchased products that we manufacture. Further, in cases where we have contracts with customers, such contracts do not bind our customers to provide us with a specific volume of business and can be terminated by our customers with or without cause and without compensation. Consequently, there is no commitment on the part of the customer to continue to pass on new purchase orders to us and as a result, our sales from period to period may fluctuate significantly as a result of changes in our customers’ vendor preferences. Additionally, our customers have set high standards for product quality as well as delivery schedules. Any failure to meet our customers’ expectation could result in the cancellation or non-renewal of contracts. There are also a number of factors other than our performance that are beyond our control and that could cause the loss of a customer. Customers may demand price reductions, set-off any payment obligations, require indemnification for themselves, change their outsourcing strategy by moving more work in-house, or replace their existing products with alternative products, any of which may have an adverse effect on our business, results of operations and financial condition.

- 3. The discontinuation of, the loss of business with respect to, or a lack of commercial success of, a particular customer programs for which we are a significant supplier could affect our business, results of operations and financial conditions.***

Our Company has purchase orders from all of our customers. These purchase orders generally provide for supply of customer’s requirements, for a particular customer program. Therefore, the discontinuation of or loss of business with respect to, or a lack of commercial success of, a particular customer program for which we are a significant supplier could reduce our sales and affect our estimates of anticipated sales, which could have an adverse effect on our business, results of operations and financial conditions.

4. *Our Company is dependent on our senior management team and the loss of key members or failure to attract skilled personnel may adversely affect our business.*

We are highly dependent on our management team and certain key personnel, and the loss of any key member may adversely affect our business performance. In addition, our success in expanding our business will also depend, in part, on our ability to attract, retain and motivate appropriately qualified management personnel. Our failure to successfully manage our personnel needs could adversely affect our business prospects and results of operations. These risks could be heightened to the extent we invest in businesses or geographical regions in which we have limited experience. If we are not able to address these risks, our business, results of operations and financial condition could be adversely affected.

5. *Our Company has experienced significant growth in the past few years and if the Company is unable to sustain or manage our growth, our business, results of operations and financial condition may be adversely affected.*

For the year ended March 31, 2023, our Company had ₹ 33,690.33 crore of consolidated income, as compared to ₹ 25,625.15 crore for the year ended March 31, 2022. However, our Company may not be able to sustain past growth, due to a variety of reasons including a decline in the demand in automobile industry, increased price competition, non-availability or scarcity of raw materials, lack of management and/or labour availability or a general slowdown in the economy. A failure to sustain our growth may have an adverse effect on our business, results of operations and financial condition. Our Company is looking forward to optimally utilize its surplus reserves by distributing a considerable portion of the same to the equity shareholders. Further as part of the wider restructuring exercise, it is consolidating all the resources to streamline promoter holding structure, reduction of administrative responsibilities, multiplicity of records and legal and regulatory compliances. Further our Company will be demerging its manufacturing business of non-ferrous gravity and pressure die casting with Sundaram-Clayton DCD Limited. For more details relating to the Scheme please refer to the section titled “Scheme of Arrangement” on page 46 of this Information Memorandum.

If we are unable to increase our production capacity, we may not be able to successfully execute our growth strategy. Further, as we scale-up and diversify our operations, we may not be able to execute our operations efficiently, which may result in delays, increased costs and lower quality products. We cannot assure you that our future performance or growth strategy will be successful. Our failure to manage our growth effectively may have an adverse effect on our business, results of operations, financial condition, profitability and future prospects.

Our Subsidiaries have and may incur losses which may have adversely affect our reputation or business as a result of such losses. There is no assurance that our Subsidiaries shall not incur losses in the present or future periods or that there will not be an adverse effect on the Company’s reputation or business as a result of such losses.

Any loss in market share, lack of growth in the segments in which our Subsidiaries operate primarily due to weak macroeconomic growth that may not propel sales, increased competition, pressure on margins and loss of key personnel amongst other things may adversely affect our consolidated financial results of operations.

6. *Our Company including its Subsidiaries are exposed to fluctuations in prices of raw materials, bought-outs and other input materials and if the Company or Subsidiary is unable to compensate for or pass on such costs to our customers, such increased costs could have an adverse impact on our profitability.*

Our Company and its Subsidiaries are exposed to fluctuations in prices of raw materials, bought-outs and other input materials. Cost increases could result from rise in prices of aluminium, steel, copper, oil and other components. In the recent past, prices of raw materials, parts, sub-assemblies and components, such as aluminium, steel, copper, oil and other components, have fluctuated on a worldwide basis. Therefore, if the Company or its Subsidiary is not able to compensate for or pass on our increased costs to customers, such increases in cost could have a material adverse impact on our financial results. Our Company does not generally have a contractual right to unilaterally increase the sales price of our components when the costs of our raw materials, bought-outs or other input materials increase. Thus there can be no assurance that our Company will be successful in negotiating / convincing with our customers on an agreed price increase that will fully cover the increase in the costs. Additionally, any increase in the sales price of our components will normally take effect for purchase orders received after such negotiations and compensation for cost increases incurred prior to such negotiations is unlikely. In that event, the price increases may not have a compensating effect for the periods in which the costs increased which may have an adverse effect on our business, results of operations and financial condition.

7. *The Company has a number of competitors, some of which have greater financial resources than the Company which may impact our share of business and may have adverse effect on our business, results of operations and financial condition.*

Our Company believes that transfer and vesting of the Die Cast Division from our Company into Sundaram-Clayton DCD Limited pursuant to the Scheme, will leave with group management services' business, trading business and manufacturing of two & three wheeler vehicles by our Company through TVS Motor Company Limited. However, all our business verticals faces increased competition which may put pressure on pricing or affect the share of business having adverse effect on our business or business of our Subsidiaries, and resultantly may impact our overall results of operations and financial condition.

The original equipment manufacturer ("OEM") customers across the world are continuing their pressure on price reduction from their suppliers and our Company also has to give annual price reductions. Further, though the customers' purchase agreements with the Company provide for periodic price adjustments indexed to the international prices of aluminium, our Company cannot guarantee that this will not impact our sales, profitability, business, results of operations and financial condition.

Some of our competitors may have certain advantages, including greater financial resources, technology, research and development capability, greater market penetration and operations in diversified geographies and product portfolios, which may allow our competitors to better respond to customer demands. Accordingly, the Company may not be able to compete effectively with our competitors, which may have an adverse impact on our business, results of operations, financial condition and future prospects.

8. *Our Company has entered into, and will continue to enter into, related party transactions and there can be no assurance that the Company could not have achieved more favourable terms had such transactions not been entered into with related parties.*

Our Company has entered into transactions with several related parties. For details on related party transactions, please refer to the section titled "Related Party Transactions" on page 82 of this Information Memorandum. The related party transactions are conducted in compliance with Applicable Laws and on arm's length basis.

Furthermore, it is likely that our Company will enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations. The transactions that the Company has entered into and any future transactions with our related parties have involved or could potentially involve conflicts of interest.

9. *Our Company has significant energy requirements and any disruption to these power sources could increase our production costs and adversely affect our results of operations.*

Our Company is a continuous process industry requiring substantial electricity for our manufacturing facilities, and energy costs represent a significant portion of the production costs for our operations. Our Company sources our energy requirements for our manufacturing facilities from Tamil Nadu Electricity Board (TNEB), third party, wind mills, energy exchanges and self-generation. If supply is not available for any reason, the Company will need to rely on alternative sources, which may not be able to consistently meet our requirements. The cost of electricity purchased / generated in-house from alternative sources could be significantly higher, thereby adversely affecting our cost of production and profitability. Further, if for any reason such electricity is not available, the Company may need to shut down our plants until an adequate supply of electricity is restored. Interruptions of electricity supply can also result in production shutdowns, increased costs associated with restarting production and the loss of production in progress. If energy costs were to rise, or if electricity supplies or supply arrangements were disrupted, our profitability could decline.

10. *Our failure to compete effectively in the highly competitive aluminium die casting industry could result in the loss of customers, which could have an adverse effect on our business, results of operations, financial condition and future prospects. Our Company competes with global competitors to retain our existing business as well as winning new business for the new and redesigned existing vehicle platforms of our customers.*

Our failure to obtain new business or to retain or increase our existing business could adversely affect our financial results. In addition, the Company may incur significant expense in preparing to meet anticipated customer requirements which may not be recovered. Our Company faces increased competition across our product portfolio and competition from well-established, international producers of aluminium die casting manufacturers. There is no

assurance that the Company will remain competitive with respect to technology, design and quality. Some of our competitors may have certain advantages, including greater financial resources, technology, research and development capability, greater market penetration and operations in diversified geographies and product portfolios, which may allow our competitors to better respond to customer demands. Accordingly, the Company may not be able to compete effectively with our competitors, which may have an adverse impact on our business, results of operations, financial condition and future prospects.

11. *Our business may be adversely affected by environmental and safety regulations to which the Company is subject to and the Company require certain approvals and licenses in the ordinary course of business, and the failure to obtain or renew them in a timely manner may adversely affect business, prospects, financial condition and results of operations.*

Our Company is required to comply with central, state and local laws in India, as well as laws and regulations in other jurisdictions where the Company operate governing the protection of the environment and occupational health and safety, including laws regulating the generation, storage, handling, use and transportation of waste materials, the emission and discharge of waste materials into soil, air or water, and the health and safety of employees. Our Company is also required to obtain and comply with environmental permits for certain of our operations. If the Company violate or fail to comply with these requirements, it could be fined or otherwise sanctioned by the relevant regulator. In some instances, such a fine or sanction could adversely affect our business, reputation, financial condition or results of operations. In addition, these requirements may become more stringent over time and there can be no assurance that the Company will not incur significant environmental costs or liabilities in the future. If the Company fail to obtain or renew any of these approvals or licenses, in a timely manner, our operations may be adversely affected. Furthermore, our government approvals and licenses are subject to numerous conditions, some of which are onerous and require us to make substantial compliance-related expenditure. If the Company fail to comply or a regulator claims that the Company has not complied with these conditions, our business, prospects, financial condition and results of operations may be adversely affected.

12. *Dependence on our suppliers and the absence of long-term supply contracts may adversely affect the availability of key inputs at reasonable prices or at all, which may in turn affect our margins and have an adverse effect on our business, results of operations and financial condition.*

Our Company / its Subsidiaries are dependent upon a limited number of suppliers for our major raw materials. Discontinuation of production by these suppliers or a failure of these suppliers to adhere to the delivery schedule or the required quality could hamper our production schedule. This dependence may also adversely affect the availability of key raw materials at reasonable prices thus affecting our margins and may have an adverse effect on our business, results of operations and financial condition. There can be no assurance that strong demand, capacity limitations or other problems experienced by our suppliers will not result in occasional shortages or delays in their supply of raw materials. If the Company or its Subsidiary were to experience a significant or prolonged shortage of raw materials from any of our suppliers, and the Company cannot procure the raw materials from other sources, we would be unable to meet our production schedules and to ship such products to our customers on time, which would adversely affect our sales, margins and customer relations. In the absence of long-term supply contracts, the Company cannot assure you that a particular supplier will continue to supply our products in the future. Any change in the supplying pattern of our raw materials can adversely affect our business and profits. Further, the automotive industry experiences volatility with respect to raw materials prices. Historically, as a practice, the Company has passed on the increase in cost of raw materials onto our customers. However, our cash flows may still be adversely affected because of any gap in time between the date of procurement of those primary raw materials and date on which the Company can reset the component prices for our customers, to account for the increase in the prices of such raw materials. Our need to maintain a continued supply of raw materials may make it difficult to resist price increases and surcharges imposed by our suppliers, which may have an adverse effect on our business and results of operations.

13. *Our Company and its Subsidiaries are dependent on third parties for the supply of raw materials and delivery of products and if such providers fail to meet their obligations, our business and results of operations could be adversely affected.*

Our Company including its Subsidiaries rely on third parties for the supply of our raw materials and for deliveries of finished and unfinished products to our domestic and overseas customers as well as between production facilities. Transportation strikes have in the past and could in the future have an adverse effect on our supplies and deliveries to and from particular plants on a timely and cost efficient basis. An increase in freight costs or the unavailability of

adequate port and shipping infrastructure for transportation of our products to our markets may have an adverse effect on our business and results of operations.

14. *Product liability and other civil claims and costs incurred as a result of product recalls could harm our business, results of operations and financial condition.*

Our Company through itself or through its Subsidiaries produces castings based on customer's specification and as such it does not own the product design. Therefore, the Company is responsible for material quality and workmanship. However, the Company face an inherent business risk of exposure to product liability or recall claims, especially in respect of our foreign operations, in the event that our products fail to perform as expected or such failure results, or are alleged to result, in bodily injury or property damage or both. Our Company cannot assure you that it will not experience any material product liability losses in the future or that it will not incur significant costs to defend any such claims.

Vehicle manufacturers have their own policies regarding product recalls and other product liability actions relating to their suppliers such as our Company. However, as suppliers become more integrally involved in the vehicle design process and assume more vehicle assembly functions, vehicle manufacturers may seek compensation from their suppliers when faced with product recalls, product liability or warranty claims. Vehicle manufacturers are also increasingly requiring their outside suppliers to provide warranties for their products and bear the costs of repair and replacement of such products under new vehicle warranties. Depending on the terms under which the Company supply products, our customers may hold us responsible for some or all of the repair or replacement costs of defective products under new vehicle warranties provided by us or by our customers, when the product supplied does not perform as expected. Such warranties may be enforced against us even in cases where the underlying sales contract has expired. A successful warranty or product liability claim or costs incurred for a product recall in excess of our available insurance coverage, if any, would have an adverse effect on our business, results of operations and financial condition.

As a result of product liability legislation, civil claims may be brought against OEMs, and the Company may be made parties to such claims where damages may have been caused by any faulty products that the Company produced. Although we have carried out insurance for product liability or recall but we cannot assure that may not provide adequate coverage in case of abovementioned claims. We cannot assure you that such claims will not be brought against us in the future, and any adverse determination may have an adverse effect on our business, results of operations and financial condition.

15. *Our Company has substantial capital expenditure and working capital requirements and may require additional financing to meet those requirements, which could have an adverse effect on our results of operations and financial condition.*

Our business is capital intensive and the Company has expanded and upgraded its existing production facilities. Our Company do intend to incur major capital expenditure, and plans to reorient and reorganize itself in a manner that allows imparting greater focus on each of its businesses by way of transfer and vesting of the Die Cast Division from our Company into Sundaram-Clayton DCD Limited pursuant to the Scheme. Nevertheless, certain capital expenditures, the actual amount and timing of our future capital requirements may differ from estimates as a result of, among other factors, unforeseen delays or cost overruns, unanticipated expenses, regulatory changes, economic conditions, engineering design changes, weather related delays, technological changes and additional market developments and new opportunities in the casting industry. Our sources of additional financing, where required to meet our capital expenditure plans, may include the incurrence of debt or the issue of equity or debt securities or a combination of both. If the Company or its Subsidiaries decide to raise additional funds through the incurrence of debt, interest and debt repayment obligations will increase, and could have a significant effect on our profitability and cash flows and we may be subject to additional covenants, which could limit our ability to access cash flows from operations. Any issuance of equity, on the other hand, would result in a dilution of your shareholding. In many cases, a significant amount of our working capital is required to finance the purchase of materials and the performance of engineering, procurement, manufacturing and other work before payment is received from customers. Our working capital requirements may increase if the payment terms in our agreements include reduced advance payments or longer payment schedules. These factors may result, or have resulted, in increases in the amount of our receivables and short-term borrowings. Continued increases in our working capital requirements may have an adverse effect on our financial condition and results of operations.

16. *We regularly work with hazardous materials and activities in our operation can be dangerous, which could cause injuries to people or property.*

Despite compliance with requisite safety requirements and standards, our operations are subject to significant hazards, including fires, mechanical failures and other operational problems; discharges or releases of hazardous substances, chemicals or gases; and other environmental risks. These hazards can cause personal injury and loss of life, catastrophic damage or destruction of property and equipment as well as environmental damage, which could result in a suspension of operations and the imposition of civil or criminal liabilities which could adversely affect our results of operations, financial condition and reputation. Our Company could also face claims and litigation, in India or overseas, as a result of occupational exposure to hazards at our facilities. If these claims and lawsuits, individually or in the aggregate, are resolved against us, our business, results of operations and financial condition could be adversely affected.

17. *Our employees including employees of our Subsidiaries are members of unions and we may be subject to industrial unrest, slowdowns and increased wage costs, which may adversely affect our business and results of operations.*

Our workforce includes members of labour union, thus it may be difficult for us to maintain flexible labour policies, and we may face the threat of labour unrest, work stoppages and diversion of our management's attention due to union intervention. Strikes or work stoppages can adversely affect the results of our operations and reputation. Work stoppages or slow-downs experienced by our customers or key suppliers could result in slow-downs or closures of our units or assembly plants where our products are included in the end products. In the event that we or one or more of our customers or key suppliers experiences a work stoppage, such work stoppage could have an adverse effect on our business, results of operations and financial condition.

18. *Our Company including our Subsidiaries appoint contract labour for carrying out certain of our ancillary operations and we may be held responsible for paying the wages of such workers, if the independent contractors through whom such workers are hired default on their obligations, and such obligations could have an adverse effect on our results of operations and financial condition.*

In order to retain flexibility and control costs, our Company and its Subsidiaries appoint independent contractors who in turn engage on-site contract labour for performance of certain of our ancillary operations. Although our Company does not engage these labourers directly, we may be held responsible for any wage payments to be made to such labourers in the event of default by such independent contractor. Any requirement to fund their wage requirements may have an adverse impact on our results of operations and financial condition. In addition, under the Contract Labour (Regulation and Abolition) Act, 1970, as amended, we may be required to absorb a number of such contract labourers as permanent employees. Thus, any such order from a regulatory body or court may have an adverse effect on our business, results of operations and financial condition.

19. *Our continued operations are critical to our business and any shutdown of our manufacturing facilities may have an adverse effect on our business, results of operations and financial condition.*

Our manufacturing facilities are subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of efficiency, obsolescence, labour disputes, natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities, pandemic, epidemic, etc. The assembly lines of our customers rely significantly on the timely delivery of our castings and our ability to provide an uninterrupted supply of our products is critical to our business. In addition, some of our customers impose significant penalties on component manufacturers like us for any stoppage in any assembly line, caused either by delayed delivery of a component or a defect in the components delivered. Our business and financial results may be adversely affected by any disruption of operations of our product lines, including as a result of any of the factors mentioned above.

20. *Our Company may not have sufficient insurance coverage to cover our economic losses as well as certain other risks including those pertaining to claims by third parties and litigation.*

Our business involves many risks and hazards which may adversely affect our profitability, including breakdowns, failure or substandard performance of equipment, third party liability claims, labour disturbances, employee fraud and infrastructure failure. Our Company cannot assure you that the operation of our business will not be affected by any of the incidents and hazards listed above. In addition, our insurance may not provide adequate coverage in such circumstances including those involving claims by third parties and is subject to certain deductibles, exclusions and

limits on coverage. If our arrangements for insurance or indemnification are not adequate to cover claims, including those exceeding policy aggregate limitations or exceeding the resources of the indemnifying party, the Company may be required to make substantial payments and our results of operations and financial condition may be adversely affected.

21. *In case the Company does not have adequate profits, the Company will not be able to pay dividends on the NCRPS.*

As per the provisions of the Companies Act, the dividends payable on the NCRPS can only be out of profits of the Company for that year, calculated in accordance with the provisions of the Companies Act or out of the profits of the Company for any previous fiscal year(s) arrived at as laid down by the Companies Act. Further, where the profits (including accumulated profits standing in the profit or loss account) are inadequate, dividends can be paid out of free reserves, in accordance with the Companies Act and the rules made thereunder.

22. *There could be adverse changes in the future to the credit rating assigned to the NCRPS, which will adversely affect the holders of the NCRPS.*

The current Issue has been rated 'A1+' by CRISIL Ratings Limited vide its rating letter dated March 15, 2023. Please see Annexure I for rating letter and rationale for the above rating.

In the event of deterioration in the financial health of the Company, there is possibility that the rating agency may downgrade the ratings of the NCRPS. In such a case, a potential investor may incur losses on revaluation of the investments or may have to make provisions towards sub-standard / non-performing investment as per their standard norms. The rating is not a recommendation to purchase, hold or sell the NCRPS in as much as the ratings do not comment on the market price of the NCRPS or its suitability to a particular investor. There is no assurance either that the rating will remain at the same level any given period of time or that the rating will not be lowered or withdrawn entirely by the rating agency.

23. *There may not be an active secondary market for the NCRPS which will affect the tradability of NCRPS in the market.*

While the NCRPS are being issued, eligible shareholders are requested to note that there may not be an active secondary market for NCRPS. There is no assurance that a trading market for the NCRPS will exist and no assurance as to the liquidity of any trading market. Further, the liquidity and market prices of NCRPS can be expected to vary with changes in market and economic conditions, our financial condition and prospects and other factors that generally influence market price of such instruments.

24. *Failure to receive listing approval for issuance of NCRPS will affect the holders of NCRPS.*

The Issuer is desirous of making an offer of NCRPS and shall make an application for listing to the Stock Exchanges. The Issuer is required to comply with conditions of listing of such NCRPS as specified in the listing agreement with the Stock Exchanges where the NCRPS are sought to be listed. Failure to receive listing approval will adversely affect the holders of NCRPS.

25. *Restrictions on payment of dividend and redemption*

In accordance with the provisions of the Companies Act, the dividends payable on the NCRPS can only be out of distributable profits of the company for that year, calculated in accordance with the provisions of the Companies Act or out of the distributable profits of the company for any previous fiscal year(s) arrived at as laid down by the Companies Act. Further, where the profits (including accumulated profits standing in the profit or loss account) are inadequate, dividends can be paid out of free reserves, in accordance with the Companies Act and the rules made thereunder. Redemption of the NCRPS can only be made out of the distributable profits of the Company or fresh issue of shares. In case the Company does not have adequate distributable profits, the Company will not be able to pay the dividends on the NCRPS. Further, in case the Company does not have adequate distributable profits or the Company is unable to raise money by fresh issue of shares, the Company may be unable to redeem the NCRPS.

EXTERNAL RISK FACTORS

26. *NCRPS may be illiquid*

The Company does not provide any guarantee or assurance that the NCRPS will be frequently traded on the Stock Exchanges. It is not possible to predict if and to what extent a secondary market may develop for the NCRPS or at what price the NCRPS will trade in the secondary market or whether such market will be liquid or illiquid. The fact that the NCRPS may be so listed or quoted or admitted to trading does not necessarily lead to greater liquidity than if they were not so listed or quoted or admitted to trading. The more limited the secondary market is, the more difficult it may be for holders of the NCRPS to realise value for NCRPS prior to redemption.

27. *Changing regulations in India could lead to new compliance requirements that are uncertain.*

As in most other businesses, the regulatory and policy framework in which we operate is evolving and is subject to change. The Government of India may implement new laws or other regulations and policies that could lead to new compliance requirements, including requiring us to obtain approvals and licenses from the Government and other regulatory bodies, or impose additional requirements.

Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy applicable to us, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects.

28. *Slowdown in economic growth in India*

The Company's performance, quality and growth of its business are necessarily dependent on the health of the overall Indian economy. Any slowdown in the Indian economy could adversely affect the business of the Company including but not limited to its ability to meet the significant sale targets of various products and ability to implement its strategy etc.

29. *Financial instability in other countries may cause increased volatility in Indian financial markets.*

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, including conditions in the United States, Europe and certain emerging economies in Asia. Any worldwide financial instability may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector and us.

Although economic conditions vary across markets, loss of investor confidence in one emerging economy may cause increased volatility across other economies, including India. Financial instability in other parts of the world could have a global influence and thereby negatively affect the Indian economy. Financial disruptions could materially and adversely affect our business, prospects, financial condition, results of operations and cash flows.

30. *Natural disasters, fires, epidemics, pandemics, acts of war, civil unrest and other events could materially and adversely affect our business.*

Natural disasters (such as typhoons, flood, earthquakes, etc.), epidemics, pandemics such as COVID-19, acts of war, terrorist attacks and other events, many of which are beyond our control, may lead to economic instability, including in India or globally, which may in turn materially and adversely affect our business, financial condition, cash flows and results of operations.

31. *Rights of shareholders under Indian laws may be more limited than under the laws of other jurisdictions.*

Our Articles of Association, composition of our Board, Indian laws governing our corporate affairs, the validity of corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights including in relation to class actions, under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as shareholder in an Indian company than as shareholder of a corporation in another jurisdiction.

32. *Civil disturbances, regional conflicts and other acts of violence in India and abroad may disrupt or otherwise adversely affect the Indian economy.*

Certain events that are beyond the control of our Company, such as violence or war, including those involving India, United Kingdom, United States, Russia or other countries, may adversely affect worldwide financial markets and could potentially lead to a severe economic recession, which could adversely affect our business, results of operations, financial condition and cash flows, and more generally, any of these events could lower confidence in India's economy.

Furthermore, if India were to become engaged in armed hostilities, particularly hostilities that are protracted or involve the threat or use of nuclear weapons, the Indian economy and consequently Company's operations might be significantly affected. India has from time to time experienced social and civil unrest and hostilities, including riots, regional conflicts and other acts of violence. Events of this nature in the future could have an adverse effect on our ability to develop our business. As a result, our business, results of operations and financial condition may be adversely affected.

Issuer's Absolute Responsibility:

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this placement memorandum contains all information with regard to the issuer and the issue which is material in the context of the issue, that the information contained in the placement memorandum is true and correct in all material aspects and is not misleading, that the opinions and intentions expressed herein are honestly stated and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading.

SECTION III – INTRODUCTION

GENERAL INFORMATION

Our Company was incorporated as Sundaram-Clayton Limited on May 24, 1962, at Chennai as a limited company under the Companies Act, 1956 and a certificate of incorporation was issued by the Registrar of Companies, Chennai, Tamil Nadu (“ROC”) on May 24, 1962. At present, the Equity Shares of our Company are listed on BSE and NSE.

Our Company is a widely held public listed company in which public shareholders hold 25.54% of the issued, subscribed, and paid-up equity share capital of the Company.

The Company together with its Subsidiaries and Associates operate in a wide range of activities such as manufacturing of automotive vehicles, automotive components, spare parts & accessories thereof, housing development and financial services.

Registration

CIN: L35999TN1962PLC004792

LEI: 335800KOYGGZCAEBGUM30

Permanent Account Number: AAACS4920J

Registered Office and Corporate Office

Sundaram-Clayton Limited

“Chaitanya”, No.12, Khader Nawaz Khan Road,
Nungambakkam,

Chennai – 600 006, Tamil Nadu, India

Tel: +91 44 2833 2115

Fax: +91 44 2833 2113

E-mail: corpsec@sundaramclayton.com

Website: www.sundaram-clayton.com

Registrar of Companies

Registrar of Companies, Tamil Nadu at Chennai

Block No.6, B Wing 2nd Floor,

Shastri Bhawan 26, Haddows Road,

Chennai – 600034, Tamil Nadu

Tel. No.: +91 44 2827 0071

Fax No.: +91 44 2823 4298

E-mail: roc.chennai@mca.gov.in

Liability of the members of the Company

Limited by shares

Director and Group Chief Financial Officer

Mr. K Gopala Desikan

“Chaitanya”, No.12, Khader Nawaz Khan Road,
Nungambakkam, Chennai,

Tamil Nadu – 600 006

Tel: +91 44 2833 2115

E-mail: kgd@tvsmotor.com

Company Secretary and Compliance Officer

Mr. R Raja Prakash

“Chaitanya”, No.12, Khader Nawaz Khan Road,
Nungambakkam, Chennai,

Tamil Nadu 600006

Tel: +91 44 2833 2115

E-mail: rrp@sundaramclayton.com

Prospective Shareholders may contact the Company Secretary and Compliance Officer or the RTA to the Issue in case of any pre-issue or post-issue related problems, such as non-receipt of allotment advice, credit of allotted NCRPSs in beneficiary accounts etc., as the case may be.

All grievances relating to the Issue may be addressed to the RTA, giving full details such as name, address of the Applicant, Permanent Account Number, Depository Participant name and Client Identification Number.

Debenture Trustee

Not applicable

Credit Rating Agency



CRISIL Ratings Limited

CRISIL House, Central Avenue,
Hiranandani Business Park,
Powai, Mumbai - 400076

SEBI Registration No: IN/CRA/001/1999

Tel: +91 22 3342 3000

Fax: +91 22 3342 3001

E-mail: crisilratingdesk@crisil.com

Website: <https://www.crisilratings.com/en/home.html>

Contact Person: Mr. Naren Kartic. K

Compliance Officer: Mr. Vaibhav Srivastava

Credit Rating and Rationale

The NCRPS proposed to be issued under the Issue have been rated “A1+” for an amount of ₹ 2,347 crore by CRISIL Ratings Limited vide their rating letter dated March 15, 2023 (valid for 180 days) and press release for rating rationale dated March 14, 2023. The ratings given by the Credit Rating Agency is valid as on the date of this Information Memorandum and shall remain valid until the ratings are revised or withdrawn. The rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. The rating may be subject to revision or withdrawal at any time by the assigning rating agency and each rating should be evaluated independently of any other rating. The rating agency has a right to suspend or withdraw the rating at any time on the basis of factors such as new information. For the credit rating, rating rationale for the above ratings, see Annexure I.

Disclaimer clause of CRISIL Ratings Limited

CRISIL Ratings Limited (CRISIL Ratings) has taken due care and caution in preparing the Material based on the information provided by its client and / or obtained by CRISIL Ratings from sources which it considers reliable (Information). A rating by CRISIL Ratings reflects its current opinion on the likelihood of timely payment of the obligations under the rated instrument and does not constitute an audit of the rated entity by CRISIL Ratings. CRISIL Ratings does not guarantee the completeness or accuracy of the information on which the rating is based. A rating by CRISIL Ratings is not a recommendation to buy, sell, or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. The Rating is not a recommendation to invest / disinvest in any entity covered in the Material and no part of the Material should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL Ratings especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of the Material. Without limiting the generality of the foregoing, nothing in the Material is to be construed as CRISIL Ratings providing or intending to provide any services in jurisdictions where CRISIL Ratings does not have the necessary permission and/or registration to carry out its business activities in this regard. Sundaram Clayton Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Material or part thereof outside India. Current rating status and CRISIL Ratings’ rating criteria are available without charge to the public on the website, www.crisilratings.com. For the latest rating information on any instrument of any company rated by CRISIL Ratings, please contact Customer Service Helpdesk at 1800-267-1301.

Registrar to the Issue



Integrated Registry Management Services Private Limited

2nd Floor, Kences Towers,

No.1, Ramakrishna Street,

North Usman Road,

T Nagar, Chennai - 600 017

SEBI Registration No: INR000000544

Tel: +91 44 2814 0801/ 0803

Fax: +91 44 2814 2479

E-mail: corpserv@integratedindia.in

Investor Grievance Email: srirams@integratedindia.in

Website: <https://www.integratedindia.in>

Contact Person: Mr. Sriram S

Compliance Officer: Mr. Sriram S

Integrated Registry Management Services Private Limited has by its letter dated March 13, 2023 given its consent for its appointment as the Registrar to the Issue and for its name to be included in this Information Memorandum and in all the subsequent periodical communications sent to the holders of the NCRPS issued pursuant to this Issue.

Statutory Auditor

M/s. Raghavan, Chaudhuri & Narayanan Chartered Accountants

No.17/12, II Floor, Casa Capitol,

Wood Street, Ashoknagar,

Bengaluru -560025

Tel: (080) – 2556 7578 / 2551 4771

E-mail: sathya@nca-india.com

Website: <http://rcn-audit.com>

Contact Person: Mr. V Sathyanarayanan

Firm registration number: 007761S

Auditors since: July 19, 2017

Legal Counsel to the Issue



Khaitan & Co

One World Centre

13th & 10th Floor, Tower 1C,

Senapati Bapat Marg,

Mumbai – 400 013

Maharashtra, India

Tel: +91 22 6636 5000

Banker to the Issue

There is no banker to the Issue

Underwriting

The Issue is not underwritten

Arrangers to the Issue

There are no arrangers to the Issue.

Guarantor to the Issue

There are no guarantors to the Issue.

Recovery Expense Fund

Our Company has created a recovery expense fund in the manner as specified by SEBI in SEBI Debenture Trustee Operational Circular, as amended from time to time, and Regulation 11 of the SEBI NCS Regulations with the Designated Stock Exchange for the purpose of this Issue.

CAPITAL STRUCTURE

Details of share capital

The pre-scheme share capital of our Company based on shareholding of the Company as on March 24, 2023 i.e., Record Date is set forth below:

Pre-Scheme:

Particulars	Amount (in ₹)
Authorised Share Capital	
5,00,00,000 Equity Shares of face value of ₹ 5 each	25,00,00,000
Total Authorised Share Capital	25,00,00,000
Issued, Subscribed and paid-up share capital	
2,02,32,085 Equity Shares of face value of ₹ 5 each	10,11,60,425
Total	10,11,60,425

The post-scheme share capital of our Company is set forth below:

Post-Scheme:

Particulars	Amount (in ₹)
Authorised Share Capital	
5,00,00,000 Equity Shares of face value of ₹ 5 each	25,00,00,000
250,00,00,000 Cumulative Non-Convertible Redeemable Preference Shares of face value of ₹ 10 each	25,00,00,00,000
Total Authorised Share Capital	25,25,00,00,000
Issued, Subscribed and paid-up share capital	
2,02,32,085 Equity Shares of face value of ₹ 5 each	10,11,60,425
234,69,21,860 Cumulative Non-Convertible Redeemable Preference Shares of ₹ 10 each	23,46,92,18,600
Total	23,57,03,79,025

Details of change in the authorised share capital of our Company for the last three years preceding the date of this Information Memorandum

Pursuant to the Scheme, the authorised share capital of the Company was increased from ₹ 25 crore divided into 5 crore equity shares of ₹ 5 each to ₹ 2,525 crore divided into 5 crore equity shares of ₹ 5 each and 250 crore non-convertible redeemable preference shares of ₹ 10 each and such increase in authorised share capital was noted by Board of Directors of the Company vide its meeting dated March 13, 2023.

Apart from the above, there has been no change in authorised share capital of our Company for the last three years preceding the date of this Information Memorandum.

Issue of Equity Shares for consideration other than cash in the three years preceding the date of this Information Memorandum

No equity shares of the Company have been issued for consideration other than cash in the three years preceding the date of this Information Memorandum.

Changes in the Equity Share capital of our Company in the last three years preceding the date of this Information Memorandum

There has been no change in Equity Share capital of our Company in the last three years preceding the date of this Information Memorandum.

Details of the shareholding of the Company as on March 31, 2023 as per the format specified under the listing regulations:

Table I: Summary statement holding of specified securities:

Cate- gory	Category of shareholders	No. of share- holders	No. of fully paid up Equity Shares held	No. of partly paid up Equity Shares held	No. of shares underly- ing Deposito- ry Receipts	Total no. of shares held	Shareholding as a %age of total no. of shares (calculated as per SCRR, 1957) (as a % of (A+B+C))	No. of voting rights held in each class of securities			No. of shares underlying outstanding convertible securities (including warrants)	Shareholding as % assuming full conversion of convertible securities (as a % of diluted share capital)	No. of locked in shares		No. of shares pledged		No. of Equity Shares held in dematerialised form	
								No. of voting rights					Total as % of (A+B+C)	No. (a)	As a % of total shares held (b)	No. (a)		As a % of total shares held (b)
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = IV + V + VI	(VIII)	Class X	Class Y	Total	(IX)	(X)	(XI) = (VII) + (X) as a % of (A+B+C)	(XII)		(XIII)		(XIV)
(A)	Promoter & Promoter Group	4	1,50,65,293	-	-	1,50,65,293	74.46	1,50,65,293	-	1,50,65,293	74.46	-	-	-	-	1,30,94,460	86.92	1,50,65,293
(B)	Public	22,909	51,66,792	-	-	51,66,792	25.54	51,66,792		51,66,792	25.54	-	-	-	-	-	-	50,88,248
(C)	Non promoter non public	-	-	-	-	-	0.00	-	-	-	-	-	-	-	-	-	-	-
(C1)	Shares underlying DRs	-	-	-	-	-	0.00	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares held by Employee trust	-	-	-	-	-	0.00	-	-	-	-	-	-	-	-	-	-	-
	Total	22,913	2,02,32,085			2,02,32,085	100.00	2,02,32,085		2,02,32,085	100.00					1,30,94,460	64.72	2,01,53,541

Table II: Statement showing shareholding pattern of the Promoter and Promoter Group

Category	Category of shareholders	Entity Type	No. of shareholders	No. of fully paid up Equity Shares held	No. of partly paid up Equity Shares held	No. of shares underlying Depository Receipts	Total no. of shares held	Shareholding as a %age of total no. of shares (calculated as per SCRR, 1957) (as a % of (A+B+C))	No. of voting rights held in each class of securities			No. of shares underlying outstanding convertible securities (including warrants)	Shareholding as % assuming full conversion of convertible securities (as a % of diluted share capital)	No. of locked in shares		No. of shares pledged		No. of Equity Shares held in dematerialised form (**)
									No. of voting rights		Total as % of (A+B+C)			No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
(I)	(II)		(III)	(IV)	(V)	(VI)	(VII) = IV + V + VI	(VIII)	Class X	Class Y	Total	(IX)	(X)	(XI) = (VII) + (X) as a % of (A+B+C)	(XII)	(XIII)		(XIV)
A(1)	Indian																	
(a)	Individuals / HUF		1	1,233	-	-	1,233	0.01	1,233	-	1,233	0.01	-	-	-	-	-	1,233
	Mrs. Mallika Srinivasan	Promoter Group	1	1,233	-	-	1,233	0.01	1,233	-	1,233	0.01	-	-	-	-	-	1,233
	Mr. Venu Srinivasan	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Dr. Lakshmi Venu	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(b)	Central Govt / State Govt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Any other Bodies Corporate	-	3	1,50,64,060	-	-	1,50,64,060	74.46	1,50,64,060	-	1,50,64,060	74.46	-	-	-	1,30,94,460	86.03	1,50,64,060
	Sundaram Finance Holdings Limited	Promoter Group	1	15,14,378	-	-	15,14,378	7.49	15,14,378	-	15,14,378	7.49	-	-	-	-	-	15,14,378
	TVS Holdings Private Limited	Promoter	1	1,30,94,460	-	-	1,30,94,460	64.72	1,30,94,460	-	1,30,94,460	64.72	-	-	-	1,30,94,460	100.0	1,30,94,460
	T.V. Sundram Iyengar & Sons Private Ltd	Promoter	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	VS Trust (Venu Srinivasan, Trustee)	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	VS Trustee Private Limited	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	VS PTC Trust (Venu Srinivasan, Trustee)	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	VEE ESS Trading Private Limited	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	VEE ESS Trust (Venu Srinivasan Trustee Private Limited, Trustee)	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Cate- gory	Category of share- holders	Entity Type	No. of share- holders	No. of fully paid up Equity Shares held	No. of partly paid up Equity Shares held	No. of shares underlying Depository Receipts	Total no. of shares held	Share- holding as a %age of total no. of shares (calculated as per SCRR, 1957) (as a % of (A+B+C)	No. of voting rights held in each class of securities			No. of shares underlying outstandin g convertible securities (including warrants)	Shareholding as % assuming full conversion of convertible securities (as a % of diluted share capital)	No. of locked in shares		No. of shares pledged		No. of Equity Shares held in dematerialise d form (**)	
									No. of voting rights		Total as % of (A+B+C)			No. (a)	As a % of total shar es held (b)	No. (a)	As a % of total shares held (b)		
	Srinivasan Venu Trust (Venu Srinivasan, Trustee)	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Venu Srinivasan Trustee Private Limited	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Venu Srinivasan, as Trustee of Srinivasan Trust	Promoter Group	1	4,55,222	-	-	4,55,222	2.55	4,55,222		4,55,222	2.55	-	-	-	-	-	4,55,222	
	S. Venu Trustee Private Limited	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Srinivasan Trading Private Limited	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	VS Investments Private Limited	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Sub-total A(1)		4	1,50,65,293	-	-	1,50,65,293	74.46	1,50,65,293	-	1,50,65,293	74.46	-	-	-	-	1,30,94,460	86.92	1,50,65,293
A(2)	Foreign		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(a)	Individuals (Non resident Individuals / Foreign Individuals)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(b)	Government		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	Institutions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Foreign Portfolio Investors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(e)	Any others (Foreign Bodies Corporate)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sub-total A(2)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total shareholding of Promoter & Promoter Group (A) = (A)(1) + (A)(2)		4	1,50,65,293	-	-	1,50,65,293	74.46	1,50,65,293		1,50,65,293	74.46	-	-	-	-	1,30,94,460	86.92	1,50,65,293

Table III: Statement showing shareholding pattern of public shareholder

Category	Category of shareholders	No. of shareholders	No. of fully paid up Equity Shares held	No. of partly paid up Equity Shares held	No. of shares underlying Depository Receipts	Total no. of shares held	Share-holding as a %age of total no. of shares (calculated as per SCRR, 1957) (as a % of (A+B+C))	No. of Voting rights held in each class of securities				No. of shares underlying outstanding convertible securities (including warrants)	Shareholding as % assuming full conversion of convertible securities (as a % of diluted share capital)	No. of locked in shares		No. of shares pledged		No. of Equity Shares held in demateria lised form
								No. of voting rights			Total as % of (A+B+C)			No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = IV + V + VI	(VIII)	Class X	Class Y	Total	(IX)	(X)	(XI) = (VII) + (X) as a % of (A+B+C)	(XII)		(XIII)		(XIV)
1	Institutions (Domestic)																	
(a)	Mutual Funds	6	22,14,112	-	-	22,14,112	10.94	22,14,112	-	22,14,112	10.94	-	-	-	-	-	-	22,14,112
	ICICI Prudential Mutual Fund	1	6,27,361	-	-	6,27,361	3.10	6,27,361	-	6,27,361	3.10	-	-	-	-	-	-	6,27,361
	Aditya Birla Sun Life Mutual Fund	1	7,58,871	-	-	7,58,871	3.75	7,58,871	-	7,58,871	3.75	-	-	-	-	-	-	7,58,871
	Nippon Life India Mutual Fund	1	2,99,548	-	-	2,99,548	1.48	2,99,548	-	2,99,548	1.48	-	-	-	-	-	-	2,99,548
	Sundaram Mutual Fund	1	2,38,313	-	-	2,38,313	1.18	2,38,313	-	2,38,313	1.18	-	-	-	-	-	-	2,38,313
	SBI Mutual Fund	1	2,90,017	-	-	2,90,017	1.43	2,90,017	-	2,90,017	1.43	-	-	-	-	-	-	2,90,017
(b)	Venture Capital Fund			-	-				-			-	-	-	-	-	-	
(c)	Alternative Investment Fund	2	17,837	-	-	17,837	0.09	17,837	-	17,837	0.09	-	-	-	-	-	-	17,837
(d)	Banks	1	2	-	-	2	-	2	-	2	-	-	-	-	-	-	-	2
(e)	Insurance Companies	1	3,15,960	-	-	3,15,960	1.56	3,15,960	-	3,15,960	1.56	-	-	-	-	-	-	3,15,960
	ICICI Prudential Life Insurance Company Limited	1	3,15,960	-	-	3,15,960	1.56	3,15,960	-	3,15,960	1.56	-	-	-	-	-	-	3,15,960
(f)	Provident funds / pension funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(g)	Asset Reconstruction Company	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(h)	Sovereign Wealth funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(i)	NBFC registered with RBI	1	50	-	-	50	-	50	-	50	-	-	-	-	-	-	-	50
(j)	Other Financial Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(k)	Any other specify	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Category	Category of shareholders	No. of shareholders	No. of fully paid up Equity Shares held	No. of partly paid up Equity Shares held	No. of shares underlying Depository Receipts	Total no. of shares held	Share-holding as a %age of total no. of shares (calculated as per SCRR, 1957) (as a % of (A+B+C))	No. of Voting rights held in each class of securities				No. of shares underlying outstanding convertible securities (including warrants)	Shareholding as % assuming full conversion of convertible securities (as a % of diluted share capital)	No. of locked in shares		No. of shares pledged		No. of Equity Shares held in dematerialised form
								No. of voting rights			Total as % of (A+B+C)			No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
	Sub Total (B)(1)	11	25,47,961	-	-	25,47,961	12.59	25,47,961	-	25,47,961	12.59	-	-	-	-	-	-	25,47,961
2	Institutions (Foreign)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(a)	Foreign Direct Investment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(b)	Foreign venture capital investor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	Sovereign Wealth funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Foreign portfolio investor category I	60	1,51,687	-	-	1,51,687	0.75	1,51,687	-	1,51,687	0.75	-	-					1,51,687
(e)	Foreign portfolio investor category II	5	12,825	-	-	12,825	0.06	12,825	-	12,825	0.06	-	-					12,825
(f)	Overseas Depositories (holding DRs) (balancing figure)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(g)	Any other specify	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sub Total (B)(2)	65	1,64,512	-	-	1,64,512	0.81	1,64,512	-	1,64,512	0.81	-	-	-	-	-	-	1,64,512
3	Central government / state government(s)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(a)	Central government / President of India	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(b)	state government/Govern or	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	Shareholding by Companies/ Bodies Corporate where Central / state government is a promoter	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sub Total (B)(3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(4)	Non Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(a)	Associate Companies/Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Category	Category of shareholders	No. of shareholders	No. of fully paid up Equity Shares held	No. of partly paid up Equity Shares held	No. of shares underlying Depository Receipts	Total no. of shares held	Share-holding as a %age of total no. of shares (calculated as per SCRR, 1957) (as a % of (A+B+C))	No. of Voting rights held in each class of securities			No. of shares underlying outstanding convertible securities (including warrants)	Shareholding as % assuming full conversion of convertible securities (as a % of diluted share capital)	No. of locked in shares		No. of shares pledged		No. of Equity Shares held in dematerialised form
								No. of voting rights		Total as % of (A+B+C)			No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
(b)	Directors and their relatives (excluding independent directors and nominee directors)	2	166	-	-	166	-	166	-	166	-	-	-	-	-	-	166
(c)	Key Managerial Personnel	2	11	-	-	11	-	11	-	11	-	-	-	-	-	-	11
(d)	Relatives of promoters (other than 'immediate relatives' of promoters disclosed under 'Promoter and Promoter Group' category)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(e)	Trusts where any person belonging to 'Promoter and Promoter Group' category is 'trustee', 'beneficiary', or 'author of the trust'	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(f)	Investor Education and Protection Fund (IEPF)	1	43,092	-	-	43,092	0.21	43,092	-	43,092	0.21	-	-	-	-	-	43,092
(g)	Resident Individuals holding nominal share capital up to Rs. 2 lakhs	21,388	15,73,930	-	-	15,73,930	7.78	15,73,930	-	15,73,930	7.78	-	-	-	-	-	14,96,865
(h)	Resident Individuals holding nominal share capital in excess of Rs. 2 lakhs	4	3,41,107	-	-	3,41,107	1.69	3,41,107	-	3,41,107	1.69	-	-	-	-	-	3,41,107
(i)	Non Resident Indians (NRIs)	623	71,379	-	-	71,379	0.35	71,379	-	71,379	0.35	-	-	-	-	-	71,130

Category	Category of share-holders	No. of share-holders	No. of fully paid up Equity Shares held	No. of partly paid up Equity Shares held	No. of shares underlying Depository Receipts	Total no. of shares held	Share-holding as a %age of total no. of shares (calculated as per SCRR, 1957) (as a % of (A+B+C))	No. of Voting rights held in each class of securities			No. of shares underlying outstanding convertible securities (including warrants)	Shareholding as % assuming full conversion of convertible securities (as a % of diluted share capital)	No. of locked in shares		No. of shares pledged		No. of Equity Shares held in dematerialised form
								No. of voting rights		Total as % of (A+B+C)			No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
(j)	Foreign Nationals	1	83	-	-	83	0.00	83	-	83	0.00	-	-	-	-	-	83
(k)	Foreign Companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(l)	Bodies Corporate	242	3,50,067	-	-	3,50,067	1.73	3,50,067	-	3,50,067	1.73	-	-	-	-	-	3,48,859
(m)	Any other specify	570	74,484	-	-	74,484	0.37	74,484	-	74,484	0.37	-	-	-	-	-	74,462
	Unclaimed or Suspense or Escrow Account	1	2,422	-	-	2,422	0.01	2,422	-	2,422	0.01	-	-	-	-	-	2,422
	Trusts	1	20	-	-	20	0.00	20	-	20	0.00	-	-	-	-	-	20
	LLP	30	16,045	-	-	16,045	0.08	16,045	-	16,045	0.08	-	-	-	-	-	16,045
	HUF	517	54,408	-	-	54,408	0.27	54,408	-	54,408	0.27	-	-	-	-	-	54,386
	Clearing Members	21	1,589	-	-	1,589	0.01	1,589	-	1,589	0.01	-	-	-	-	-	1,589
	Sub Total (B)(4)	22,833	24,54,319	-	-	24,54,319	12.13	24,54,319	-	24,54,319	12.13	-	-	-	-	-	23,75,775
	Total public shareholding (B) = (B)(1)+(B)(2)+(B)(3)+(B)(4)	22,909	51,66,792	-	-	51,66,792	25.54	51,66,792	-	51,66,792	25.54	-	-	-	-	-	50,88,248

Table IV: Statement showing shareholding pattern of Non promoter Non public shareholder

Cate- gory	Category of share- holders	No. of share- holders	No. of fully paid up Equity Shares held	No. of partly paid up Equity Shares held	No. of shares underlying Depository Receipts	Total no. of shares held	Share-holding as a %age of total no. of share demateriqlised as per SCRR, 1957) (as a % of (A+B+C)	No. of voting rights held in each class of securities			No. of shares underlying outstanding convertible securities (including warrants)	Shareholding as % assuming full conversion of convertible securities (as a % of diluted share capital)	No. of locked in shares		No. of shares pledged		No. of Equity Shares held in dematerialis- ed form
								No. of voting rights					Total as % of (A+B+ C)	No. (a)	As a % of total shares held (b)	No. (a)	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = IV + V + VI	(VIII)	Class X	Cla ss Y	Total	(IX)	(X)	(XI) = (VII) + (X) as a % of (A+B+C)	(XII)	(XIII)	(XIV)	
1	Custodian / DR Holder	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2	Employees benefit trust (under SEBI (Share based employee benefit) Regulations, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(b)	Total non promoter non public shareholding = I(1) + (C)(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

List of top 10 holders of equity shares, on fully diluted basis, of the Company as on March 31, 2023

Sr. No.	Name of Shareholders	No. of Equity Shares held	No. of Equity Shares held in demat form	Holding percentage (%)
1.	TVS Holdings Private Limited	1,30,94,460	1,30,94,460	64.72
2.	Sundaram Finance Holdings Limited	15,14,378	15,14,378	7.49
3.	Aditya Birla Sun Life Trustee Private Limited	7,20,555	7,20,555	3.56
4.	Venu Srinivasan, as Trustee of Srinivasan Trust	4,55,222	4,55,222	2.25
5.	ICICI Prudential Life Insurance Company Limited	3,15,960	3,15,960	1.56
6.	Nippon Life India Trustee Limited	2,99,548	2,99,548	1.48
7.	SBI Long Term Equity Fund	2,90,017	2,90,017	1.43
8.	ICICI Prudential Flexicap Fund	2,27,053	2,27,053	1.12
9.	Sundaram Mutual Fund	2,18,552	2,18,552	1.08
10.	ICICI Prudential Value Discovery Fund	2,05,494	2,05,494	1.02

List of top 10 holders of non-convertible securities as on March 31, 2023 in term of value (on cumulative basis)

(i) Non-Convertible Debentures

Sr. No.	Name of the holder of non-convertible debentures	Amount (in ₹ crore)	% of total non-convertible debentures outstanding
1.	HDFC Bank Limited	100	100.00

(ii) Non-Convertible Redeemable Preference Shares

Sr. No.	Name of the holder of non-convertible redeemable preference shares	Number of non-convertible redeemable preference shares	Amount (in ₹ crore)	% of total non-convertible redeemable preference shares outstanding
1.	TVS Holdings Private Limited	1,51,89,57,360	1,518.96	64.72
2.	Sundaram Finance Holdings Limited	17,56,67,848	175.67	7.49
3.	Aditya Birla Sun Life Trustee Private Limited	8,35,84,380	83.58	3.56
4.	Venu Srinivasan, as Trustee of Srinivasan Trust	5,28,05,752	52.81	2.25
5.	ICICI Prudential Life Insurance Company Limited	3,81,06,696	38.11	1.62
6.	Nippon Life India Trustee Limited	3,47,47,568	34.75	1.48
7.	SBI Long Term Equity Fund	3,36,41,972	33.64	1.43
8.	ICICI Prudential Flexicap Fund	2,63,38,148	26.34	1.12
9.	Sundaram Mutual Fund	2,53,52,032	25.35	1.08
10.	ICICI Prudential Value Discovery Fund	2,38,37,304	23.84	1.02

Statement of the aggregate number of securities of our Company and our Subsidiary purchased or sold by our Promoters, Promoter Group, our Directors and the directors of our Promoters and/or their relatives within six months immediately preceding the date of filing of this Information Memorandum.

Except for the details as set out in the table below, no securities of our Company have been purchased or sold by our Promoters, Promoter Group, our Directors, directors of our Promoter and/or their relatives within six months immediately preceding the date of filing of this Information Memorandum.

Sr. No.	Name of the Transferor	Name of the Transferee	Date of purchase/ transfer	Whether purchase/ transfer	Number of Equity Shares
1.	Sundaram Finance Holdings Limited	Srinivasan Trust (VS Trustee Private Limited, Trustee)	December 9, 2022	Transfer	4,55,222
2.	Prema Srinivasan	Malini Srinivasan	December 16, 2022	Transfer	32
3.	T. K. Balaji	Market Sale	October 28, 2022	Transfer	597

Except as disclosed below, no securities of our Subsidiaries have been purchased or sold by our Promoters, Promoter Group, our Directors, directors of our Promoter and/or their relatives within six months immediately preceding the date of filing of this Information Memorandum.

Sr. No.	Name of Subsidiary	Name of the Transferor	Name of the Transferee	Date of purchase/ transfer	Whether purchase/ transfer	Number of Equity Shares
1.	TVS Motor Company Limited	Venu Srinivasan, as Trustee of Srinivasan Trust	Market Sale	December 5, 2022	Transfer	25,69,726
2.	TVS Motor Company Limited	T. K. Balaji	Market Sale	October 28, 2022	Transfer	6,000
3.	TVS Credit Services Limited	VS Investments Private Limited	Sundaram – Clayton Limited	January 20, 2023	Transfer	30,86,400

Details of Equity Shares that have been pledged or otherwise encumbered by our Promoter and Promoter Group.

Except as disclosed below, none of our Promoter and Promoter Group have pledged Equity Shares of our Company:

Sr. No.	Name of Promoter	Number of Equity Shares held	No of Equity shares pledged*	% of total shares held by Promoter	% of total shareholding of our Company
1.	TVS Holdings Private Limited	1,30,94,460	95,65,000	73.04	64.72

* Out of 1,30,94,460 encumbered shares, 95,65,000 equity shares have been pledged by the promoter

Details of outstanding warrants, options or rights to convert debentures, loans or other instruments

As on the date of the Information Memorandum, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments.

Details of any acquisition or amalgamation with any entity in the last one year

Our Company has undertaken the following acquisition in the last one year.

Sundaram Holding USA Inc., (“SHUI”)

SHUI, a company established under the applicable provisions of Laws of United States of America, was owned by Sundaram Auto Components Ltd (SACL) (wholly owned subsidiary of TVSM) and the Company.

The Company and SACL were holding 49.70% and 50.30% respectively of the total capital of SHUI.

The Company additionally acquired 50.05% stake in SHUI from SACL on September 22, 2022. Consequent to the acquisition, the Company’s holding in SHUI increased to 100% and subsequently SHUI’s subsidiaries in USA viz., Green Hills Land holding LLC, Component Equipment Leasing LLC, Sundaram-Clayton USA LLC and Premier Land Holding LLC have also become subsidiaries of the Company.

Details of any reorganization or reconstruction in the last one year

Our Company has not undergone any reorganisation or reconstruction in the last one year.

Employee Stock Option Scheme

We do not have any ESOP Scheme or ESP Scheme.

SCHEME OF ARRANGEMENT

For definitions of the terms used herein, but if not defined, you may refer to the Scheme

On February 9, 2022, the Board of directors of the Company approved a Composite Scheme of Arrangement of Sundaram-Clayton Limited (“**Transferee Company**” or “**Demerged Company**”) and TVS Holdings Private Limited (“**Transferor Company 1**”) and VS Investments Private Limited (“**Transferor Company 2**”) and Sundaram-Clayton DCD Limited (“**Resulting Company**”) subject to necessary approvals of shareholders, creditors, SEBI, Stock Exchanges, National Company Law Tribunal, Chennai, (“**NCLT**”), other governmental authorities and third parties as may be required (“**Scheme**”).

The scheme pros for:

- (1) The Transferee Company shall issue 116 NCRPS of face value of ₹ 10 each fully paid up, for every 1 Equity Share of ₹ 5 each fully paid up held by equity shareholder of the Company by way of bonus, which will be listed on both the Stock Exchanges viz., BSE Limited and National Stock Exchange of India Limited.
- (2) The Transferor Company 1, the holding company will merge with the Transferee Company. The Transferee Company shall issue equivalent equity shares of ₹ 5 each fully paid up and corresponding number of Cumulative Non-Convertible Redeemable Preference Shares of ₹ 10 each fully paid up to the shareholders of the Transferor Company 1, on respective record dates as mentioned in the Scheme. Both equity shares and non-convertible redeemable preference shares will be listed on both the Stock Exchanges.
- (3) The Transferee Company shall issue 19 Equity Shares of ₹ 5 each fully paid up, to the shareholders of the Transferor Company 2, in the proportion of the number of equity shares held by the shareholders in Transferor Company 2.
- (4) The demerger, transfer and vesting of the Die Cast Division from the Demerged Company into the Resulting Company. The shareholders of the Demerged Company will get 1 equity share of ₹ 5 each fully paid up of the Resulting Company, for every 1 equity share of INR 5 each held by such shareholder; and 1 NCRPS of INR 10 each fully paid up of Resulting Company, for every 1,000 NCRPS held by such shareholder.

During the Fiscal 2022, the Company has filed an application with NCLT, Chennai for approval of the Scheme and both the Stock Exchanges viz., BSE Limited and National Stock Exchange of India Limited for obtaining no objection. Post receipt of no objection bearing number DCS/AMAL/MJ/IP/2429/2022-23 dated July 29, 2022 from BSE and no objection bearing number NSE/LIST/30196_II dated July 29, 2022 from NSE, the Company has received NCLT, Chennai approval vide its order dated March 6, 2023.

The Composite Scheme of Arrangement was presented under Sections 230 of the Companies Act, 2013, other relevant provisions thereof, and the rules made thereunder and in accordance with the regulations of the Foreign Exchange Management (Debt Instruments) Regulations, 2019 issued vide RBI Notification No. FEMA 396/2019-RB dated October 17, 2019 for the issuance of Cumulative Non-Convertible Redeemable Preference Shares to the shareholders of Sundaram-Clayton Limited by way of bonus.

In addition, the Scheme also provides for various other matters consequential and/or otherwise integrally connected herewith.

A. Rationale for the Composite Scheme of Arrangement

1. Our Company has built up substantial surplus reserves, over the years from its retained profits. The surplus reserves are well above our Company’s current and likely future business needs. Further, barring unforeseen circumstances, our Company is confident of generating incremental cash over the next few years. Overall reserves position is expected to improve further even after considering cash requirements for our Company’s capex programme and working capital requirements.
2. Further, upon taking into consideration our Company’s capability to generate strong cash flow and the surplus reserves being more than what is needed to fund our Company’s future growth, therefore our Company is of the view that these excess funds can be optimally utilized to reward its shareholders in such difficult and unprecedented times by way of distribution.

3. At the same time, in keeping with our Company's tradition of conventional cash management and being mindful of the challenging business environment, our Company is of the view that it would be prudent to retain liquidity as well. Accordingly, our Company has proposed, *inter alia*, to distribute such funds amongst its shareholders by issuing fully paid up NCRPS by way of bonus in terms of the Scheme and this Information Memorandum.
4. NCRPS, while giving near-cash (traded, encashable) instrument in the hands of shareholders, give increased flexibility to our Company in managing its liquidity through options like buy back, redemptions, etc.
5. In view of the aforesaid factors, our Company has concluded that it can optimally utilize its surplus reserves by distributing a considerable portion of the same to the equity shareholders. In order to maintain high level of corporate governance and transparency, our Company has proposed issuance of NCRPS by way of bonus under Section 230 of the Act which will be subject to necessary statutory, regulatory and corporate approvals.
6. As part of the wider restructuring exercise, it is proposed to consolidate all the resources of the Transferor Companies with the Transferee Company. The said amalgamation will result in the following benefits:
 - (a) Streamline the promoter holding structure;
 - (b) Optimal utilisation of resources and better corporate governance; and
 - (c) Reduction of administrative responsibilities, multiplicity of records and legal and regulatory compliances.
7. Given diversified business our Company, it has become imperative for the Demerged Company to reorient and reorganize itself in a manner that allows imparting greater focus on each of its businesses. With this repositioning, the Demerged Company is desirous of enhancing its operational efficiency.
8. The Scheme proposes to reorganise, segregate and demerge the Demerged Undertaking comprising of manufacturing non-ferrous gravity and pressure die castings from Demerged Company into the Resulting Company and the Demerged Company will be left with group management services' business, trading business and manufacturing of two & three wheeler vehicles through TVS Motor Company Limited.
9. The proposed demerger pursuant to the Scheme is expected, *inter alia*, to result in following benefits:
 - (a) segregation and unbundling of the businesses of the Demerged Company into the Resulting Company, which will enable enhanced focus on the Demerged Company and Resulting Company for exploiting opportunities of each of the said companies;
 - (b) unlocking of value for the shareholders of the Demerged Company, attracting investors and providing better flexibility in accessing capital, focused strategy and specialisation for sustained growth;
 - (c) logistics alignment leading to economies of scale for the Resulting Company and creation of sectoral efficiencies and benefitting stakeholders as well as optimization of operation and capital expenditure; and
 - (d) enhancing competitive strength, achieving cost optimisation, ensuring benefits through focused management of the financial, managerial and technical resources, personnel capabilities, skills, expertise and technologies of the Resulting Company and the Demerged Company thereby significantly contributing to future growth and maximizing shareholders' value.

The proposed restructuring is in the interest of the shareholders, creditors, employees, and other stakeholders in each of the companies.

B. Approvals with respect to Scheme

a. Approval from Board of Directors, shareholders and creditors

- The Scheme was approved by the Board of Directors of our Company *vide* resolution dated February 9, 2022.
- Secured creditors provided their no objection for the Scheme.

- The equity shareholders and unsecured creditors of our Company approved the Scheme through the NCLT, Chennai convened meeting on December 16, 2022.

b. Approval from NCLT, Chennai

NCLT, Chennai has approved the Scheme, vide order dated March 6, 2023

c. Approval from stock exchanges and SEBI

- The Company has received approval for listing of its NCRPS on NSE and BSE vide their letter no. NSE/LIST/35120 dated April 27, 2023, and letter no. DCS/AMAL/TL/IP/2759/2023-24 dated May 11, 2023, respectively.
- Further, the Company has also received a letter bearing no. SEBI/HO/CFD/DCR-2/P/OW/2023/22520/1 dated June 01, 2023 from the SEBI in relation to relaxation from applicability of Rule 19(2)(b) of the SCRR for listing of the NCRPS on BSE and NSE.

SECTION IV – ABOUT OUR COMPANY

OUR BUSINESS

Unless otherwise stated or the context requires otherwise, references in this section to “we”, “us” or “our” refers to Sundaram-Clayton Limited together with its Subsidiaries.

Some of the information in the following section, specifically the information in relation to our plans and strategies, contain certain forward looking statements that involve risks and uncertainties. You should read “*Forward Looking Statements*” on page 7 for a discussion of risks and uncertainties related to those statements and also “*Risk Factors*” on page 8 for a discussion of certain factors that may affect our business, financial condition, cash flows or results of operations.

Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Unless stated otherwise, or unless context requires otherwise, the financial data of our Company for the Fiscal 2023, 2022 and 2021 has been derived from Audited Financial Statements.

We have included various operational and financial performance indicators in this section, some of which may not have been derived from the financial data of our Company for the Fiscal 2023, 2022 and 2021 has been derived from Audited Financial Statements. The manner in which such operational and financial indicators are calculated and presented, and the assumptions and estimates used in the calculation, may vary from that used by other entities in the business similar to ours. You should consult your own advisors and evaluate such information in the context of Audited Financial Statements and other information relating to our business and operations included in this Information Memorandum.

Composite Scheme of Arrangement

On February 9, 2022, the Board of directors of the Company approved a Composite Scheme of Arrangement of Sundaram-Clayton Limited. The Scheme proposes to reorganise, segregate and demerge the Demerged Undertaking comprising of manufacturing non-ferrous gravity and pressure die castings from our Company into Sundaram-Clayton DCD Limited and our Company will be left with group management services’ business, trading business and manufacturing of two & three-wheeler vehicles through TVS Motor Company Limited. Further given that the business of our Company is diversified, it has become imperative for the Company to reorient and reorganize itself in a manner that allows imparting greater focus on each of its businesses. With this repositioning, the Company is desirous of enhancing its operational efficiency by merging two TVS Holdings Private Limited and VS Investments Private Limited into the Company. For more details on Scheme refer to section titled “*Scheme of Arrangement*” on page 46 of this Information Memorandum.

Overview

Our Company is part of the TVS Group and is one of the renowned automotive component manufacturing companies in India. Our automotive components business comprises a diverse product offering catering to the two-wheeler, passenger vehicle, light commercial vehicle (“LCV”) and heavy commercial vehicle (“HCV”) markets, both in India and internationally. The Company is also engaged in business of precision aluminium cast products and production of high-pressure, low-pressure and gravity die-castings for two-wheelers, passenger vehicles, LCVs and HCVs. Our manufacturing facilities have equipment for production, testing and quality assurance to produce a wide variety of aluminium castings using high pressure, low pressure and gravity die casting technologies. The Company’s facilities can produce castings ranging in weight from 250g to 24 kg for gravity die casting (“GDC”), from 250g to 25 kg for pressure die casting (“PDC”) and from 2.5 kg to 18 kgs for low pressure die casting (“LPDC”). This has been made possible with infrastructure that includes in-house alloying, 97 PDC machines (of locking force ranging from 250 tonnes to 3200 tonnes), 72 GDC stations, 23 LPDC machines and 554 machining centres. The Company supplies a variety of machined castings to leading domestic and global vehicle OEMs and Tier 1 customers, who are leading manufacturers of engines, and light and heavy vehicles. The Company’s customers use our castings primarily in commercial vehicles, passenger vehicles and two-wheelers, which are sold both in India and internationally. Our Company deliver our automotive component products to customers in more than seven countries including the United States, Brazil, Sweden, Germany, France, UK and Japan amongst others. Our Company has four manufacturing plants.

The Company is headquartered at Chennai. The Company has won several awards including the platinum award for manufacturing excellence in the Auto Ancillary Sector - Medium Category from Frost & Sullivan-Economic Times for the year 2011. Our Company recorded consolidated income of ₹ 33,690.33 crore in FY 2023 compared to ₹ 25,625.15

crore in FY 2022. We had consolidated operating EBITDA of ₹ 4,248.39 crore and ₹ 2,987.91 crore for FY 2023 and FY 2022, respectively.

Strengths

About the Company

Our Company was incorporated in the year 1962 as part of the TVS group. Due to the long-standing history and track record in the automotive components industry, the Company enjoys strong brand recognition with our global and domestic customers. In addition, the Company has international presence due to our exports to leading OEMs and Tier 1 customers.

Our diverse products portfolio

Our Company manufactures machined aluminium castings required for two-wheelers, passenger vehicles, and the LCV and HCV segments. Our Company has the capability to produce high-pressure, low-pressure and gravity die-castings products, which makes us a one stop shop for all aluminium casting customers. Our Company has four manufacturing facilities in India and one in United States of America (USA) with an aggregate annual casting capacity of over 85,000 metric tonnes. Our Company supply machined castings to customers based on their requirements which is an important value added process in the casting industry. In view of stricter emission norms and improved fuel efficiency, the industry resorts to light weight vehicles. Hence aluminium being light weight, is one of the preferred metal for automotive applications and thereby gained significant importance. Further, our research and development department contributes in developing lighter weight alternatives to aluminium as part of our product offering to customers.

Strong Customer Relationships

Our Company has a strong and well established relationship with our customers. Our customer base includes global and Indian OEMs and Tier 1 customers such as leading manufacturers of engines, trucks, cars and two wheelers. Our Company provide inputs based on our expertise in die casting process to our customers in their product development thus enabling the resultant products meet their technical and quality specifications. Our OEMs and Tier 1 customers involve us from the inception of product development and design because of our research and development capabilities. This association in the product development process ensures repeat and new orders from customers.

Research and Development and Technological Capabilities

Our Company places strong emphasis on research and development to enhance our products range and improving our manufacturing processes both independently and through co-operation with our customers. Our Company has developed strong in-house die and process design capabilities, which allows us to service our customers more effectively and in a timely manner. Our research and development provide design inputs, development, prototyping, testing and validation services which are used by our customers for product design and engineering in relation to the castings manufactured by us for them. Our Company has established two dedicated research and development centres in Padi and Hosur, both in Tamil Nadu and are approved by the Government of India's Department of Scientific and Industrial Research ("DSIR").

Strategies

To be a total solutions provider

Our Company shall continue to engage with our customers from their early product design stage to the development and supply of finished products. Our Company intends to be the total solution provider for light metal castings and has embarked upon building the technology to produce magnesium alloy castings, semi-solid aluminium forming and liquid forgings to serve the future needs of the automotive industry by staying ahead. Our Company intends to be the total solutions provider for light metal castings and has embarked upon building the technology to produce apart from powertrain parts, structural parts, alternate powertrain / EV parts.

Expand customer base

Currently, a few customers contribute towards a significant portion of our revenues. Our Company intend to diversify and grow our customer base and reduce reliance on a few customers. Our Company has established an overseas offices that gives us the opportunity to take advantage of existing relationships and create new relationships with customers globally. Our Company intend to develop our relationships with existing and potential OEMs in the HCV, LCV and

passenger vehicle segments to cater to their new product requirements. See “Risk Factor – Our Company has experienced significant growth in the past few years and if the Company is unable to sustain or manage our growth, our business, results of operations and financial condition may be adversely affected.” Our Company continue to participate in international trade shows and events to showcase and promote our capabilities.

Expand the product portfolio

The Company has developed magnesium die casting and has carried out tests and trials. The Company expect magnesium die casting, being lighter in weight than aluminium, to find applications for light-weighting in the future. The Company expects to gain prominence going forward with light-weighting. Apart from ICE powertrain parts, the Company is also building its capability to move to structural and alternate powertrain / EV parts.

Design and Manufacturing capabilities

The Company has been using Total Quality Management (TQM) as the foundation of its management. The Company implemented the best practices like Total Productivity Management (TPM) and Lean Manufacturing (TPS) in its manufacturing facilities. During FY22, the Company continued working with mentors to improve its systems and processes. Significant aspect of the same is to synchronize our operations with customer demand. This will bring in better planning and execution system along with control over inventories in the pipeline. It also has in place best-in-class practices for safety, pollution control, work environment, water and energy conservation. Continuous improvement projects are implemented for betterment of the product quality and operational efficiency in all the manufacturing locations. Re-energizing TPM practices helped in improving the equipment reliability and consequently plant Overall Equipment Effectiveness (OEE). The Company has also initiated various projects towards deploying Industry 4.0 practices through connected machines. This will be scaled up in the coming years and is expected to bring significant gains in operational efficiencies across manufacturing locations.

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 IATF 16949 requirements. TQM is a way of life in the Company. 100% employee involvement has been successfully achieved for many years. Employees have completed 310 projects by applying statistical tools through Quality Control Circles (QCC) in 2021-22. The average number of suggestions implemented per employee was 37.

Cost Management

Cost management is a continuous journey, and the Company manages the same through rigorous deployment, monitoring and control of costs across all departments. Cross functional teams are working on projects focussed on Value Added / Value Engineering (VA/VE) and improving operational efficiency. TPM and Lean initiatives are deployed Company-wide to achieve reduction in manufacturing cost. Given the cost pressures due to the pandemic, significant cross functional team working ensured mutual cross learning and fast horizontal deployment of ideas/projects across our manufacturing locations.

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 2022, IT road map for organization was laid out with special focus on deploying Industry 4.0 projects were initiated in manufacturing and quality. The Company worked with PwC and improved the cyber security controls and mechanisms to achieve a score of 3.6 which is the top 25% in auto component industry. As we move more towards digitalization of our processes and systems, special focus is being given to enhance the Information Security of our networks with a special emphasis on cyber security aspects.

Description of Our Business

Aluminium Castings Our Company has four manufacturing locations in and around Chennai at Padi, Mahindra World city and Oragadam and a fourth plant at Hosur, and has the capacity to produce more than 43,000 metric tonnes of

castings approximately with a turnover of ₹ 2,000 crore. The Company works consistently towards achieving its vision "to be the first choice" and has an impressive list of prestigious automotive customers.

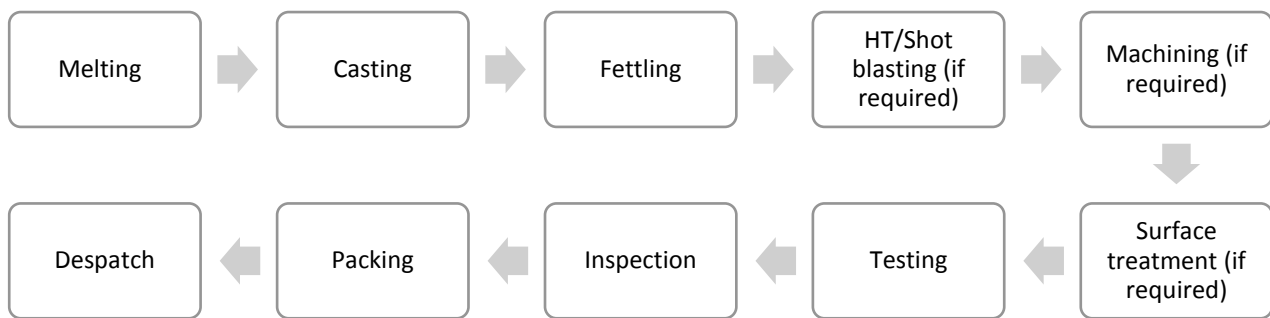
Our Company manufactures a wide range of aluminium die-casting components for two-wheelers, three-wheelers, passenger vehicles, LCVs and HCVs.

Key Products

We have following manufacturing processes to supply castings to our customers:

- high-pressure die-casting;
- low-pressure die-casting ; and
- gravity die-casting.

We also supply machined castings based on customer requirements. The following processes are followed in the casting process. It starts with melting of alloy ingots in the furnace, pouring the molten alloy into mould through different processes, allowing it to solidify and form a casting.



Company has three types of casting processes which are explained below.

- High-pressure die-casting (HPDC):
It is a process in which the molten metal is injected under high pressure into mould cavity with the help of external pressure.
- Gravity die-castings (GDC):
It is a process in which the molten metal solidifies in the mould under gravity without any external pressure.
- Low-pressure die-casting (LPDC):
In Low pressure casting, the metal within the furnace is pressed through the riser tube into mould under very low pressure. This form of the mould filling is the most important difference with gravity casting. The process of mould filling proceeds absolutely controlled. This results in a low turbulence or even turbulence-free mould filling.

Our aluminium castings include:

- Flywheel housing, gear housing, clutch housing, filter heads, turbo charger compressor cover assembly, and intake manifold for the commercial vehicle segment.
- Cylinder head, case transaxle assembly, oil pan, chain case, fuel pump housing, and air compressor housing for passenger cars.
- Crank case, cylinder head, cylinder barrel, and wheel hub for powered two wheelers.

Machining is a value-add process which removes excess material from the casting to meet the specifications requested by our customers. Machining converts the casting component into a fully-finished and ready-to-assemble component.

Customers

Our customers are predominantly either OEMs or Tier 1 customers. OEMs are producers of fully assembled vehicles. Tier 1 customers are manufacturers of assemblies and aggregates, which are assembled in the vehicle as a complete system. Our Company enters into purchase agreements with customers. These agreements provide for amongst other things, terms with respect to raw material price adjustments, cost reductions, compensation due to product obsolescence, delivery and liability.

Sales and Marketing Team

Our Company has sales and marketing teams in India and abroad. Our marketing teams work closely with each other and their respective groups' product engineering and R&D teams to provide solutions for our customers. Our sales team has a representative for each of our major customers, and that representative is responsible for both the commercial and technical aspects of the Company-customer relationship. The sales team also takes an active role in product and plant management to ensure on time delivery and launch of our new products. Our sales team has built long-term relationships with a number of customers and has played an important role in helping us attain our position as a single source supplier of castings for certain customers.

Our subsidiary TVS Motor Company Limited

One of our subsidiaries, TVS Motor Company Limited is the manufacturer of two and three-wheeler automobiles in India. It designs, manufactures and supplies two-wheelers including motorcycles, mopeds and scooters, and three-wheelers in India and internationally. Our two-wheeler products range from motorcycles in the economy, executive and premium segments, scooters in both sub-100 cc and greater than 100 cc segments; to mopeds, at the lowest range of the two-wheeler segment.

Raw Materials

The principal raw material used by the Company for its production operations is aluminium alloys. Prices payable to vendors for raw materials and components are negotiated based on internationally available data. Cost of manufacture of all products are reviewed at regular intervals.

Environment, Health & Safety

The Company is fully committed towards 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. The Company has successfully migrated to the ISO 45001 system in FY22. The Company has also initiated its Sustainability program by engaging with a reputed external agency to map out the carbon footprint of its operations across its India operations. Post this study, detailed actions will be planned towards achieving a sustainable growth for the Company and arriving at a roadmap for carbon neutrality.

Human Resource Development

The Company considers employees as vital and most valuable assets. Human Resource Development (HRD) is aligned to business needs to enhance business performance and results. HRD is practiced through an overall HRD framework with its constituents as resourcing, employee engagement, performance & compensation management, competency based development, career & succession planning and organization development. Each of these constituents has a structured approach and process to deliver. As a part of the long term strategy 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. The Company also revamped and launched the yellow belt and green belt programs during the year along with various other systems oriented training programs. This is expected to not only help solve chronic problems faced on the shop floor but also help in building the competency of our engineers in structured problem solving. 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. 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 March 31, 2023, the Company had around 1478 employees on its rolls.

Awards & Accolades

2011

- Excellent Performance Award Cummins – Category – Machined castings
- Platinum award-Auto ancillary sector – Medium category The Economic Times India Manufacturing Excellence Awards

2012

- Merit Award form Hyundai (Category: Best Cooperation)
- Bronze Award form Honda Siel Cars India Limited (Category: Cost)

2013

- Excellence in Delivery Award from Delphi-TVS Diesel Systems Limited Category: Excellence

2014

- Best cost sourcing event – ZF
- Superior quality award – Cummins
- Appreciation of continuous improvement from Cummins Category: Zero Defect
- Project Management Excellence Award from Cummins India ABO Supplier Category: Project Management Excellence

2015

- Special award for globally competitive supplies – Daimler
- Appreciation award – Hyundai
- Best supplier six sigma project award - Cummins

2016

- Product development support excellence Award- Cummins
- Supplier of the year Award – PACCAR/DAF
- Quality and delivery for powertrain - HMIL
- Best supplier Award- Rotex
- Best crisis management support Award- Hanon

2017

- Supplier of the year” award for cost management - PACCAR/DAF
- “Category partner – Aluminum castings” award - Cummins

2018

- Best Performer-2018 awarded by Hyundai in Production Support category
- Won 2nd runner-up prize in Cummins skill conclave 2019
- Received appreciation from Hanon for Leak reduction (4.5 % to 0.9 %)

2019

- “Supplier of the year 2019 award - PACCAR INDIA
- “Best process and systems” award - Hanon
- “Supplier - Best practice sharing 2019” award - Daimler.
- “Best supplier - Six sigma project” award - Cummins
- “Best performer 2019 for Production Support” - HMIL
- Oragadam Plant - Platinum level in Quality performance - TVSM Hosur
- Scored “94%” and rated “A” grade in Daimler VDA 6.3 audit (Only Indian supplier to achieve grade A out of 47 Indian suppliers)
- “Gold Award for Energy conservation 2019” - Hanon
- Hosur plant “1st Prize in State safety award” from Tamil Nadu government

2020

- “Covid-19 outstanding supplier award” - Cummins.
- “Platinum award” in delivery and “Platinum award” in BMW quality - TVSM
- Appreciation from Volvo for the efforts extended by the SCL team during the pandemic situation and continued shipment during lockdown periods.
- Appreciation from TATA motors for highest dispatch of Cylinder head (8210 no’s)
- Appreciation from Cummins domestic for all the support and improvement of the Supply chain performance
- Appreciation from HMIL for meeting the delivery requirement

2021

- “Best Supplier of the year – Direct sourcing” award – Cummins India
- For a second year in a row, recognized with leader status under the Supplier Performance Management program (Delivery score>80) – DAF/PACCAR
- Appreciation from WABCO for the best efforts exhibited by the SCL team for meeting the delivery requirements.
- Appreciation from TCL for the efforts extended by the SCL team for ensuring delivery of critical parts despite of all challenges in May’21.
- Appreciation from CTT for on time supply of critical parts.
- Appreciation from Volvo for meeting volume increase and maintaining pipelines during the COVID-19 wave 3.

2022

- “Customer Support Excellence Award – Direct Sourcing” – Cummins India
- Best foundry award in large scale category – ALUCAST 2022
- Panther 2.0 L engine launch Quality and Flow – Ford India
- “Best Quality Consistent Supplier – 2022” – Hanon Automotive Systems India Pvt Ltd

HISTORY AND CERTAIN CORPORATE MATTERS

Brief history of our Company

Our Company was incorporated as Sundaram-Clayton Limited on May 24, 1962, at Chennai as a limited company under the Companies Act, 1956 and a certificate of incorporation was issued by the Registrar of Companies, Chennai, Tamil Nadu (“ROC”) May 24, 1962. At present, the Equity Shares of our Company are listed on BSE and NSE.

Registered Office and Changes in the Registered Office

At present our Registered Office is situated at “Chaitanya”, No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai - 600006, Tamil Nadu.

The details of change in the registered office

Other than disclosed below, there has been no change in registered office our Company since its incorporation.

Date of Change	Address Changed	
	From	To
August 14, 2019	“Jayalakshmi Estates”, No. 29 (Old No. 8), Haddows Road, Chennai - 600 006, Tamil Nadu, India	“Chaitanya” No. 12, Khader Nawaz Khan Road, Nungambakkam, Chennai - 600 006, Tamil Nadu, India

Key events, milestones and achievements

Year	Milestone particulars
1962	Sundaram-Clayton established Joint venture with Clayton Dewandre Holdings Plc
1968	Die casting setup with GDC process
1983	Commenced HPDC process
1998	New plant at Hosur
1999	Supply of fully machined castings began
2000	Export business to USA commenced
2001	Started Low pressure die casting process
2003	Export business to Europe commenced
2009	New plant established at Mahindra World City (MWC)
2010	New plant established at Oragadam (Phase 1)
2018	Plant expansion at Oragadam (Phase 2)
2019	1 st overseas plant inaugurated at Ridgeville, South Carolina, USA
2020	Focus on light weighing solutions for our customers
2023	Established R&D centre at Germany

Main Objects of our Company

The main objects contained in the Memorandum of Association, include the following:

1. To carry on the business of manufacturers of and merchants and dealers in all components and parts and accessories of vehicles of every kind and engines of every kind.
2. To carry on the business of manufacturers, mechanical engineers, founders, fitters, tool makers, brass founders, metal makers, boiler makers, mill-wrights, machinists, iron and steel converters, smiths, wire drawers, tube makers, metallurgists, saddlers, galvanisers, japanners, annealers, painters, electrical engineers, water supply engineers, gas makers, packing case makers, dealers in steel frames, farmers, printers, carriers, automobile consultants, enamellers, electroplaters, wood -workers, builders, tool makers, pattern makers, refiners, and manufacturers of agricultural implements or other machinery.
3. To manufacture, produce, repair, export, import, purchase, sell and deal in and generally to carry on business in the manufacture, sale and supply of brake exhausters, compressors, servo units and other components and accessories thereof for vehicles of every kind.

- 3A To carry on the business of designers, developers, manufacturers, distributors, sellers and dealers in all types of internal combustion engines, including oil and petrol engines, diesel engines, engines operating on hybrid power, on gas, turbines, for use as stationary engines or in all kinds of automobiles, including tractors, earthmovers and all kinds of off-highway vehicles, and also for stationary applications, and to buy, sell, repair, convert, alter, export, import, let on hire all types of internal combustion engines. (Inserted this new clause 3A vide special resolution passed by the shareholders of the Company through postal ballot under Section 192A of the Companies Act, 1956, the results of which were declared on 09.12.2008)
4. To carry on the business of manufacturers and dealers in, hirers, repairers, cleaners, storers, and warehousemen of motor cars, motor cycles, cycle cars, motor, scooters, cycles, bicycles; carriages, launches, boats and other conveyances of all descriptions whether propelled or assisted, by means of petrol, spirit, steam, gas, electrical, or through power and all engines, chassis, bodies, component parts, accessories, fittings and other things used in or capable of being used in or in connection with vehicles and engines stationary or otherwise.
 5. To carry on the business of iron and steel foundries and foundries of non-ferrous metals in all their branches and to carry on business of smelters, and of casting, forming and shaping parts and components of plant, machinery and equipment and articles of every description of ferrous and non-ferrous metals and other materials.
 6. To acquire and carry on the business of manufacture of rubber articles and to purchase, take on lease or otherwise acquire, hold and work any lands producing rubber trees or suitable for planting, cultivation and growth of rubber trees and any concessions, rights, powers and privileges over any such land and machinery.
 7. (a) To generate, develop, accumulate, produce, manufacture, purchase, process, transform, distribute, transmit, sale, supply and / or otherwise import, export, deal in any kind of power or electrical energy using coal, lignite, petroleum products or any other substances, wind energy, solar energy, wave energy, tidal energy, hydro energy, nuclear energy, bio energy or any other form of energy and any products or byproducts derived from any such business of energy and to set up power plants, wind turbines, power stations, hydel power station, wind farms, solar energy systems or any other facility to generate power and to produce, buy, import, sale, treat, exchange, renovate, alter, modernize, install or otherwise deal in any type of machinery, equipment, implement, material, article and stores for generating, distributing, transmitting energy, including electricity and to deal with all persons including companies, government and semi-government bodies for these purpose and to deal with all places including cities, towns, villages, districts, docks, markets, theatres, building, industries, offices or any other place and to all such acts, deeds and things including construction, laying down, establishing, fixing and to carry out all necessary activities for the aforesaid purpose.
 - (b) To generate, acquire by purchase in bulk, accumulate, distribute and supply electricity to cities, towns, streets, docks, markets, theatres, buildings and places, both public and private.
 - (c) To carry on in India or elsewhere the business of establishing, commissioning, setting up, operating and maintaining electric power generating stations based on conventional / renewable sources, tie-lines, sub-stations and transmission lines on build, own and operate (BOO) and / or build, own and transfer (BOT) and / or build, own, lease and transfer (BOLT) and / or build, own, operate and transfer (BOOT) basis and to carry on in India or elsewhere the business of acquiring, operating, managing and maintaining existing power generation stations, tie-lines, sub-stations and transmission lines, either owned by the private sector or public sector or the government or governments or other public authorities and for any or all of the aforesaid purposes, to do all the necessary or ancillary activities, as may be considered necessary or beneficial or desirable.
 - (d) To carry on the business of generating, harnessing, developing, accumulating, producing, manufacturing, purchasing, transforming, processing, distributing, transmitting, trading and supplying of electricity by setting up power plants by use of liquid, gaseous or solid fuels or any other matters / substances or through renewable energy sources such as solar photo voltaic, solar thermal, windmill or deploying hybrid systems utilising two or more of technologies that are renewable or even conventional and or any other means and transmission, distribution, supply and sell such power either directly or through transmission lines and facilities of Central / State Governments, or, Central / State run establishments or private companies or electricity boards to industries and to Central / State Governments, other consumers of electricity including captive consumption for any industrial projects promoted by this company or companies promoted by the promoters of this company and generally to develop, generate, accumulate power at any other place or places and to transmit, distribute, sell and supply such power.
 - (e) To carry on the business of generation of electrical power by conventional, non-conventional, renewable methods including coal, gas lignite, oil, biomass, waste, thermal, solar, hydel, geo-hydel, wind and tidal waves and also to

carry on the business of supply of electricity for the purpose of light, heat, motive power or otherwise and manufacture of and dealers in apparatus and things required for or capable of being used in connection with the generation, distribution, supply, accumulation and employment of electricity (including in the term electricity, solar energy, tidal power or any other natural resources), galvanism, magnetism or otherwise.

(f) To carry on the business of construction and establishment, operation, management of power stations, boiler houses, steam turbines, switch yards, transformer yards, sub-stations, transmission lines, accumulators, workshops and all such works necessary for generating, accumulating, distributing and supply of electricity, and for this purpose, to construct, lay down, establish, fix, erect, equip and maintain power generating machineries and all other types of plant and machinery, electrical equipment and cables, computer and control equipments, transmission lines, accumulators, fittings and apparatus in the capacity of principals, contractors or otherwise and to undertake the business of consultants and contractors in setting up all types of plants for production of electricity, electronics and other allied fields.

(g) To carry on the business of promoting, owning, acquiring, erecting, constructing, establishing, maintaining, improving, managing, operating, altering, controlling, taking on hire/lease power plants, co-generation power plants, energy conservation projects, power houses, transmission and distribution systems of generation, distribution, transmission and supply of electrical energy and buying, selling, supplying, exchanging, marketing, functioning as a licensee and dealing in electrical power, energy to the State Electricity Board, State Government, appropriate authorities, licensees, specific industrial units and other consumers for industrial, commercial, agricultural, household and any other purpose in India and elsewhere in any area to be specified by the State Government, Central Government, Local Authority, State Electricity Boards and any other competent authority in accordance with the provisions of Indian Electricity Act, 1910 and/or Electricity (Supply) Act, 1948 or any state Act concerning generation, supply and distribution of electricity and any statutory modifications or re-enactment thereof and rules made thereunder.

(h) To establish captive power plants on a co-operative basis for a group of industrial and other consumers and supply power to the participants in the co-operative effort either directly or through the transmission lines of the State Electricity Boards or other authorities by entering into appropriate arrangements, to establish systems that are capable of providing heat and thermal energy that either substitute or lead to saving of electrical energy and energy efficiency and to undertake manufacture of energy efficiency systems and to invest in the equity of the special purpose vehicles or companies set up for power generation through fossil fuels and/or renewable energy sources, and transmission, distribution, supply, distribution and wheel the power generated for captive consumption and or sell such power either directly or through transmission lines and facilities of Central / State Governments or Central / State run establishments or private companies or Electricity Boards to industries and to Central / State Governments, other consumers of electricity including captive consumption for any industrial projects promoted by this company or companies promoted by the promoters of this company and generally to develop, generate, accumulative power at any other place or places and to transmit, distribute, sell and supply such power.

(i) To carry on the business of electricians, electrical engineers, and manufacturers of all kinds of electrical machinery and electrical apparatus for any purpose whatsoever and to manufacture, sell, supply and deal in accumulators, lamps, motors, engines, dynamos, batteries, telephonic or telegraphic apparatus of any kind and manufacturers of and dealers in scientific instruments of any kind.

(Inserted new sub-clauses 7(a) to 7(h) and existing clause 7 re-numbered as sub-clause 7(i) vide special resolution passed through postal ballot under section 192A of the Companies Act, 1956, the results of which were declared by the Company on 14.10.2009).

8. To buy, sell, let on hire, take on hire, repair, alter and deal in machinery, component parts, accessories and fittings of all kinds for motors and vehicles and all articles and things used in or capable of being used in connection with the manufacture, maintenance and working thereof.
9. To carry on the business of garage keepers, filling station operators, service station operators and suppliers of and dealers in petrol, diesel, oil, electricity and other motive power to motors and other things.
10. To carry on (either in connection with the aforesaid business or as distinct and separate business) the businesses of garage proprietors and to buy, sell, supply and deal in petrol, oil and petroleum products, electricity, new and used motor vehicles, parts of such vehicles, their accessories and supplies.
11. To bring, buy, sell, manufacture, plant, cultivate, prepare, repair, convert, hire, alter, treat, manipulate, exchange, let on hire, import, export, dispose off and deal in machinery, implements, rolling stock, plant, hardware, ores,

metals, iron, carbon-black, rayon, hessian, store materials, tools, appliances, apparatus, products, substances and articles of all kinds (whether referred to in the Memorandum or not) which may seem to the company capable of being used or required for the purpose of any of the businesses which the company is expressly or by implication authorised to carry on or which are usually supplied or dealt in by persons engaged in any such businesses or which may seem to the company capable of being conveniently carried on in connection with the above or otherwise calculated directly or indirectly to enhance the value of any of the property and rights of the company for the time being.

12. To carry on (either in connection with the aforesaid businesses or as distinct and separate business) the business of manufacture of chemicals, fibres, plastics, precipitates or any articles or things in the manufacture of which timber wood is used.
13. To enter into any arrangement with any Government authorities, municipal, local or otherwise or any persons or company in India or abroad that may seem conducive to the objects of the Company or any of them and to obtain from any such Government, authority, persons, or company any rights, privileges, charters, contracts, licenses and concessions including in particular rights in respect of waters, waterways, roads and highways, which the Company may think desirable, and to carry out, exercise and comply therewith.
14. To transact and carry on (either in connection with the aforesaid businesses or as distinct or separate businesses) all kinds of agency business.
15. To carry on (either in connection with the aforesaid businesses or as distinct or separate businesses) any of the following businesses that is to say of general carriers, forwarding agents and warehousemen.
16. To acquire the whole or any part of the undertaking and assets of any business within the objects of the Company and any lands, privileges, rights, contracts, property or effects held or used in connection therewith and upon any such purchase to undertake the liabilities of any such company, association, partnership or person.
17. To act as agents or brokers, stockists, distributors and agents, sales agents, manufacturers' representatives and as trustees for any person or company and to undertake and perform sub contracts.
18. To amalgamate, enter into partnership, or into any arrangements for sharing profits, union of interests, co-operation, joint adventures, or reciprocal concessions, or for limiting competition with any person or company carrying on or engaged in, or about to carry on or engage in, any business or transaction which the Company is authorised to carry on or engage in or which can be carried on in conjunction therewith or which is capable of being conducted so as to directly or indirectly benefit the Company.
19. To apply for, purchase, or otherwise acquire and protect and renew in any part of the world, any patents, patent right', brevets d' invention, licenses, concessions and the like, conferring any exclusive or non-exclusive or limited right to their use, or any secret or other information as to any invention which may seem capable of being used for any of the purposes of the Company, or the acquisition of which may seem calculated directly or indirectly to benefit the Company, and to use, exercise, develop, or grant licenses in respect of or otherwise turn to account the property, rights or information so acquired and to expend money to experimenting upon, testing or improving any such patents, inventions or rights.
20. To establish or promote or concur in establishing or promoting any company or companies for the purposes of acquiring all or any of the property, rights and liabilities of the Company or for any other purpose which may seem directly or indirectly calculated to benefit the Company and to place or guarantee the placing of, underwrite, subscribe for or otherwise acquire all or any part of the shares, debentures or other securities of any such other company.
21. To carry on any other business (whether manufacturing or otherwise) which may seem to the Company capable of being conveniently carried on in connection with the above objects or calculated directly or indirectly to enhance the value of or render profitable, any of the property or rights of the Company.
22. Generally to purchase, take on lease, or in exchange, hire or otherwise acquire, any real and personal property and any rights or privileges which the Company may think necessary or convenient for the purpose of its business or which may enhance the value of any other property of the Company and in particular any land, buildings, easements, machinery, plant, vehicles and stock-in-trade.

23. To build, construct, alter, maintain, enlarge, pull down, remove or replace, and to work, manage and control any buildings, offices, factories, mills, shops, machinery, engines, roads, ways, tramways, railway sidings, bridges, reservoirs, water courses, wharves, electric works and other works and conveniences, which may seem calculated directly or indirectly to advance the interests of the company and to join with any other person or company in doing any of these things.
24. To invest and deal with the monies of the company not immediately required in any manner and in particular to accumulate funds or to acquire or take by subscription, purchase or otherwise howsoever or to hold shares or stock in or the security of any company, association or undertaking in India or abroad.
25. To lend and advance money or give credit to such persons or companies and on such terms as may seem expedient, and in particular to customers and others having dealings with the Company, and to guarantee the performance of any contract or obligation and the payment of money of or by any such persons or companies and generally to give guarantees and indemnities.
26. To receive money on deposit from members or loan and borrow or raise money in such manner as the Company shall think fit and in particular by the issue of debentures, or debenture-stock (perpetual or otherwise) among members only and to secure the repayment of any money borrowed, raised or owing by mortgage, charge or lien upon all or any of the property or assets of the Company (both present and future) including its uncalled capital, and also by a similar mortgage, charge, or lien to secure and guarantee the performance by the company or any other person or company of any obligation undertaken by the company or any other person or company as the case may be, provided that the company shall not carry on the business of banking within the meaning of the Banking Companies Act, 1949.
27. To pay for any business, property or rights acquired or agreed to be acquired by the Company and generally to specify any obligation of the Company by the issue or transfer of shares of this or any other company credited as fully or partly paid up or of debentures or other securities of this or any other company.
28. To draw, make, accept, endorse, discount, execute and issue promissory notes, bills of exchange, bills of lading, warrants, debentures, and other negotiable or transferable instruments.
29. To pay for any rights or property acquired by the Company and to remunerate any person or company whether by cash payment or by the allotment of shares, debentures or other securities of the company credited as paid up in full or in part or otherwise.
30. To pay out of funds of the company all expenses which the company may lawfully pay with respect to the formation and registration of the company or the issue of its capital, including brokerage and commissions for obtaining applications for or taking, placing or undertaking or procuring the underwriting of shares, debentures or other securities of the company.
31. To sell, lease, mortgage, or otherwise dispose off the property, assets or undertaking of the company or any part thereof for such consideration as the company may think fit, and in particular for shares, stock, debentures, or other securities of any other company whether or not having objects altogether or in part similar to those of the company.
32. To distribute among the members in specie any property of the company or any proceeds of the sale or disposal of any property of the company, but so that no distribution amounting to a reduction of capital be made except with the sanction (if any) for the time being required by law.
33. To improve, manage, develop, grant rights or privileges in respect of or otherwise deal with, all or any part of the property and rights of the Company.
34. To provide for the welfare of the Directors, trustees and employees or ex-directors, ex-trustees and ex-employees of the Company and the wives, widows and families or the dependents or connections of such persons, by building or contributing to the building of houses, dwellings or chawls, by grants of money, pensions, allowances, bonuses, or other payments, or by creating and from time to time subscribing or contributing to provident and other associations, institutions, funds or trusts and by providing or subscribing or contributing towards places of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the company shall think fit and to subscribe or contribute or otherwise assist or to guarantee money to charitable, benevolent religious, scientific, national, political or other institutions, bodies and objects which shall have any

moral or other claim to the support or aid by the Company either by reason of locality of operation or public and general utility or otherwise.

35. To procure the company to be registered or recognised in any part of the world outside India.
36. To create any depreciation fund, reserve fund, sinking fund or any other special fund whether for depreciation or for repairing, improving, extending or maintaining any of the properties of the company or for any other purpose conducive to the interests of the Company.
37. Subject to section 78 of the Companies Act, 1956, to place to reserve or to distribute as dividend or bonus among the members or otherwise to apply, as the company may from time to time think fit, any moneys received by way of premium on shares or debentures issued at a premium by the company and any monies received in respect of dividends accrued on forfeited shares or from unclaimed dividends.
38. To establish, provide, and conduct or otherwise subsidise research laboratories and experimental workshops for scientific and technical research and experiments; to undertake and carry on scientific and technical researches, experiments and tests of all kinds to promote studies and researches both scientific and technical, investigations and inventions by providing, subsidising, endowing or assisting laboratories, workshops, libraries, lectures, meetings and conferences and by providing or contributing to the remuneration of scientific or technical professors or teachers and by providing or contributing to the award of scholarships, prizes, grants to students or otherwise and generally to encourage, promote and reward studies, researches, investigations, experiments, tests and inventions of any kind that may be considered likely to assist any business which the company is authorised to carry on.
39. To take part in the management, supervision or control of the business or operations of any company or undertaking, and for that purpose to appoint and remunerate any directors, accountants or other experts or agents and to act as managing agents or agents or secretaries and treasurers of any such company or undertaking.
40. To undertake and execute any trusts, the undertaking whereof may seem desirable and whether gratuitously or otherwise.
41. Subject to the provisions of the Companies Act, 1956, or any other enactment in force to indemnify and keep indemnified members, officers, directors, agents and servants of the Company against proceedings, costs, damages, claims and demands in respect of anything done or ordered to be done by them for and in the interests of the company and for any loss, damage, or misfortune whatever and which shall happen in execution of the duties of their office or in relation thereto.
42. To apply for, promote, and obtain any Act of Parliament, charter, privilege, concession, licence, or authorisation of any Government, State or Municipality provisional order or licence of any authority for enabling the Company to carry on its objects into effect or for extending any of the powers of the company or for effecting any modification of the constitution of the Company or for any other purpose which may seem expedient and to oppose any proceeding or applications which may seem calculated directly or indirectly to prejudice the interests of the company.
43. To agree to refer to arbitration and to refer to arbitration any disputes present or future between the company and any other company, firm or individual and to submit the same to arbitration in India or abroad either in accordance with Indian or any foreign system of law.
44. (i) To carry on and undertake the businesses of trading, hire purchase and leasing company and to finance lease/ hire purchase operations of all kinds either singly / jointly / or on a syndication/consortium/ participative / lead basis including import leasing/ hire purchase, cross border leasing / hire purchase, lease/ hire purchase funding, lease / hire management, provide venture capital, vendor plans, purchasing, selling, hiring or letting on hire, all kinds of plant and machinery and equipment that the company may think fit and to assist in financing of all and every kind and description of hire purchase or deferred payment or similar transactions and to subsidise, finance or assist in subsidising or financing the sale or maintenance of any goods, articles or commodities of all and every kind and description upon any terms whatsoever and to purchase or otherwise deal in all forms of immovable and movable property including land and buildings, plant and machinery, equipment, ship, aircraft, automobiles including two wheelers and three wheelers, tractors, tillers, threshers, dryers, motor vehicles of all kinds, engines, generators, computer software and hardware, all types and kinds of appliances, domestic or otherwise, computers

and all consumer, commercial and industrial items and to lease or otherwise deal with them in any manner whatsoever including resale thereof, regardless of whether the property purchased and leased be new and / or used.

(ii) To undertake and carry on all operations and transactions in regard to business of any kind in the same way as an individual capitalist may lawfully undertake and carry out and, in particular, the financing of hire purchase contracts relating to property or assets of any description, either fixed or movable, such as houses, lands, vehicles and government bonds.

(iii) To carry on the businesses of finance, foreign exchange, investment company and an investment trust company and to invest in and / or finance and / or promote and/or establish in its own name or as a holding company or by entering into partnership with others, investment companies, finance companies and brokerage houses, borrow and raise monies to underwrite, sub-underwrite, to invest in, to acquire and hold, sell, buy or otherwise deal in shares, debentures, debenture stocks, bonds, units, obligations and securities issued or guaranteed by Indian or Foreign Governments, States, Dominions, Sovereigns, Municipalities or Public Authorities or bodies and shares, stocks, debentures, debenture-stocks, bonds, obligations and securities issued and guaranteed by any company, corporation, society, firm or person whether incorporated or established in India or elsewhere but not to do the business of banking as defined in the Banking Regulation Act, 1949.

(iv) To carry on the business of bill discounting, hundi discounting, cheque discounting and discounting of any other type of negotiable instruments and other types of instruments, to purchase, accept, assign debts and to carry on the business of accepting, co-accepting of negotiable instruments and related activities.

(v) To undertake and execute or constitute any trust and to subscribe and act as and to undertake and carry on the office or offices and duties of trustees, custodian trustees, executors, administrators, liquidators, receivers, treasurers, attorneys, nominees and agents and to manage the funds of all kinds of trusts and to render periodic advice on investments, finance, taxation and to invest these funds from time to time in various forms including shares, term loans, debentures etc., and carry on custodial services and as a custodian, to send on behalf of clients, the securities for registration of transfers, collect dividends and other returns/incomes and to carry on all other functions as are normally carried on by custodians and to safekeep the securities etc.,

(vi) To give advice on or to offer, give, take, circulate and / or otherwise organise, accept or implement, any takeovers, mergers, demergers, amalgamation or acquisitions or schemes for diversification, rehabilitation or restructuring of any business, concern, undertaking, company, body corporate, partnership or other firm or any association of persons, whether incorporated or not, by acquisition of shares or assets and liabilities and whether as a going concern or as a part of the concern or otherwise as may be required, having regard to business exigencies, and to promote or procure the incorporation, formation or setting up of any concern or undertaking whether as company, body corporate, partnership or any other association of persons for engaging in any industrial, commercial or business activities.

(vii) To carry on the business of money changers and to deal in foreign exchange in cash, traveller's cheques or in any other form.

(viii) To undertake trading/dealing in foreign exchange in all markets both domestic and international and to conduct any other activities related to these markets.

45. (i) To carry on the business of an investment company and for that purpose to invest in, acquire any shares, stocks, debentures, debenture-stock, bonds, obligations or securities by original subscription, participation in syndicates, tender, purchase, exchange or otherwise and to subscribe for the same whether or not fully paid-up, either conditionally or otherwise, to guarantee the subscription thereof and to exercise and enforce all rights and powers conferred by or incidental to the ownership thereof and to advance, deposit or lend money against securities and properties to or with any company, body corporate, firm, person or association or without security and on such terms as may be determined from time to time.

(ii) To accept gift of properties movable or immovable and to deal with such properties in any manner as may seem expedient.

(iii) To act as technical advisors or consultants, investment advisors, financial consultants, management consultants, market surveyors and provide advice, services and consultancy in various fields, such as, general, administrative, commercial, financial, legal, economic, labour, industrial, public relations, scientific, technical, direct and indirect taxation and other levies, statistical, accountancy, quality control, inventory control, data processing, human

behavior, portfolio management, and /or to offer such services or technical know-how and / or management services to any company, body corporate, firm or person or persons and also all merchant banking activities and organising collections and repayment of public deposits to various corporate bodies.

46. (i) To carry on in India or in any part of the world, all kinds of business relating to the manufacturing, producing, assembling, fitting up, repairing, converting, overhauling, maintaining, rendering services of all and every kind of description, buying, selling, exchanging, altering, hiring, letting on hire, leasing, improving, repairing, importing and exporting and dealing in all kinds of electronic devices including:
 - (a) computers of all kinds and descriptions, computer components, computer peripherals, micro processors, PCBs, relays, Winchester drives, tape drives, key boards and switches, modems and multiplexer.
 - (b) Switch mode power supply equipment and uninterrupted power supply equipment of all kinds, electric, electronic, mechanical, hydraulic, and/or combination of any of these operations.
 - (c) All kinds of electronic communication, space and satellite communication apparatus and equipment and railway signalling and safety equipment and solid state relays.
 - (d) All kinds of electro-magnetic wave equipment for radio-telegraphic or radio telephonic communications between fixed points or between fixed and mobile points or between mobile points such as transmitters, receivers, trans-receivers, oscillators, amplifiers along with their ancillary equipment or supervisory control and regulation including micro-processor based equipment.
 - (e) All kinds of instrumentation, micro-processor based and/or otherwise, for testing, observing maintaining electronic equipment and for recording, controlling and operating and other factors pertaining to electronic equipment and apparatus including the ancillary equipment required for installation, operation and maintenance of electronic apparatus and equipment such as masts, towers, earth systems, aerials and aerial equipment of all kinds including all types of radio equipment.
 - (f) All kinds of electronic and other equipment, including all types of control mechanism, automatic calculators, x-ray machines, analysers, surgical, medical and other appliances intended for electro and other therapy treatment, along with their ancillary equipment for supervisory control and regulation together with instrumentation for testing, observing, maintaining such equipment and such other equipment for recording, controlling, operating the said equipment and apparatus, either micro-processor based or otherwise.
 - (g) Telecommunication-both the land line and wireless communications- HF and VHF radio communication from low, low and high power transmitters for broadcasting television and communication, surface to air and air to air communication, local area communication, carbs and software, microwave associated equipment, transmission equipment, radio, navigation, telephone, telephone electronic switching systems and associated items, facsimile and associated equipment, meteorological, television, transmitters, receivers, studio equipment, electronic computers, electronic desk and other electronic calculators, nuclear electronic equipment, automatic electronics, industrial and process instruments and equipment, either micro-processor based or otherwise.
 - (h) All kinds of micro-processor based control systems and equipment for use in machine tools, laboratory and testing equipment, analysers and office automation equipment.
 - (i) All kinds of software packages to be used in all kinds of electronic computers, micro-processors and the like, either listed above or not.
- (ii) To carry on the business of manufacture and selling of electronic components of all descriptions and types including micro-processor based items, DC motor controls, micro-processor based and thyristers based controls, inverters, resistors, condensers, coils, chokes, transformers, switches, volume controls, plugs, sockets, hoses, aerial gear, batteries, accumulators, cable, metal and other cases, peizo-electroquartz, crystals of all types and those made from synthetic materials, meters of all kinds including those for domestic use, holders and covers.
- (iii) To manufacture, sell or otherwise deal with all materials or components as are akin to the above mentioned products.
47. (i) To carry on all or any of the business of manufacturers and producers, merchants, importers and exporters, buyers, sellers, exchangers, dealers, stockists, suppliers, distributors, wholesale and retail dealers, repairers of and servicemen of parts, components, sub-assemblies, assemblies, sub-systems and systems including but not limited to all kinds of compressors, accessories, devices, auxiliary equipment, switches, controls, timers, regulators programmable or otherwise, plugs, cables, hoses, pipes, chokes, solenoid brakes, water inlet valves, relays overloads, motors including specialised pump assembly with motors and specialised reversible motors, refrigerator compressors and other components and related hardware, micro processor controlled or otherwise, for use independently or for use in all commercial, industrial and domestic appliances, such as laundering machines, dryers, washers, cleaners, cooking systems, including ranges, ovens of all types, vacuum cleaners,

refrigerators, freezers, bottle coolers, water coolers, vending machines, heat exchangers, grinders, mixers, cooking and cleaning aids, room air conditioners, room coolers, dehumidifiers operated manually or by means of any kind of power such as air, steam, gas, electricity, fuel and oil such as air, kerosene or other kinds of oils and solar energy or other forms of energy.

- (ii) To carry on in India or in any part of the world, all kinds of business relating to the manufacturing, producing, assembling, repairing, exporting, importing, purchasing, selling, hiring and dealing in and generally to carry on business in the manufacture, sale and supply of complete range of appliances referred to in paragraph (i) above.
- (iii) To carry on the business of electrical contractors, chemical and heat treatment engineers, metal workers, welding engineers, iron and steel makers, press manufacturers, press shop platers, welders, refrigerators and air conditioning and environmental control engineers and to buy, sell, exchange, manufacture, repair, convert, repair, alter, install, let on hire and deal in machinery, implements, instruments, gauges, generators, motor, fans and other appliances of all kinds.
- (iv) To manufacture , sell or otherwise deal with all materials or components as are allied or akin to the above mentioned products.
- (v) To carry on the business of manufacture of chemicals, films, plastics, adhesives, precipitates or any articles or things that may be required for any of the above purposes.

- 48. To carry on the business as travel agents and contractors, and to facilitate travelling and to provide for tourists and travellers, or promote the provisions of conveniences of all kinds by way of through tickets, circular tickets, sleeping cars or berths, reserved places, hotel and boarding and / or lodging accommodation and guides, safe deposits, enquiry bureau, libraries, resting rooms, baggage, transport and otherwise and to charter steamships and aeroplanes for fixed periods or for particular voyages and flights and to act as agents for various airlines, flight operators and become member of any Indian/International association for the said purpose.
- 49. To engage in the generation, selling and distribution of electrical energy, including thermal, solar, windmill and such other alternative and / or renewable sources of energy, either directly or in joint venture or in association with any other person, company, firms or body corporates, either for own use or for sale or distribution through electricity boards on such terms and to acquire for the said purpose land, plant and machinery and equipment either on out right purchase or on lease and to install all or any kind of machinery, apparatus or equipment required for the said purposes, in any part of India and to do such other activities incidental or ancillary to attain the said objectives.

(sub-clauses 44 to 49 were inserted and the existing sub-clause 44 was renumbered as 50 vide special resolution passed at the annual general meeting of the company held on 23.11.1994 and confirmed by Company Law board, Southern Region Bench vide its order dated 27.01.1995)

- 49A. Subject to the provisions of the rules and regulations framed by Securities and Exchange Board of India and any other regulatory authorities, from time to time,
 - i. To act as merchant bankers, portfolio managers, underwriters, sub underwriters and debenture trustees, in respect of any issue of securities made by any company / body corporate, banks and public sector companies.
 - ii. To act as broking house, brokers and sub brokers, and to deal in securities issued by any company, body corporate, Government / public sector companies, banks and also securities issued by any state or Central Government and to purchase and sell such securities for and behalf of the clients for remuneration; To act as market makers in the issue of any securities, to become members of stock exchanges / clearing houses and to carry on such other incidental activities for the said purpose.
 - iii. To act as Registrar and Share Transfer Agents for any company or body corporate and to provide services as share transfer agents and Registrars for any public issue, rights issue, bonus issue and issue of any securities whether in India or abroad.
 - iv. To establish and manage mutual funds and asset management companies either alone or in association with any other company or body corporate as may be deemed fit by the board of directors from time to time, and to do such other acts, that are necessary and incidental for this purpose.

- v. To act as custodians of securities and depository participants, and for this purpose, become members of the depositories, and to provide all services to clients in the capacity as custodian of securities / depository participants, subject to the provisions of Depositories Act, 1996 and such other Applicable Laws, rules and regulations and to do such other acts, that are necessary and incidental for this purpose.

49 B. To act as investor advisors, consultants and manager to deposit schemes of various companies / corporate bodies.

(Clauses 49A and 49B were inserted vide special resolution passed through postal ballot under section 192A of the Companies Act, 1956, the results of which were declared at the Forty First annual general meeting of the company held on 22.10.2003)

50. To do all or any of the above things in any part of the world, and either as principals, agents, managing agents, contractors, trustees or otherwise and by or through trustees, agents or otherwise, either alone or in conjunction with others and to do all such other things as are incidental to or conducive to the attainment of the above objects or any of them.

Our Holding Company

As on date of this Information Memorandum, TVS Holdings Private Limited, a Promoter of our Company is our holding company.

Our Subsidiaries

1. TVS Motor Company Limited (TVSM), Chennai- is engaged in the business of manufacture of two and three wheelers.
2. Sundaram- Holding USA Inc, Delaware, USA- wholly owned subsidiary of our Company w.e.f. September 22, 2022
3. Sundaram-Clayton (USA) Limited, USA- is a wholly owned subsidiary of the Company and is engaged in the business of providing Professional Employer Organization ("PEO") services to the employees of our Company.
4. Sundaram-Clayton DCD Limited, Chennai- During the financial year 2021-2022, the Company acquired the entire shares of Sundaram- Clayton DCD Limited and hence it became a wholly owned subsidiary of our Company.
5. Sundaram-Clayton GmbH (SCL GmbH) – During the financial year 2022-2023, the Company incorporated a wholly owned subsidiary in Germany, and is yet to commence its business operations.

Subsidiaries of TVS Motor Company Limited

1. Sundaram Auto Components Limited, Chennai
2. TVS Housing Limited, Chennai
3. TVS Motor Services Limited, Chennai
4. TVS Credit Services Limited, Chennai
 - Subsidiaries of TVS Credit Services Limited, Chennai
 - i. Harita Two-Wheeler Mall Private Limited, Chennai
 - ii. Harita ARC Private Limited, Chennai
 - iii. TVS Housing Finance Limited, Chennai
5. TVS Electric Mobility Limited, Chennai
6. TVS Motor Company (Europe) B.V., Amsterdam
7. TVS Motor (Singapore) Pte. Limited, Singapore
 - Subsidiaries of TVS Motor (Singapore) Pte. Limited, Singapore
 - i. The Norton Motorcycles Co., Ltd, UK
 - ii. TVS Digital Pte Limited, Singapore
 - iii. The GO Corporation, Zurich (GO AG)
 - Subsidiary of GO AG, Zurich
 - a. EGO Movement Stuttgart GmbH, Germany
 - iv. Swiss E-Mobility Group Holding AG, Switzerland
 - Subsidiary of Swiss E-Mobility Group Holding AG, Switzerland
 - a. Swiss E-Mobility Group (Schweiz) AG Switzerland, Zurich

- b. Colag E-Mobility GmbH, Germany, Nuremberg
 - c. Alexand'Ro Edouard'O Passion Vélo Sàrl, Switzerland (w.e.f. April 12, 2022)
- v. EBCO Limited, UK (w.e.f. April 1, 2022)
- vi. Celerity Motor GmbH, (Formerly known as BBT 35/22 Vermögensverwaltungs GmbH), (w.e.f. December 1, 2022)
- 8. PT TVS Motor Company Indonesia, Jakarta
- 9. Intellicar Telematics Private Limited, Bengaluru (Ceased to be our subsidiary from May 24, 2022)
 - Subsidiaries of Intellicar Telematics Private Limited, Bengaluru
 - i. Intellicar (Singapore) Pte Ltd., Singapore (Ceased to be our subsidiary from May 24, 2022)

Subsidiaries of Sundaram Holdings USA Inc, Delaware, USA

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

Our Associate Companies

1. TVS Training and Services Limited- is engaged in the business of establishing and providing vocational training services to various industries and is participating in the National Skill Development Projects.
2. Sundram Non-Conventional Energy Systems Limited- is engaged in the business of generation of power.

Associates of our Subsidiaries

Associates of TVS Motor Company Limited

1. Emerald Haven Realty Limited, Chennai
2. Ultraviolette Automotive Private Limited
3. Tagbox Solutions Private Limited, Bengaluru
4. DriveX Mobility Private Limited, (Formerly known as Nkars Mobility Millennial Solutions Private Limited) (w.e.f. October 16, 2022)

Associates of TVS Digital Pte. Limited

1. Predictronics Corp., USA
2. Tagbox Pte Ltd., Singapore
3. Altizon Inc, USA
4. Scienaptic Systems Inc., USA

Key terms of our material contracts and agreements

Other than the agreements as mentioned in section titled “*Material Contracts and Documents For Inspection*” on page 157, our Company has not entered into material agreements, more than two years before the date of this Information Memorandum, which are not in the ordinary course of business:

OUR MANAGEMENT

Board of Directors

The general superintendence, direction and management of our affairs and business are vested in our Board of Directors. The Articles of Association sets out that the number of Directors in our Company shall be not less than 6 (six) and not more than 16 (sixteen).

As of the date of this Information Memorandum, we have 9 (nine) Directors on the Board, out of which 2 (two) Directors are Managing Director and 1 (one) Director is Executive Director & Group CFO, 3 (three) Directors are Non-Executive Directors and 3 (three) Directors are Independent Directors. Our Company has 2 (two) women Directors on the Board.

Details of Board of Directors as on the date of this Information Memorandum:

Name, designation, and DIN	Age (in years)	Address	Date of Appointment	Other Directorships
R Gopalan Non-Executive Chairman DIN: 01624555	70	D-256, 3 rd Floor, Defence Colony, New Delhi – 110024	July 29, 2022	Indian Companies: 1. TVS Motor Company Limited 2. ZEE Entertainment Enterprises Limited 3. TVS Credit Services Limited 4. Sundaram - Clayton DCD Limited 5. New Delhi Centre For Sight Limited 6. MB Power (Madhya Pradesh) Limited 7. ANA ARC Private Limited 8. Play Games 24x7 Private Limited 9. U Games Private Limited
Venu Srinivasan, Chairman Emeritus and Managing Director DIN: 00051523	70	“West Side House” No.3, Adyar Club Gate Road, Chennai 600 028	May 23, 1979	Indian Companies: 1. TVS Motor Company Limited 2. Sundaram Auto Components Limited 3. TATA Sons Private Limited 4. TVS Credit Services Limited 5. TVS Electric Mobility Limited 6. T.V. Sundram Iyengar & Sons Private Limited 7. LV Trustee Private Limited 8. S. Venu Trustee Private limited 9. VS Trustee Private Limited 10. Sundaram - Clayton DCD Limited 11. TVS Housing Finance Private Limited 12. Cheema Educational Foundation 13. Namma School Foundation 14. Venu Srinivasan Trustee Private Limited Foreign Companies: 1. TVS Digital Pte. Ltd., Singapore 2. TVS Motor (Singapore) Pte Limited, Singapore

Name, designation, and DIN	Age (in years)	Address	Date of Appointment	Other Directorships
				3. Sundaram Holding USA Inc., USA 4. The Norton Motorcycle Co. Limited, U.K. 5. Swiss E-Mobility Group (Holding) AG 6. Swiss E-Mobility Group (Schweiz) AG
Lakshmi Venu, Managing Director DIN: 02702020	39	New No.11, Old No.5, Murugappa Road, Kotturpuram Chennai 600085	August 20, 2015	Indian Companies: 1. TVS Motor Company Limited 2. TAFE Motors and Tractors Limited 3. Tractors and Farm Equipment Limited 4. Sundaram - Clayton DCD Limited 5. ZF Commercial Vehicle Control Systems India Limited 6. Sundaram Auto Components Limited 7. LV Trustee Private Limited 8. Sundram Non-Conventional Energy Systems Limited 9. Sivasailam Chamraj Hospital Foundation 10. Sivasailam Chamraj Education Foundation 11. TAFE Foundation Foreign Companies: 1. Sundaram-Clayton (USA) Limited 2. Sundaram Holding (USA) Inc.
Sudarshan Venu, Non-Executive Director DIN: 03601690	34	84 Binjai Park, Singapore - 58987918	August 20, 2015	Indian Companies: 1. TVS Motor Company Limited 2. Coromandel International Limited 3. TVS Credit Services Limited 4. TVS Electric Mobility Limited 5. TVS Housing Finance Private Limited 6. S. Venu Trustee Private Limited 7. VEEYES Charities Foundation 8. Cheema Educational Foundation 9. Jupiter Cultural and Heritage Foundation Foreign Companies: 1. The Norton Motorcycle Co. Limited, U.K. 2. Swiss E-Mobility Group (Holding) AG

Name, designation, and DIN	Age (in years)	Address	Date of Appointment	Other Directorships
				3. Swiss E-Mobility Group (Schweiz) AG 4. TVS Motor (Singapore) Pte Limited, Singapore 5. TVS Digital Pte. Ltd., Singapore
K Gopala Desikan Director & Group CFO DIN: 00067107	58	T-3, Mithila, Old No.8 & 8A, New No. 15 & 17, Justice Sundaram Street, Mylapore, Chennai -600004	February 09, 2022	Indian Companies: 1. TVS Holdings Private Limited 2. TVS Investment and Consultancy Services Private Limited 3. Sundaram Clayton Employees Welfare Foundation Private Limited 4. Emerald Haven Estates Limited 5. Emerald Haven Town and Country Private Limited 6. S. Venu Trustee Private Limited 7. LV Trustee Private Limited 8. VS Trustee Private Limited 9. Venu Srinivasan Trustee Private Limited 10. Srinivasan Trading Private Limited 11. VEE ESS Trading Private Limited 12. VEEYES Charities Foundation 13. Sundram Services Limited 14. Jupiter Cultural and Heritage Foundation Foreign Companies: 1. The GO Corporation
C R Dua, Director Independent Director DIN: 00036080	71	Dua Associates, Tolstoy House, 15 Tolstoy Marg, New Delhi 110 001	March 13, 2023	Indian Companies: 1. TVS Motor Company Limited 2. Procter & Gamble Hygiene and Health Care Limited 3. Gillette India Limited 4. Pearl Global Industries Limited 5. Cabot India Limited 6. Wimco Limited 7. Linde Engineering India Private Limited 8. Sundaram-Clayton DCD Limited 9. Mccann-Erickson India Private Limited 10. Amit Investments Private Limited 11. Sella Synergy India Private Limited

Name, designation, and DIN	Age (in years)	Address	Date of Appointment	Other Directorships
				12. Associated Corporate Consultants India Private Limited 13. Result Services Private Limited 14. Inapex Private Limited
Rajesh Narasimhan Non-Executive Director DIN: 07824276	57	23 Leonie Hill, No. 11-02, Singapore 239224 SG	March 24, 2021	Indian Companies: 1. Sundaram-Clayton DCD Limited 2. Intellicar Telematics Private Limited 3. Altizon Systems Private Limited 4. Tagbox Solutions Private Limited 5. Fabric IOT Private Limited Foreign Companies 1. TVS Motor (Singapore) Pte Limited 2. TVS Digital Pte Limited 3. Altizon Inc (USA) 4. Predictronics Corporation USA 5. Scienaptic AI USA 6. Tagbox Pte Limited, Singapore 7. Intellicar Singapore Pte Limited, Singapore
Sasikala Varadachari Independent Director DIN: 07132398	68	E-11, Hiranya Apartments, 84, Greenways Road Extension R.A. Puram, Chennai 600028	October 24, 2018	Indian Companies: 1. Cholamandalam Securities Limited 2. CG Power and Industrial Solutions Limited 3. Tube Investments of India Limited 4. TVS Motor Services Limited 5. Sundaram – Clayton DCD Limited
Anuj Shah Independent Director DIN: 05323410	40	E 30, 8 th Floor, Venus Apartments, Dr R G Thadani Marg, Worli, Mumbai – 400018	July 29, 2022	Indian Companies: Shah Mehta Holding Private Limited

Brief profile of the Directors of our Company

Mr. R Gopalan, Non-Executive Chairman

Mr. R Gopalan, served till April 2016, as a Member of Public Enterprises Selection Board (PESB) under the control of the Prime Minister of India. This body selects chief managing directors, managing directors, and directors of Central Public Sector Enterprises (CPSEs). PESB also helps in framing personnel policies for the CPSEs. During this period, he has assisted in selection of over 400 officers. Served as Secretary, Department of Economic Affairs, Ministry of Finance, Government of India till July 31, 2012 before retirement.

He was handling matters relating to capital markets, infrastructure finance, G-20, World Bank (WB), International Monetary Fund (IMF), Asian Development Bank (ADB), budget preparation, public private partnership (PPP), Directorate of Currency and other related matters pertaining to the economy.

He also represented the country effectively in the G-20 meetings, ADB, World Bank and IMF meetings. He has brought about a number of changes in the functioning of the capital markets and initiated new policy measures in infrastructure sector. He has also initiated number of measures to enhance financing for infrastructure sector. Further he has represented Government of India on the board of the Reserve Bank of India (RBI). He also chaired the Foreign Investment Promotion Board (FIPB) which clears proposals for Foreign Direct Investment (FDI) into India and was the cadre controlling authority for officers belonging to the Indian Economic Service.

During his time as the Secretary in the Department of Financial Services, Ministry of Finance, he was overall in charge of banking, insurance and pension reforms. The function included: (i) supervision of policy support to public sector banks (PSBs), insurance companies and development financial institutions (DFIs) through policy guidelines, legislative and other administrative changes; (ii) monitoring their performance; (iii) policy formulation in respect of NBFCs, private banks and foreign banks; (iv) support to regulatory authorities i.e., RBI, IRDA, PFRDA, NHB and NABARD; (v) administration of the all laws relating to banks, DFIs and insurance companies; (vi) framing rules and regulations, wage settlement in banking and insurance industry; (vii) coordination between industry, banks and financial institutions.

He was also responsible for selection of chairman and executive directors of PSBs, managing director of SIDBI, chairman of NABARD, Deputy Governor of RBI, Chairman and MDS of SBI, and Chairman of SEBI. He was responsible for introduction of “Swavalamban”- an insurance scheme for unorganized sector and “Swabhiman”- a scheme for financial inclusion through business correspondents model.

He has served at the following positions and roles: (i) Special Secretary in the Department of Commerce, Ministry of Commerce & Industry; (ii) Director General in anti-dumping and anti-subsidy investigations; (iii) director on the boards of MMTC, STC and PEC Limited. During his long and varied career in various departments of Government of India, he held several key assignments, like: (i) Joint Secretary, National Manufacturing Competitiveness Council (NMCC); (ii) Joint Secretary in Commerce Department in charge of WTO and FTA negotiations; (iii) Joint Secretary in charge of export promotion division in the Commerce Ministry; and (iv) CMD, Tamil Nadu Industrial Development Corporation (TIDCO).

He has participated actively in ministerial meetings of WTO for Trade Negotiations at Doha, Cancun and Hong Kong, and assisted the Commerce Minister at the G-6, G-20 and G-10 meetings. He also participated in inter-governmental negotiations for free trade agreements in the areas of agriculture, services and environmental goods and had represented India in the trade negotiations at World Trade Organization.

As Chairman of TIDEL Park Limited, he helped in financial closure, selection of design, selection of contractors through international competitive bidding, supervising construction and marketing of major software technology park at Chennai. He completed the project estimated to cost ₹ 340 crore within ₹ 297 crore. Helped the State Government in formulation of policies on IT and biotechnology.

He managed the establishment of auto ancillary park, hi-tech park for manufacturing hardware components, petrochemical park, floriculture infrastructure park for exports and rubber park.

Mr. Gopalan holds a master's degree in economics from Boston University and a master's degree in public administration and management from the John F. Kennedy School of Government, Harvard University.

He is currently the Chairman of Sundaram-Clayton Limited and Zee Entertainment Enterprises Limited and director of TVS Motor Company Limited, TVS Credit Services Limited, Sundaram-Clayton DCD Limited, ANA ARC Private Limited, MB Power (Madhya Pradesh) Limited, New Delhi Centre for Sight Limited, Play Games24x7 Private Limited and U Games Private Limited.

Mr. Venu Srinivasan, Chairman Emeritus and Managing Director

Mr. Venu Srinivasan is the Chairman Emeritus and Managing Director of Sundaram-Clayton Limited, a leading manufacturer of automotive components in India and TVS Motor Company, one of the largest two-wheeler manufacturers in the world. He is also the Vice Chairman of Tata Trusts, India's most respected and largest philanthropic foundation and the majority shareholder of the Tata group. He is a director on the Central Board of Reserve Bank of India.

He holds an engineering degree from the College of Engineering, Chennai, India and a master's in management from Purdue University, USA. Mr. Srinivasan has held various important positions in the Indian industries, such as the President, Confederation of Indian Industry and the President, Society of Indian Automobile Manufacturers.

He has several prestigious awards to his credit including the Padma Bhushan, the third-highest civilian award of India. The distinguished civilian honour “Order of Diplomatic Merit” (Heung-In Medal) was conferred by the President of Korea for his valuable contribution to promote Korea-India bilateral relations.

He has been conferred with various awards, namely, Deming Distinguished Service Award for Dissemination and Promotion (Overseas) Award (2019) by Japanese Union of Scientists and Engineers (JUSE); and the Ishikawa-Kano Award (2012) by the Asian Network of Quality, the apex body for quality in Asia. Under his leadership, his companies were awarded the Deming Prize and the Japanese Quality Medal in 2002.

His commitment of competitiveness and quality of our economy is manifested through his company’s market presence in more than 80 countries across the globe.

Mr. Srinivasan’s dedication to transformation of rural India by empowering women in the rural areas can be seen through his passion towards setting up the Srinivasan Services Trust which has touched the lives of 1.6 million people in 2,500 villages across the country in the last 26 years.

Dr. Lakshmi Venu, Managing Director

Dr. Lakshmi Venu is a graduate from Yale University and holds a Doctorate in Engineering Management from the University of Warwick. She is also non-executive director of TVS Motor Company Limited, the subsidiary of our Company.

She underwent her initial training in Sundaram Auto Components Limited, a subsidiary of our Company. Thereafter, she underwent an extensive in-depth induction in our Company, wherein she has worked in the areas of business strategy, corporate affairs, product design and sales & marketing.

She has been the lead architect in establishing our Company’s global footprint. Her decision to set up a foundry in U.S.A in 2019 in Dorchester, South Carolina was almost prescient, as most U.S.A based customers were looking for on-shore foundry units to reduce supply chain risks and curtail carbon footprint.

Dr. Lakshmi Venu is also the Deputy Managing Director of TAFE Motors and Tractors Limited. She holds directorships in ZF Commercial Vehicle Control Systems India Limited, Tractors and Farm Equipment Limited and various other companies.

Mr. Sudarshan Venu, Non-Executive Director

Mr. Sudarshan Venu holds a graduate degree with honors in the ‘Jerome Fisher Program’ in Management and Technology from the University of Pennsylvania, USA. He holds B.S. in Mechanical Engineering from the School of Engineering and Applied Sciences and B.S. in Economics from the Wharton School. He has also completed M.Sc. in International Technology Management from the Warwick Manufacturing Group attached to University of Warwick in U.K.

Sudarshan Venu, being an automotive enthusiast, grew up amidst the roar of engines in India’s oldest factory racing team. Driven by passion, he has motorbiked in five continents. These experiences suit him well, as he charts the future of one of India’s leading two-wheeler manufacturers, TVS Motor Company. With Sudarshan’s active intervention, TVS Motor has already seen a turnaround in its market share and has been the most awarded two - wheeler company. It is a testimony to Sudarshan’s focus, that TVS Motor has been voted number 1 in customer satisfaction for four years in a row by the prestigious J. D. Power Awards.

Under Sudarshan’s leadership TVS Motor Company has acquired the iconic British brand Norton in Year 2020 with the vision of regaining Norton brand to its full glory in the international motorcycle landscape. He has been instrumental in steering the company with the broader sustainability agenda through electrification of its products, iQube – the first electric scooter launched in January 2020 and in building a strategic personal e-mobility eco-system through acquisition of Ego Movement- a Swiss tech company providing e-mobility solutions. Sudarshan has also played a pivotal role in TVS Motor company’s growth through expansion to new geographies in Africa, ASEAN and LATAM.

He also has been instrumental in setting up and in the success of Emerald Haven Realty Limited, TVS Credit Services – a non-deposit Non-Banking Finance Company and TVS Digital, a subsidiary of TVSM incorporated in Singapore, focused on providing technology solutions for digital transformation.

In addition to his role as Non-Executive Director, he is also a managing director of TVS Motor Company Limited, and a non-executive director in, TVS Credit Services Limited, TVS Electric Mobility Limited, TVS Motor Singapore Pte Limited, TVS Digital Pte Limited, Swiss E-Mobility Group (Holding) AG (SEMG). He is also an independent director in Coromandel International Limited, the flagship company of the Murugappa Group.

Mr. K Gopala Desikan, Director and Group Chief Financial Officer

Mr. K Gopala Desikan has rich experience and expertise in finance, taxation, merger and amalgamation and corporate matters and serving the group for over three decades. He has been with our Company group for the last 33 years and has handled various functions which include direct taxation, treasury and risk management, M&A activities, corporate finance & accounts and various accounting functions at the plant level. He is a qualified chartered accountant and also holds an MBA from Open University Business School, UK.

He is also the chief financial officer of TVS Motor Company Limited, the listed subsidiary engaged in the business of manufacturing two and three-wheeler and also oversees the finance function of the group's business relating to NBFC and realty. He is also involved in the strategic initiatives of the group's international business and long-range planning. He has represented the industry associations in various expert committee and attended various leadership programs both within and outside India.

Mr. C R Dua, Independent Director

Mr. Dua founded Dua Associates over thirty five years ago, and is currently Chairman of the firm and engaged in providing strategic advice and direction for its further growth and development. He engages with the partners of the firm, its executive committee and sub-committees towards ensuring that the firm continues to retain its recognised leadership position in the uncertain and challenging environment nationally and internationally.

Mr. Dua's experience covers a broad range of areas relating to corporate and commercial matters, corporate finance, securities, infrastructure and aspects of public policy and administration, governance and ethics. He sits on the boards of Indian companies both listed and private, including Indian subsidiaries of many major multinational corporations primarily representing the interests of foreign collaborators and investors. He is also the Chairman and an independent director of the board of Procter & Gamble Hygiene and Health Care Limited. He is a founding member of the American Chamber of Commerce in India and an invitee to its national executive board. He has been an invitee to the national executive board of the Federation of Indian Chambers of Commerce & Industry (FICCI).

He is one of the Senior Vice Presidents of the Society of Indian Law Firms (SILF) and among the Chairpersons of the Legal Reforms Committee. He is also a member of the National Committee on Legal Services (2022-23) of Confederation of Indian Industry (CII).

He is an avid tennis player and his interest in promoting sports are pursued as a special invitee to the executive committee of the International Lawn Tennis Club of India and vice president and co-chairman of Sports Committee of the Delhi Lawn Tennis Association.

An honour's graduate of St. Stephen's College, Mr. Dua also holds a Master's degree in Economics from the Delhi School of Economics.

Mr. Rajesh Narasimhan, Non-Executive Director

Mr. Rajesh Narasimhan, a Singaporean is an alumnus of the Indian Institute of Management - Ahmedabad and also holds a Master's in Computer Applications and a Bachelor's Degree in Statistics. He currently serves as the director and chief executive officer of TVS Digital, headquartered in Singapore that is being leveraged to operationalise a digital technology start-up focused on the automotive and fintech industries with portfolios & offerings that will deliver high quality solutions and platforms to help address real life business challenges by harnessing the power of exponential technologies including analytics, artificial intelligence (AI), augmented reality (AR), internet of things (IoT), machine learning (ML) and virtual reality (VR).

He is currently a Non-Executive and Non-Independent Director on the boards of Sundaram Clayton Limited and TVS Motors Singapore. He also serves as the nominee director in a non-executive capacity on the board of several digital start-ups in which TVS Motor Company and TVS Digital have invested including Altizon Systems, Fabric IoT, Intellicar Telematics, Predictrics Corp., Scienaptic AI and Tagbox. He has also served as a non-executive independent director and as a non - executive non-independent director on the board of TVS Motor Company between May 2017 – March

2021 in addition to serving as a non-executive director on the board of Parrot Solutions Pte. Limited, a Singapore incorporated digital start-up between May 2017 – January 2021.

He is an innovative and highly adaptable leader with more than three and a half decades of experience in both start-up and mature organizations across multiple industries including information technology, consumer durables & consumer electronics and brings extensive experience in general management, executive & technology leadership, business & digital transformation and leadership & talent development.

He has a successful and credible career track record at various TVS companies, CSC / Covansys (public listed, US headquartered and a CSC Group Company) and Hewlett Packard, where he has been highly rated and valued as a quality top talent consistently delivering in every role and growing rapidly within the respective organizations. He held several senior executive positions at Hewlett Packard where he successfully led multiple business transformations and turnarounds last leading the delivery of their multi-billion USD enterprise services business across 25 countries in Asia Pacific & Japan where he had accountability for over 15,000 employees and more than 400 partners and vendors. Prior to this, he also served as the Vice President & General Manager of the enterprise services business in Asia and as Vice President of Hewlett Packard's multi-billion USD applications services business for Asia Pacific & Japan.

Mr. Narasimhan has advised several Fortune 500 clients on their business transformation through digital and technology innovation leveraging automation, cloud, cyber-security, data analytics and management, mobility & social and is currently helping our Company and TVS Motor Company Limited group companies with their digital transformation and cybersecurity initiatives. He is very passionate and highly focused on human capital management including leadership and talent development and has an established track record in acquiring, developing and retaining talent and in building high performance teams.

Prior to joining Hewlett Packard in June 2010, Mr. Narasimhan had a 15+ year tenure with CSC / Covansys during which he lived and worked in France, the Middle East & Singapore, establishing and expanding its business and presence in the Asia Pacific, Japan and the Middle East geography, while last serving as their Senior Vice President and Head for the geography. Prior to joining CSC / Covansys in January 1994, he held several executive positions with TVS companies in India including our Company, TVS Whirlpool and TVS Electronics.

Ms. Sasikala Varadachari, Independent Director

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

She worked as Chief General Manager of State Bank of India (SBI), spearheading the strategic training unit, SBI, corporate center Mumbai, having profound knowledge in credit and merchant banking.

She was the first CEO of SBI in Israel and was responsible for setting up SBI's commercial operations there. She is presently on the board of Tube Investments of India Limited, Cholamandalam Securities Limited and CG Power & Industrial Solutions Limited.

Mr. Anuj Shah, Independent Director

Mr. Anuj Shah is an LLB from ILS Law College, Pune and a Diploma in Securities Law, Government Law College, Mumbai. He is also a member of the Bar Council of Maharashtra and Goa. He regularly represents corporations, financial institutions, private equity sponsors and sovereign wealth funds in a broad range of corporate matters and M&A transactions and also acts as a 'trusted advisor' to several Indian promoters on a wide range of corporate matters.

Mr. Anuj Shah, as a part of a secondment programme, has also worked in the London and New York office of a premier global law firm.

He has published numerous articles on diverse corporate law issues and is regularly ranked as a "recommended lawyer", "notable practitioner" by publications such as Legal 500, RSG and IFLR.

He had represented various reputed Corporates viz., American Family Ventures and MassMutual Ventures, Swiss Re, Medi Assist Insurance TPA, Go Daddy, Toshiba Tech, Japan etc. in the matters of insurance related deals, acquisitions, mergers & investments. He currently serves on the board of Shah Mehta Holding Private Limited.

Relationship between Directors

Other than provided below none of the Directors are related to each other.

1. Mr. Venu Srinivasan is the father of Dr. Lakshmi Venu and Mr. Sudarshan Venu
2. Dr. Lakshmi Venu is the daughter of Mr. Venu Srinivasan.
3. Mr. Sudarshan Venu is the son of Mr. Venu Srinivasan.

Remuneration of Directors

Details of remuneration paid to the Managing Director, Whole-Time Directors for Fiscals 2023, 2022 and 2021 by our Company:

(₹ in crore)

Name of Director	Fiscal 2023	Fiscal 2022	Fiscal 2021
Venu Srinivasan	0.99	0.93	0.83
Lakshmi Venu	9.62	6.82	4.79
K Gopala Desikan	0.28	0.04*	-

* Appointed as Director and Group Chief Financial Officer with effect from February 9, 2022

Details of remuneration paid to the Non-Executive Directors during the Fiscals 2023, 2022 and 2021 by our Company:

(₹ in crore)

Name of Director	Fiscal 2023	Fiscal 2022	Fiscal 2021
R Gopalan\$	0.07	0.16	0.13
Sudarshan Venu	0.01	0.003	0.005
Rajesh Narasimhan*	0.01	0.005	0.001
T. K. Balaji^	-	0.01	0.01
Gopal Srinivasan^	-	0.002	0.002

\$ Independent Director of the Company up to July 23, 2022, and appointed as Non-Executive Director with effect from July 29, 2022

* Appointed as Director with effect from March 24, 2021

^ Ceased to be Independent Directors with effect from February 4, 2022

Details of remuneration paid to the Independent Directors up to the Fiscals 2023, 2022 and 2021 by our Company:

(₹ in crore)

Name of Director	Fiscal 2023	Fiscal 2022	Fiscal 2021
Sasikala Varadachari	0.20	0.12	0.09
Anuj Shah*	0.13	-	-
C R Dua^	0.01	-	-
P J Jacob \$	0.16	0.16	0.14
Kamlesh Gandhi #	0.06	0.13	0.10
S Santhanakrishnan #	0.08	0.17	0.14
V Subramanian #	0.08	0.17	0.14
R Vijayaraghavan #	0.08	0.16	0.13

* Appointed as Independent Director with effect from July 29, 2022

Ceased to be Independent Director with effect from August 20, 2022

\$ Ceased to be Independent Director with effect from January 22, 2023

^ Appointed as Independent Director with effect from March 13, 2023

Other understandings and confirmations

No Director of our Company is a director or is otherwise associated in any manner with, any company that appears in the list of the vanishing companies as maintained by the Ministry of Corporate Affairs, wilful defaulter list as categorized by the RBI or Export Credit Guarantee Corporation of India Limited or any other regulatory or governmental authority and/or bank or financial institutions.

None of our Directors is, or was, a director or person in control of any company which has been or was delisted from any recognised stock exchange within a period of ten years preceding the date of this Information Memorandum, in accordance with Chapter V of the SEBI (Delisting of Equity Shares) Regulations, 2021.

None of our Directors are in default of payment of interest or repayment of principal amount in respect of debt securities issued to the public, for a period of more than six-months.

We also confirm that none of our Directors is restrained or prohibited or debarred from accessing the securities market or dealing in securities by the Board. Further, none of our Directors is a promoter or director of another company which is debarred from accessing the securities market or dealing in securities by SEBI.

None of our Directors have committed any violation of securities laws in the past and no proceedings in such regard by SEBI or, RBI are pending against any of our Directors.

No Director of our Company is a fugitive economic offender, as defined in the SEBI NCS Regulations.

We confirm that the PAN of the Directors of the Company has been submitted to the Stock Exchanges at the time of filing this Information Memorandum.

Interest of the Directors:

As on date of this Information Memorandum, none of the Directors are interested in the promotion of the Company, except the following: (i) Mr. Venu Srinivasan (ii) Dr. Lakshmi Venu and (iii) Mr. Sudarshan Venu.

All the Directors of our Company, including our Independent Directors, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them. All the Non-Executive Directors and Independent Directors of our Company are entitled to sitting fees for attending every meeting of the Board or a Committee thereof. Managing Directors and Executive Directors are interested to the extent of remuneration paid for services rendered / ESOP granted, if any, as an officer or employee of our Company.

All the Directors of our Company, including Independent Directors, may also be deemed to be interested to the extent of Equity Shares, if any, held by them or by companies, firms and trusts in which they are interested as directors, partners, members or trustees and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

The Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any company in which they hold directorships or any partnership firm in which they are partners as declared in their respective declarations. Except as otherwise stated in this Information Memorandum, statutory registers maintained by our Company in this regard, our Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of this Information Memorandum in which the Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements which are proposed to be made with them. None of our Company's Directors have taken any loan from our Company. For details refer to section titled "*Related Party Transactions*" on page 82.

As of the date of this Information Memorandum, except as disclosed in the section titled "*Related Party Transactions*" on page 82 none of our Directors may be deemed to be interested to the extent of consideration received/paid or any loans or advances provided to any body-corporate, including companies, firms, and trusts, in which they are interested as directors, members, partners or trustees.

None of our Directors' relatives have been appointed to an office or place of profit of our Company.

Except as disclosed hereinabove and under the section titled "*Risk Factors*" on page 8, the Directors do not have an interest in any venture that is involved in any activities similar to those conducted by our Company.

Except as stated in the sections titled "*Related Party Transactions*" on page 82 and to the extent of compensation and commission if any, and their shareholding in our Company, our Directors do not have any other interest in our business. Our Directors have no interest in any immovable property acquired or proposed to be acquired by our Company in the preceding two years of filing this Information Memorandum with BSE and NSE, nor do they have any interest in any transaction regarding the acquisition of land, construction of buildings and supply of machinery, etc. with respect to our Company.

Details of change in Directors of our Company during last three years preceding the date of this Information Memorandum:

Name of Director, Designation and DIN	Date of Appointment	Date of Cessation, if applicable	Date of resignation, if applicable	Remarks
Rajesh Narasimhan Non-Executive Director DIN: 07824276	March 24, 2021	-	NA	-
T K Balaji Non-Executive Director DIN: 00002010	November 28, 1984	February 4, 2022	NA	-
Gopal Srinivasan Non-Executive Director DIN: 00177699	August 18, 2008	February 4, 2022	NA	-
K Gopala Desikan Director & Group CFO DIN: 00067107	February 9, 2022	-	NA	-
R Gopalan Independent Director DIN: 01624555	June 21, 2016	July 23, 2022	NA	Ceased as Independent Director
R Gopalan Non-Executive Director DIN: 01624555	July 29, 2022	-	NA	Appointed as Non-Executive Director
V Subramanian Independent Director DIN: 00357727	July 15, 2009	August 20, 2022	NA	-
S Santhanakrishnan Independent Director DIN: 00005069	September 29, 2009	August 20, 2022	NA	-
R Vijayaraghavan Independent Director DIN: 00026763	February 10, 2012	August 20, 2022	NA	-
Kamlesh Gandhi Independent Director DIN: 00004969	August 08, 2012	August 20, 2022	NA	-
Anuj Shah Independent Director DIN: 05323410	July 29, 2022	-	NA	-
Vice Admiral P J Jacob Independent Director DIN: 00173785	August 21, 2014	January 22, 2023	NA	-
C R Dua Independent Director DIN: 00036080	March 13, 2023	-	NA	

Shareholding of Directors, including details of qualification shares held by Directors as on the date of this Information Memorandum:

Other than disclosed below, as on date of this Information Memorandum, none of the Directors have shareholding in our Company.

Sr No	Name of the Director	No. of Equity Shares
1.	K Gopala Desikan	100

Shareholding of Directors in Subsidiaries and Associate companies, including details of qualification shares held by Directors as on the date of this Information Memorandum:

Name of the Company	Nature of the Company (subsidiary, associates or joint ventures)	Name of the Director	No. of Equity Shares held
Emerald Haven Realty Limited	Associate Company	Lakshmi Venu	2,86,11,216
		Sudarshan Venu	2,86,11,220
		K Gopala Desikan	2

Key Managerial Personnel of our Company:

In addition to the following Directors of our Company namely; Mr. Venu Srinivasan, Dr. Lakshmi Venu, Mr. K Gopala Desikan, we have Mr. Vivek S Joshi, Chief Executive Officer and Mr. R Raja Prakash, Company Secretary & Compliance Officer as the Key Managerial Personnel of our Company, as on date of this Information Memorandum.

Interests of Key Managerial Personnel

Except to the extent of remuneration or benefits to which they are entitled to as per their terms of appointment reimbursement of expenses incurred by them during the ordinary course of business and equity shares held by them and otherwise disclosed in this Information Memorandum, the Key Managerial Personnel of the Company do not have any interest in the Company.

Remuneration of Key Managerial Personnel

Other than remuneration paid to the following Directors of our Company namely: Mr. Venu Srinivasan, Dr. Lakshmi Venu, Mr. K Gopala Desikan, our Company has paid following remuneration to the Key Managerial Personnels:

(₹ in crore)

Name of KMP	Fiscal 2023	Fiscal 2022	Fiscal 2021
Vivek S Joshi	3.26	2.45	1.91
R Raja Prakash	0.86	0.78	0.68

Corporate Governance

Our Company is in compliance with the corporate governance code in accordance with Companies Act and SEBI LODR Regulations, as amended from time to time, particularly those relating to composition of Board of Directors and constitution of committees thereof. The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board Committees, as required under law. Our Board has been constituted in compliance with the Companies Act and the SEBI LODR Regulations. The Board functions either as a full board, or through various committees constituted to oversee specific operational areas.

OUR PROMOTERS

TVS Holdings Private Limited and T.V. Sundram Iyengar & Sons Private Limited are the Promoters of our Company. The details of our Promoters are provided below:

TVS Holdings Private Limited (TVSHPL)

TVSHPL was incorporated on March 23, 2018 having Corporate Identification Number U74999TN2018PTC121693. The registered office of TVSHPL is situated at "Chaitanya", No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai - 600006, Tamil Nadu.

As on the date, the TVSHPL holds 1,30,94,460 Equity Shares representing 64.72% of the issued, subscribed and paid-up capital of our Company.

TVSHPL is engaged in the business of making and holding investments and trading in automobile spare parts.

T.V. Sundram Iyengar & Sons Private Limited

T.V. Sundram Iyengar & Sons Private Limited was incorporated on October 11, 1929 having Corporate Identification Number U34101TN1929PTC002973. The registered office of the company is situated at TVS Building, West Veli Street, Madurai – 625001, Tamil Nadu.

Pursuant to a scheme of amalgamation and arrangement (demerger) sanctioned by National Company Law Tribunal, vide order dated December 6, 2021, w.e.f. February 4, 2022, the entire business of T.V. Sundram Iyengar & Sons Private Limited has been demerged and vested with the resulting company.

T.V. Sundram Iyengar & Sons Private Limited do not hold Equity Shares of our Company as on date of this Information Memorandum.

Board of Directors

The Board of Directors of TVSHPL

S.No.	Name of Director	DIN	Designation
1.	H Lakshmanan	00057973	Director
2.	K Gopala Desikan	00067107	Director
3.	Sameer Sah	01844078	Director

The Board of Directors of T.V. Sundram Iyengar & Sons Private Limited

S.No.	Name of Director	DIN	Designation
1.	Suresh Krishna	00046919	Chairman
2.	K Ramesh	00556922	Director
3.	S Ram	00018309	Director
4.	S. Viji	00139043	Director
5.	Venu Srinivasan	00051523	Director
6.	Gopal Srinivasan	00177699	Director
7.	T. K. Balaji	00002010	Director
8.	R Haresh	00363096	Managing Director
9.	R Dinesh	00363300	Director
10.	Srinath R Rajam	00054758	Director
11.	Srivats Ram	00063415	Director
12.	Krishna Mahesh	00420048	Director

Confirmations

Other understanding and confirmations

Company confirms that Permanent Account Number and Bank Account Number(s) of Promoters have been submitted to the Stock Exchanges at the time of the Information Memorandum.

Our Promoters and the relatives of our Promoters as per the Companies Act, have not been identified as Wilful Defaulters. No violation of securities laws has been committed by our Promoters in the past or is currently pending against it.

None of our Promoters were promoter, director or person in control of any company which was delisted within a period of ten years preceding the date of this Information Memorandum, in accordance with Chapter V of the SEBI Delisting Regulations.

None of our Promoters are promoter of another company which is debarred from accessing the securities market or dealing in securities under any order or directions passed for any reasons by SEBI.

Our Promoters have confirmed that neither it nor its directors, have been identified as Wilful Defaulters by the RBI or any other governmental authority is not a Promoter of any such company which has been identified as a Wilful Defaulter by the RBI or any other governmental authority or which has been in default of payment of interest or repayment of principal amount in respect of debt securities issued by it to the public, if any, for a period of more than six months. Further, no members of our Promoter Group have been identified as Wilful Defaulters.

Our Promoter and Promoter Group are not restrained or debarred or prohibited from accessing the capital markets or restrained or debarred or prohibited from buying, selling, or dealing in securities under any order or directions passed for any reasons by the SEBI or any other authority or refused listing of any of the securities issued by any such entity by any stock exchange in India or abroad and are not promoters, directors or person in control of any other company which is prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Common pursuits of our Promoters

Our Promoters are not engaged in businesses similar to ours.

Interest of Promoters in our Company

Except as stated under the section titled “*Related Party Transactions*” beginning on page 82, and to the extent of their shareholding in our Company, our Promoters do not have any other interest in our Company’s business.

Further as on March 31, 2023, our Promoters have not guaranteed/secured any bank facilities sanctioned by our Company.

Payment of benefit to our Promoters in last three fiscal years

Other than as disclosed under the “*Related Party Transactions*”, available at page 82, our Company has not made any payments of any benefits to the Promoters during the last three fiscals preceding the date of this Information Memorandum.

Interest of our Promoters in property, land and construction

Our Promoters do not have any interest in any property acquired by our Company within two years preceding the date of filing of this Information Memorandum or any property proposed to be acquired by our Company or in any transaction with respect to the acquisition of land, construction of building or supply of machinery.

Promoter Group

Corporate Entities and Trust/ other ventures of Promoters:

1. Sundaram Finance Holdings Limited
2. VS Trustee Private Limited as trustee of Srinivasan Trust
3. VS Trustee Private Limited
4. Venu Srinivasan as trustee of VS Trust
5. Venu Srinivasan as trustee of VS PTC Trust
6. VEE ESS Trading Private Limited

7. Venu Srinivasan Trustee Private Limited as trustee of VEE ESS Trust
8. Venu Srinivasan as trustee of Srinivasan Venu Trust
9. Venu Srinivasan Trustee Private Limited
10. S. Venu Trustee Private Limited
11. Srinivasan Trading Private Limited
12. VS Investments Private Limited

Individuals:

1. Mr. Venu Srinivasan
2. Ms. Mallika Srinivasan
3. Dr. Lakshmi Venu
4. Mr. Sudarshan Venu

Details of Equity Shares allotted to our Promoters during the last three Fiscal Years

Except as disclosed under “*Capital Structure*” on page 21, our Promoters have not been allotted any Equity Shares of our Company during the last three Fiscal Years.

RELATED PARTY TRANSACTIONS

For details of the related party transactions for the Fiscals 2023, 2022 and 2021 in accordance with the requirements under Ind AS 24 “Related Party Disclosures” notified under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended from time to time, see “*Financial Information*” on page 83.

SECTION V – FINANCIAL STATEMENTS

FINANCIAL INFORMATION

Sr. No.	Financial Information	Page No.
1.	Columnar Representation of the Audited Financial Statements	84-92
2.	Audited Standalone and Consolidated Financial Statements of the Company for FY 2023	F- 1-182
3.	Audited Standalone and Consolidated Financial Statements of the Company for FY 2022	F- 183-308
4.	Audited Standalone and Consolidated Financial Statements of the Company for FY 2021	F- 309-429

COLUMNAR REPRESENTATION OF THE AUDITED FINANCIAL STATEMENTS

STANDALONE FINANCIAL STATEMENTS

(₹ In crore)

BALANCE SHEET	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
ASSETS			
Non-current assets			
Property, plant and equipment	621.88	670.54	713.00
Capital work in progress	57.13	8.93	11.61
Other intangible assets	0.73	0.62	0.35
Financial assets			
i. Investments	819.90	404.32	385.61
ii. Other financial assets	10.32	13.41	16.39
Deferred Tax Assets (Net)	-	-	-
Other non-current assets	44.31	18.77	17.35
Total non-current assets	1,554.27	1,116.59	1,144.31
Current assets			
Inventories	348.05	371.35	301.07
Financial assets			
i. Trade receivables	279.83	288.30	228.96
ii. Cash and cash equivalents	2,028.40	2,308.15	25.20
iii. Bank balances other than (ii) above	1.37	90.29	23.65
iv. Investments	11.64	-	-
iv. Other financial assets	20.63	16.85	49.46
Current tax assets (Net)	6.73	11.29	9.88
Other current assets	24.41	24.90	25.84
Total current assets	2,721.06	3,111.13	664.06
Total Assets	4,275.33	4,227.72	1,808.37
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10.12	10.12	10.12
Other equity	700.43	2890.24	705.76
Total equity	710.55	2,900.36	715.88
Liabilities			
Non-current liabilities			
Financial liabilities			
i. Borrowings	428.91	434.86	354.61
ii. Lease liability	5.24	18.44	28.72
iii. Other financial liabilities	-	0.71	5.18
Provisions	29.82	27.96	19.65
Deferred tax liabilities (Net)	18.15	23.64	23.39
Total non-current liabilities	482.12	505.61	431.55
Current liabilities			
Financial liabilities			
i. Borrowings	2,587.62	297.78	276.62
ii. Lease liability	15.29	14.26	14.17
iii. Trade payables	389.74	3,56.10	272.89
iv. Other financial liabilities	57.18	116.51	53.58
Other current liabilities	20.88	16.72	23.74
Provisions	9.85	20.38	19.94

Current tax liabilities (Net)	2.10	-	-
Total current liabilities	3,082.66	821.75	660.94
Total liabilities	3,564.78	1,327.36	1,092.49
Total equity and liabilities	4,275.33	4,227.72	1,808.37

(₹ In crore)

STATEMENT OF PROFIT AND LOSS	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
Income			
Revenue from operations	2,073.96	1,743.27	1,176.91
Other income	132.76	93.59	111.17
Total income	2206.72	1,836.86	1,288.08
Expenses			
Cost of materials consumed	1,101.60	942.43	573.37
Changes in inventories of finished goods, work-in-process and Stock-in-Trade	15.33	(76.51)	(22.57)
Employee benefit expenses	234.63	206.13	189.68
Finance costs	45.82	44.91	47.62
Depreciation and amortisation expense	99.94	101.74	77.90
Other expenses	473.43	440.27	285.98
Total expenses	1,970.75	1,658.97	1,151.98
Profit before exceptional items and tax (I- II)	235.97	177.89	136.10
Exceptional items – income / (expense)	90.72	2122.60	(13.00)
Profit before tax (III +IV)	326.69	2,300.49	123.10
Income tax expense			
Current tax	60.21	22.51	7.70
Deferred tax charge/(credit)	(6.63)	1.29	39.56
Profit for the year (V-VI)	273.11	2276.69	75.84
Other comprehensive income			
Items that will not be reclassified to profit and loss			
Remeasurement of post employment benefit obligations	(0.26)	(12.25)	(5.82)
Change in fair value of equity instruments	3.25	3.32	101.28
Income tax relating to these items	(0.76)	3.57	(0.69)
Items that will be reclassified to profit and loss			
Transactions relating to Derivative instruments	1.53	4.78	7.53
Income tax relating to these items	(0.39)	(2.54)	(4.10)
Other comprehensive income for the year, net of tax	3.37	(3.12)	98.20
Total comprehensive income for the year (VII+VIII)	276.48	2,273.57	174.04
Earnings per equity share			
Basic & Diluted earnings per share	134.99	1,125.29	37.49

(₹ In crore)

STATEMENT OF CASH FLOWS		Year ended March 31, 2023		Year ended March 31, 2022		Year ended March 31, 2021	
A.	CASH FLOW FROM OPERATING ACTIVITIES						
	Net profit before tax		326.69		2,300.49		123.10
	Add: Depreciation and amortisation for the year	99.94		101.74		77.90	
	Loss on sale/scraping of property, plant and equipment	-		3.89		0.72	
	Profit on sale of property, plant and equipment	(0.30)		(0.12)		(0.30)	
	Unrealised exchange (gain) / loss	(1.19)		1.14		(8.89)	
	Dividend income	(120.27)		(89.89)		(96.80)	
	Interest income	(113.51)		(49.08)		(3.15)	
	Fair value of financial assets & financial liabilities	-		0.40		(1.28)	
	Interest expense	49.87		44.91		47.62	
	Profit on sale of investments	(1.66)		(2,094.43)		0.00	
			(87.12)		(2,081.44)		15.82
	Operating profit before working capital changes		239.57		219.05		138.92
	Adjustments for:						
	Inventories	23.30		(70.28)		(29.75)	
	Trade Receivables	10.27		(58.79)		(72.51)	
	Other financial assets	86.70		(69.07)		(18.71)	
	Other non-current assets	(25.54)		(1.42)		2.35	
	Other current assets	0.36		0.94		10.14	
	Trade Payables	33.41		83.11		92.81	
	Provisions	(8.93)		(3.50)		(19.73)	
	Other financial liabilities (excluding current maturities of debt)	29.96		(3.28)		29.48	
	Other current liabilities	4.16		(7.02)		0.12	
			153.69		(129.31)		(5.80)
	Cash generated from operations		393.26		89.74		133.12
	Direct taxes paid		(53.56)		(24.26)		(8.40)
	Net cash from operating activities (A)		339.70		65.48		124.72
B	CASH FLOW FROM INVESTING ACTIVITIES						
	Additions to property, plant and equipment (including Capital work in progress)		(100.16)		(59.69)		(55.41)
	Sale of property, plant and equipment		0.86		0.49		0.90
	Purchase of investments		(427.54)		(182.34)		(52.06)
	Sale of investments		2.13		2261.01		-
	Investment in Term deposits		-		(2303.08)		-
	Closure of Term deposits		283.21				
	Interest received		113.51		49.08		3.15

STATEMENT OF CASH FLOWS		Year ended March 31, 2023		Year ended March 31, 2022		Year ended March 31, 2021	
C	Dividend received		120.27		128.07		58.62
	Net Cash from/(used in) investing activities (B)		(7.72)		(106.46)		(44.80)
	CASH FLOW FROM FINANCING ACTIVITIES						
D	Net Borrowings:						
	Term loans availed/(repaid)		(28.82)		57.35		91.38
	Short term borrowings availed/(repaid)		(34.58)		42.31		(107.78)
	Interest paid		(45.35)		(41.92)		(43.90)
	Dividend and dividend tax paid		(208.24)		(22.26)		(30.35)
	Repayment of lease liabilities		(11.53)		(14.63)		(14.85)
	Net cash inflow/ (outflow) from financing activities (C)		(328.52)		20.85		(105.50)
	NET INCREASE/(DECREASE) IN CASH AND CASH (A+B+C) EQUIVALENTS		3.46		(20.13)		(25.58)
	Cash and cash equivalents at the beginning of the year						
	Cash and Bank balances	5.07		25.20		50.78	
	Cash credit balance	-	5.07	-	25.20	-	50.78
	Cash and cash equivalents at the end of the year						
	Cash and Bank balances	8.53		5.07		25.20	
	Cash credit balance	-	8.53	-	5.07	-	25.20

Change in liability arising from financing activities

Particulars	April 1, 2022	Cash flow	Fair Value change	Foreign exchange movement	March 31, 2023
Long term borrowings (including current maturities)	542.11	(28.82)	-	0.87	514.16
Short term borrowings (excluding overdraft)	190.53	(34.58)	-	(0.50)	155.45

Particulars	April 1, 2021	Cash flow	Fair Value change	Foreign exchange movement	March 31, 2022
Long term borrowings (including current maturities)	483.01	57.35	-	1.75	542.11
Short term borrowings (excluding overdraft)	148.22	42.31	-	-	190.53

Particulars	April 1, 2020	Cash flow	Fair Value change	Foreign exchange movement	March 31, 2021
Long term borrowings (including current maturities)	412.27	92.30	(0.92)	(20.63)	483.01
Short term borrowings	256.00	(107.78)	-	-	148.22

Notes:

- 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.
- Cash and cash equivalents include cash and bank balances.

CONSOLIDATED FINANCIAL STATEMENTS

(₹ In crore)

BALANCE SHEET	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Assets			
Non-current assets			
Property, plant and equipment	5,649.30	5,040.12	4,071.25
Capital work in progress	393.63	329.11	883.37
Investment Properties	137.70	137.71	137.71
Goodwill	307.82	290.59	112.61
Other intangible assets	836.61	870.91	528.77
Intangible Assets under development	427.64	231.35	166.88
Financial assets			
i. Investments	405.50	143.09	371.63
ii. Loans (Receivable from financing activity)	10,321.42	6,716.45	5,361.97
iii. Others	203.25	137.55	30.06
Investments accounted using equity method	413.10	370.83	301.27
Deferred Tax Assets	305.73	217.88	127.62
Non-Current tax assets (Net)	27.60	49.60	39.72
Other non-current assets	155.52	134.20	199.14
Total non-current assets	19,584.82	14,669.39	12,332.00
Current assets			
Inventories	2332.08	2013.42	1668.30
Financial assets			
i. Trade receivables	1,464.64	1,367.01	1,206.55
ii. Loans (Receivable from financing activity)	10,225.16	7,299.24	5,794.23
iii. Cash and cash equivalents	3,899.36	3,753.95	1,599.08
iv. Investments	203.56	130.23	-
v. Bank balances other than (iii) above	29.29	180.22	106.74
vi. Others	245.07	134.82	96.92
Current tax assets (Net)	11.29	12.71	14.71
Other current assets	1,354.28	990.90	617.73
Total current assets	19,764.73	15,882.50	11,104.26
Total Assets	39,349.55	30,551.89	23,436.26
Equity and liabilities			
Equity			
Equity share capital	10.12	10.12	10.12
Other equity	3230.87	5069.12	2894.47
Equity attributable to owners	3,240.99	5,079.24	2,904.59
Non controlling interest	2804.16	2,202.63	1,758.73
Total equity	6045.15	7,281.87	4,663.32
Liabilities			
Non-current liabilities			
Financial liabilities			
i. Borrowings	9,863.23	7,740.63	6,634.88
ii. Lease Liabilities	572.29	421.49	213.48
iii. Others	47.82	55.44	31.29
Provisions	261.08	224.20	179.09
Deferred tax liabilities	226.25	231.20	242.29

Total non-current liabilities	10,970.67	8,672.96	7,301.03
Current liabilities			
Financial liabilities			
i. Borrowings	15,149.77	8,289.29	5,927.10
ii. Trade payables	5,474.27	4,909.62	4,535.70
iii. Lease liabilities	203.90	141.14	77.83
iv. Other financial liabilities	413.42	424.38	303.51
Other current liabilities	948.63	704.83	522.49
Provisions	125.59	127.80	105.28
Current tax liabilities (Net)	18.15	-	-
Total current liabilities	22,333.73	14,597.06	11,471.91
Total liabilities	33,304.40	23,270.02	18,772.94
Total equity and liabilities	39,349.55	30,551.89	23,436.26

(₹ In crore)

STATEMENT OF PROFIT AND LOSS	Year Ended March 31, 2023	Year Ended March 31, 2022	Year Ended March 31, 2021
Income			
Revenue from operations	33,564.21	25,590.65	20,298.73
Other income	126.12	34.50	62.95
Total income	33,690.33	25,625.15	20,361.68
Expenses			
Cost of material consumed	20,779.47	16,429.60	13,028.33
Purchase of stock in trade	894.62	579.04	224.92
Changes in inventories of finished goods, stock-in-trade and work-in-process	(151.76)	(333.71)	(25.96)
Employee benefit expenses	3,168.98	2,330.16	1,879.05
Finance costs	1,424.49	985.13	929.11
Depreciation and amortisation expense	985.82	844.58	642.74
Other expenses	4,624.51	3,597.65	2,803.99
Total expenses	31,726.13	24,432.45	19,482.18
Profit before exceptional items, share of net profit of investment and tax (I-II)	1964.20	1,192.70	879.50
Share of net profit from associates using equity method	(39.73)	3.45	(2.88)
Profit before exceptional items and tax (III+IV)	1,924.47	1,196.15	876.62
Exceptional items	88.85	(11.95)	(22.36)
Profit before tax (V+VI)	2,013.32	1,184.20	854.26
Tax expense			
Current tax	763.67	387.06	257.46
Deferred tax	(83.52)	(27.35)	4.71
Profit for the year (VII-VIII)	1,333.17	824.49	592.09

(Profit) / Loss attributable to Non-controlling Interest	(683.52)	(383.75)	(268.41)
Profit for the year attributable to owners (IX+X)	649.65	440.74	323.68
Other comprehensive income			
(A) Items that will not be reclassified to profit and loss			
Remeasurements of post employment benefit obligations	(27.88)	(97.58)	(0.74)
Change in fair value of equity instruments	(10.24)	4.04	162.95
Share of other comprehensive income from associates using equity method	(2.69)	(0.25)	(0.01)
Income tax relating to these items	9.90	22.07	(9.26)
<i>Items that will be reclassified to profit or loss</i>			
Change in fair value of FVOCI debt instruments			
Income tax relating to these items			
(B) Items that will be reclassified to profit and loss			
Fair value changes on cash flow hedges	18.38	48.07	70.89
Change in fair value of debt instruments	-	-	-
Foreign currency translation adjustments	83.76	36.87	11.16
Share of other comprehensive income from associates using equity method			
Income tax relating to these items	(5.37)	(13.41)	(21.08)
Other comprehensive income for the year, net of tax	65.85	(0.19)	213.93
Other Comprehensive income attributable to non-controlling interest (profit) / loss	(13.57)	1.25	(51.05)
Total comprehensive income attributable to owners (XI+XII+XIII)	701.93	441.80	486.56
Earnings per equity share			
Basic & Diluted earnings per share	321.10	217.84	159.98

(₹ In crore)

STATEMENT OF CASH FLOWS		Year ended March 31, 2023		Year ended March 31, 2022		Year ended March 31, 2021	
A.	CASH FLOW FROM OPERATING ACTIVITIES						
	Net profit before tax		2,013.32		1,184.20		854.26
	Adjustments for:						
	Depreciation and amortisation for the year	985.82		844.58		642.74	
	Loss on sale/scraping of property, plant and equipment	-		3.89		2.68	
	Profit on sale of property, plant and equipment	(2.95)		(2.59)		(0.30)	
	Dividend income	(0.02)		(4.16)		(1.56)	
	Interest income	(124.50)		(57.24)		(36.03)	
	Unrealised exchange (gain) / Loss	(8.89)		(4.51)		8.81	

	Increase in fair value of financial assets	(84.66)		(0.57)		(1.32)	
	Loss on sale of investment	-		-		-	
	Share of losses from associates	39.73		-		-	
	Profit on sale of investment	-		(0.23)		(0.05)	
	Interest expense (excluding relatable to financial enterprise)	256.49		203.00		199.67	
			1,061.02		982.17		814.64
	Operating profit before working capital changes		3,074.34		2,166.37		1,668.90
	Adjustments for:						
	Inventories	(318.66)		(345.12)		(208.83)	
	Trade Receivables	(97.63)		(169.03)		356.34	
	Other financial assets	(128.63)		(140.31)		111.91	
	Other Bank balances	150.93		(73.48)		(77.19)	
	Other non-current assets	(21.32)		64.94		(22.89)	
	Other current assets	(363.38)		(373.17)		(31.74)	
	Loans (Receivable from financing activity)	(6,530.89)		(2,859.49)		(1,700.87)	
	Provisions	(2.21)		(29.95)		14.88	
	Trade Payables	564.65		373.92		1,201.96	
	Other Financial liabilities	40.76		49.80		66.59	
	Other current liabilities	243.80		182.34		94.90	
			(6,462.58)		(3,319.55)		(194.94)
	Cash generated from operations		(3,388.24)		(1,153.18)		1,473.96
	Direct taxes paid		(722.40)		(394.94)		(259.35)
	Net cash from operating activities		(4110.64)		(1,548.12)		1,214.61
B	CASH FLOW FROM INVESTING ACTIVITIES						
	Additions to property, plant and equipment (including Capital work in progress)		(1,485.24)		(1,036.32)		(980.29)
	Sale of fixed assets		21.94		16.24		4.10
	Investment accounted using equity method		(87.17)		(75.00)		(52.56)
	Purchase of investments		(297.84)		(151.02)		(4.87)
	Sale of investments		1.25		2349.85		16.78
	Investment in Term deposits		283.21		(2,303.08)		-
	Contribution from non controlling interest		-		50.00		-
	Consideration paid towards business combination				(617.15)		-
	Interest received		124.50		57.24		36.03
	Dividend received		0.02		4.16		1.56
	Net Cash from/(used in) investing activities		(1,439.33)		(1,705.08)		(979.25)
C	CASH FLOW FROM FINANCING ACTIVITIES						
	Net Borrowings:						
	Term loans availed / (repaid)		5,555.00		2,789.86		1,391.97
	Short term borrowings availed / (repaid)		1,086.49		673.45		(791.67)
	Interest paid		(244.49)		(166.01)		(199.67)
	Dividend paid		(271.66)		(84.94)		(72.85)
	Repayment of Lease Liabilities		(146.75)		(96.57)		(67.09)
	Net cash from financing activities		5,978.59		3115.79		260.69
D	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS - (A+B+C)		428.62		(137.41)		496.05
	Cash and cash equivalents at the beginning of the year						
	Cash and Bank balances	1,450.87		1,599.08		1,130.58	
	Cash credit balance	-	1,450.87	(10.80)	1,588.28	(38.35)	1,092.23

Cash and cash equivalents at the end of the year							
Cash and Bank balances	1,879.49		1,450.87		1,599.08		
Cash credit balance	-	1,879.49	-	1,450.87	(10.80)		1,588.28

Change in liability arising from financing activities

Particulars	April 1, 2022	Cash flow	Fair Value change	Foreign exchange movement	March 31, 2023
Long term borrowings (including current maturities)	12,149.80	5,554.67	-	(5.00)	17,699.47
Short term borrowings (excluding overdraft)	3,880.12	1,086.49	-	-	4,966.61

Particulars	April 1, 2021	Cash flow	Fair Value change	Foreign exchange movement	March 31, 2022
Long term borrowings (including current maturities)	9,344.51	2,789.86	10.88	4.55	12,149.80
Short term borrowings (excluding overdraft)	3,206.67	673.45	-	-	3,880.12

Particulars	April 1, 2020	Cash flow	Fair Value change	Foreign exchange movement	March 31, 2021
Long term borrowings (including current maturities)	7,984.00	1,391.97	5.16	(36.62)	9,344.51
Short term borrowings (excluding overdraft)	3,998.34	(791.67)	-	-	3,206.67

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.

**Standalone Financial Statements
of
Sundaram-Clayton Limited
2022-2023**

Independent Auditor's Report for the year ended 31st March 2023

Independent Auditor's Report

To the Members of Sundaram-Clayton Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Sundaram-Clayton Limited ("the Company"), having its registered office at "Chaitanya", No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai-600 006, Tamil Nadu which comprise the Balance Sheet as at 31st March 2023, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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 Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31st March 2023, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the Standalone financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	Auditor's Response
Overseas Equity Investments Equity Investments in overseas subsidiaries, account for a significant percentage of the Company's total equity investments. To assess annually, whether there are indications of impairment requires significant management judgment in determining the recoverable amount of these equity investments.	Principal Audit Procedures Management has obtained a valuation of the equity investment in the overseas subsidiary from a valuer, that is based on Discounted Cash Flow Method of the Overseas subsidiary. We gained an understanding of the key assumptions used to forecast the cash flows and the discount rates applied (Weighted Average Cost of Capital) in arriving at the fair value. We consider that the management conclusions concerning the absence of impairment in the equity investment are adequately supported and consistent with the information currently available.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in Annual Report to the Shareholders but does not include the standalone financial statements and our auditor's report thereon. The Annual Report to the Shareholders is expected to be made available to us after the date of this Auditor's Report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those charged with governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance) changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance, a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter, or when in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in 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 purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;

- (e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 from being appointed as a director in terms of section 164(2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.
- (g) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- (h) With respect to the other matters to be included in the Auditor’s Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company has disclosed the impact of pending litigations on the financial position in its standalone financial statements-Refer Note 36 (i) to the Standalone financial statements;
 - (ii) The company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses as at 31 March 2023;
 - (iii) There has been no delay in transferring amounts, required to be transferred, the Investor Education and Protection Fund by the Company;
 - (iv) (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused

us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

- (v) As stated in Note No. 35(b) to the standalone financial statements dividend paid and declared during the year by the company is in compliance with section 123 of the Companies Act, 2013.
- (vi) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

for **Raghavan, Chaudhuri & Narayanan**

Chartered Accountants

Firm's Registration No.: 007761S

V. Sathyanarayanan

Partner

Membership No. 027716

Place : Bangalore

Date : 05th May, 2023

UDIN: 23027716BGYLRX3467

Annexure ‘A’ to Independent Auditors’ Report
(Referred to in paragraph 1 under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of Sundaram-Clayton Limited of even date)

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

- i. In respect of the Company’s Property, Plant and Equipment, right-of-use assets and Intangible Assets:
 - (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.
(B) The Company has maintained proper records showing full particulars of intangible assets.
 - (b) The Property, Plant and Equipment and right-of-use assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
 - (c) Based on our examination of the property tax receipts and lease agreement for land on which building is constructed, registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title in respect of self-constructed buildings and title deeds of all other immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee), disclosed in the standalone financial statements included under Property, Plant and Equipment are held in the name of the Company as at the balance sheet date.
 - (d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.
 - (e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- ii. (a) The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion the coverage and the procedure of such verification by the management is appropriate. Discrepancies noticed on such physical verification, were less than 10% in aggregate for each class of inventory and have been properly dealt with in the books of account;
In respect of inventories with third parties, which have not been physically verified, there is a process of obtaining confirmation from such parties.
- (b) The Company has been sanctioned working capital limits in excess of ₹ 5 crore during the year, from banks on the basis of security of current assets and in our opinion, the quarterly returns or statements filed by the company are in agreement with the books of accounts.

iii. The Company has made investments in companies during the year in respect of which:

- (a) The Company has not provided any loans or advances in the nature of loans or stood guarantee, or provided security to any other entity during the year, and hence reporting under clause 3(iii)(a) of the Order is not applicable;
- (b) In our opinion, the investments made and guarantee given during the year are, prima facie, not prejudicial to the Company's interest.
- (c) The company has not granted any loans or advances in the nature of loans hence reporting under clause 3(iii)(c) of the Order is not applicable.
- (d) The company has not granted any loan or advances in the nature of loans hence reporting under clause 3(iii)(d) of the Order is not applicable.
- (e) No loan granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdue of existing loans given to the same parties.
- (f) The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause 3(iii)(f) is not applicable.

The Company has not made investments in Firms and Limited Liability Partnerships during the year. Further the Company has not provided any security, guarantee or granted any advances in the nature of loans, secured or unsecured, to Companies, Firms, Limited Liability Partnerships or any other parties.

- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of investments made. The company has not granted loans or provided any security or guarantee.
- v. The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable.
- vi. The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013 in respect of the products manufactured by the Company. We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under section 148(1) of the Companies Act, 2013 in respect of manufacture of products and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete;
- vii. In respect of statutory dues:
 - (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, Goods and service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable;

- (b) There are no dues in respect of income-tax, sales-tax, Goods and service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute except the following:

Nature of Duty/ Tax under Dispute	Nature of the Statute	Period	Forum where dispute is pending	Amount Involved Rs. In Crore
Income Tax	Income Tax Act, 1961	AY 2008-09	Commissioner (Appeals)	6.12
Income Tax	Income Tax Act, 1961	AY 2011-12	Commissioner (Appeals)	1.82
Goods and Service Tax	Goods and Service Tax Act, 2017	FY 2021-22	Appellate Authority	0.25
Goods and Service Tax	Goods and Service Tax Act, 2017	FY 2017-18	These demands are disputed and the Company intends to file the appeal within the due dates, as applicable.	0.26
Goods and Service Tax	Goods and Service Tax Act, 2017	FY 2017-18		1.55
Goods and Service Tax	Goods and Service Tax Act, 2017	FY 2019-20		57.86

- viii. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (Section 43 of 1961);
- ix. (a) The Company has not defaulted in repayment of loans or borrowings to any lender during the year;
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority;
- (c) In our opinion and according to the information and explanations given to us, the company has utilized the money obtained by way of term loans during the year for the purposes for which they were obtained;
- (d) On an overall examination of the standalone financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company;
- (e) On an overall examination of the standalone financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries and hence reporting on clause 3(ix)(e) of the order is not applicable;

- (f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies and hence reporting on clause 3(ix)(f) of the Order is not applicable;
- x. (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable;
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable;
- xi. (a) No fraud by the Company and no material fraud on the Company has been noticed or reported during the year;
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report;
- (c) As represented to us by the management, there are no whistle blower complaints received by the company during the year;
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable;
- xiii. In our opinion, all transactions with the related parties are in compliance with Section 188 of the Act, where applicable, and the requisite details have been disclosed in the standalone financial statements, as required by the applicable Ind AS;
- xiv (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures;
- xv. In our opinion during the year the Company has not entered into any non-cash transactions with its Directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company;
- xvi. (a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable;
- (d) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable;
- xvii. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year;
- xviii. There has been no resignation of the statutory auditors of the Company during the year;

- xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due;
- xx. (a) According to the information and explanations given to us in respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note no. 36(iv) to the Standalone financial statements;
- (b) According to the information and explanations given to us and based on the records, there are no unspent amounts in respect of ongoing projects that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in note no. 36(iv) to the Standalone financial statements.

for Raghavan, Chaudhuri & Narayanan
Chartered Accountants
FRN: 007761S

V. Sathyanarayanan
Partner
Membership No. 027716

Place : Bangalore
Date : 05th May, 2023

UDIN: 23027716BGYLRX3467

Annexure “B” to the Independent Auditors’ Report
(Referred to in paragraph 2(f) under ‘Report on Other Legal and Regulatory Requirements’
section of our report to the Members of Sundaram-Clayton Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of subsection 3 of Section 143 of the Companies Act, 2013 (the “Act”)

We have audited the internal financial controls over financial reporting of Sundaram-Clayton Limited (the “Company”) as of March 31, 2023 in conjunction with our audit of the Ind AS standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Management of the Company is 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 (the “ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 Act

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting 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 standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone 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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the criteria for internal financial control over financial reporting 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 ICAI.

for Raghavan, Chaudhuri & Narayanan

Chartered Accountants

FRN: 007761S

V. Sathyanarayanan

Partner

Membership No. 027716

Place : Bangalore

Date : 05th May, 2023

UDIN: 23027716BGYLRX3467

Sundaram-Clayton Limited

Ind AS Standalone financial statements and related disclosures for
year ended 31st March 2023

SUNDARAM-CLAYTON LIMITED
BALANCE SHEET AS AT 31st March 2023

(Rs In Crores)

Particulars	Note No.	As at 31.03.2023	As at 31.03.2022
ASSETS			
Non-current assets			
Property, plant and equipment	2	621.88	670.54
Capital work in progress	2	57.13	8.93
Other intangible assets	3	0.73	0.62
Financial assets			
i. Investments	4 (a)	819.90	404.32
ii. Other financial assets	5	10.32	13.41
Other non-current assets	7	44.31	18.77
Total non-current assets		1,554.27	1,116.59
Current assets			
Inventories	8	348.05	371.35
Financial assets			
i. Trade receivables	9	279.83	288.30
ii. Cash and cash equivalents	10	2,028.40	2,308.15
iii. Bank balances other than (ii) above	11	1.37	90.29
iv. Investments	4 (b)	11.64	-
iv. Other financial assets	5	20.63	16.85
Current tax assets (Net)		6.73	11.29
Other current assets	12	24.41	24.90
Total current assets		2,721.06	3,111.13
Total Assets		4,275.33	4,227.72
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13	10.12	10.12
Other equity	14	700.43	2,890.24
Total equity		710.55	2,900.36
Liabilities			
Non-current liabilities			
Financial liabilities			
i. Borrowings	15	428.91	434.86
ii. Lease liability		5.24	18.44
iii. Other financial liabilities	19	-	0.71
Provisions	16	29.82	27.96
Deferred tax liabilities (Net)	6	18.15	23.64
Total non-current liabilities		482.12	505.61
Current liabilities			
Financial liabilities			
i. Borrowings	17	2,587.62	297.78
ii. Lease liability		15.29	14.26
iii. Trade payables	18	389.74	356.10
iv. Other financial liabilities	19	57.18	116.51
Other current liabilities	20	20.88	16.72
Current tax liability		2.10	-
Provisions	16	9.85	20.38
Total current liabilities		3,082.66	821.75
Total liabilities		3,564.78	1,327.36
Total equity and liabilities		4,275.33	4,227.72
Significant Accounting Policies	1		

The accompanying notes are an integral part of these financial statements

R GOPALAN
Chairman

DR. LAKSHMI VENU
Managing Director

K GOPALA DESIKAN
Director & Group
Chief Financial Officer

As per our report annexed
For Raghavan, Chaudhuri & Narayanan
Chartered Accountants
Firm Regn. No.007761S

VIVEK S JOSHI
President & CEO

R RAJA PRAKASH
Company Secretary

V SATHYANARAYANAN
Partner
Membership No.:027716
Date : 05th May 2023
Chennai

Date : 05th May 2023
Place : Chennai

SUNDARAM-CLAYTON LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2023

(Rs In Crores)

	Particulars	Note No.	Year ended 31.03.2023	Year ended 31.03.2022
I	Income			
	Revenue from operations	21	2,073.96	1,743.27
	Other income	22	132.76	93.59
	Total income		2,206.72	1,836.86
II	Expenses			
	Cost of materials consumed	23	1,101.60	942.43
	Changes in inventories of finished goods, work-in-process	24	15.33	(76.51)
	Employee benefit expenses	25	234.63	206.13
	Finance costs	26	45.82	44.91
	Depreciation and amortisation expense	27	99.94	101.74
	Other expenses	28	473.43	440.27
	Total expenses		1,970.75	1,658.97
III	Profit before exceptional items and tax (I- II)		235.97	177.89
IV	Exceptional items - income / (expense)	28A	90.72	2,122.60
V	Profit before tax (III +IV)		326.69	2,300.49
VI	Income tax expense			
	Current tax	29	60.21	22.51
	Deferred tax charge/(credit)	30	(6.63)	1.29
VII	Profit for the year (V-VI)		273.11	2,276.69
VIII	Other comprehensive income			
	Items that will not be reclassified to profit and loss			
	Remeasurement of post employment benefit obligations		(0.26)	(12.25)
	Change in fair value of equity instruments		3.25	3.32
	Income tax relating to these items		(0.76)	3.57
	Items that will be reclassified to profit and loss			
	Transactions relating to Derivative instruments		1.53	4.78
	Income tax relating to these items		(0.39)	(2.54)
	Other comprehensive income for the year, net of tax		3.37	(3.12)
IX	Total comprehensive income for the year (VII+VIII)		276.48	2,273.57
X	Earnings per equity share			
	Basic & Diluted earnings per share	31	134.99	1,125.29

The accompanying notes are an integral part of these financial statements

R GOPALAN
Chairman

DR. LAKSHMI VENU
Managing Director

K GOPALA DESIKAN
Director & Group
Chief Financial Officer

As per our report annexed
For Raghavan, Chaudhuri & Narayanan
Chartered Accountants
Firm Regn. No.007761S

VIVEK S JOSHI
President & CEO

R RAJA PRAKASH
Company Secretary

V SATHYANARAYANAN
Partner
Membership No.:027716

Date : 05th May 2023
Chennai

Date: 05th May 2023
Chennai

SUNDARAM-CLAYTON LIMITED								(Rs In Crores)
STATEMENT OF CHANGES IN EQUITY								
A. Equity Share Capital (Refer Note No 13)								
Particulars	Amount							
As at 01-04-2021	10.12							
Changes in Equity Share capital due to prior period errors	-							
Restated balance as at 01-04-2021	10.12							
Changes in equity share capital during the year	-							
As at 31-03-2022	10.12							
Changes in Equity Share capital due to prior period errors	-							
Restated balance as at 01-04-2022	10.12							
Changes in equity share capital during the year	-							
As at 31-03-2023	10.12							
B. Other Equity (Refer Note No 14)								
Particulars	Reserves and surplus				Other reserves			
	General reserve	Securities Premium Reserve	Retained earnings	Total	Fair Value through Other Comprehensive Income	Hedging reserve	Total	
Balance as at March 31, 2021	224.84	36.42	284.89	546.15	165.51	(5.90)	159.61	
Add : Profit for the period	-	-	2,276.69	2,276.69	-	-	-	
Add : Other comprehensive income	-	-	(11.67)	(11.67)	6.31	2.24	8.55	
Add / (Less) : Reclassified to retained earnings	-	-	161.39	161.39	(161.46)	-	(161.46)	
Total Comprehensive Income for the year	-	-	2,426.41	2,426.41	(155.15)	2.24	(152.91)	
Add/ (Less) : Change in fair value of equity instruments	-	-	-	-	-	-	-	
Less : Interim Dividend declared for the year ended 31st March 2022 (Rs.44 / share)	-	-	(89.02)	(89.02)	-	-	-	
Balance as at March 31, 2022	224.84	36.42	2,622.28	2,883.54	10.36	(3.66)	6.70	
Add : Profit for the period			273.11	273.11			-	
Add : Other comprehensive income			(0.19)	(0.19)	2.42	1.14	3.56	
Total Comprehensive Income for the year	-	-	272.92	272.92	2.42	1.14	3.56	
Add / (Less) : Reclassified to retained earnings	-	-	(3.01)	(3.01)	-	3.01	3.01	
(Less) : Reserves utilised for issuance of Bonus Cumulative Non-convertible Redeemable Preference Shares [Note 36(x)]	(224.84)	-	(2,122.08)	(2,346.92)	-	-		
Add/ (Less) : Change in fair value of equity instruments	-	-	-	-	-	-	-	
Less : Interim Dividend declared for the year ended 31st March 2023 (Rs.59 / share)	-	-	(119.37)	(119.37)	-	-	-	
Balance as at March 31, 2023	-	36.42	650.74	687.16	12.78	0.49	13.27	
Nature and purpose of reserves:								
Securities premium reserve: This consist of premium realised on issue of shares and will be applicable / utilised in accordance with the provisions of the Companies Act, 2013								
General reserve: General reserve is part of retained earnings. This is available for distribution to shareholders as dividend and capitalisation.								
Hedging Reserve - Refer Note No. 34 (D)								
R GOPALAN Chairman		DR. LAKSHMI VENU Managing Director		K GOPALA DESIKAN Director & Group Chief Financial Officer		As per our report annexed For Raghavan, Chaudhuri & Narayanan Chartered Accountants Firm Regn. No.007761S		
VIVEK S JOSHI President & CEO		R RAJA PRAKASH Company Secretary				V SATHYANARAYANAN Partner Membership No.:027716		
Date: 05th May 2023 Chennai				Date: 05th May 2023 Chennai				

SUNDARAM-CLAYTON LIMITED		
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 st March 2023		(Rs In Crores)
Particulars	Year ended 31.03.2023	Year ended 31.03.2022
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	326.69	2300.49
Add: Depreciation and amortisation for the year	99.94	101.74
Loss on sale/scraping of property, plant and equipment	-	3.89
Profit on sale of property, plant and equipment	(0.30)	(0.12)
Unrealised exchange (gain) / loss	(1.19)	1.14
Dividend income	(120.27)	(89.89)
Interest income	(113.51)	(49.08)
Fair value of financial assets & financial liabilities	-	0.40
Interest expense	49.87	44.91
Profit on sale of investments	(1.66)	(2094.43)
	<u>(87.12)</u>	<u>(2,081.44)</u>
Operating profit before working capital changes	239.57	219.05
Adjustments for:		
Inventories	23.30	(70.28)
Trade Receivables	10.27	(58.79)
Other financial assets	86.70	(69.07)
Other non-current assets	(25.54)	(1.42)
Other current assets	0.36	0.94
Trade Payables	33.41	83.11
Provisions	(8.93)	(3.50)
Other financial liabilities (excluding current maturities of debt)	29.96	(3.28)
Other current liabilities	4.16	(7.02)
	<u>153.69</u>	<u>(129.31)</u>
Cash generated from operations	393.26	89.74
Direct taxes paid	<u>(53.56)</u>	<u>(24.26)</u>
Net cash from operating activities (A)	339.70	65.48

SUNDARAM-CLAYTON LIMITED		
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 st March 2023		(Rs In Crores)
Particulars	Year ended 31.03.2023	Year ended 31.03.2022
B CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment (including Capital work in progress)	(100.16)	(59.69)
Sale of property, plant and equipment	0.86	0.49
Purchase of investments	(427.54)	(182.34)
Sale of investments	2.13	2,261.01
Closure of Term deposits	283.21	(2,303.08)
Interest received	113.51	49.08
Dividend received	120.27	128.07
Net Cash from/(used in) investing activities (B)	<u>(7.72)</u>	<u>(106.46)</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Net Borrowings:		
Term loans availed/(repaid)	(28.82)	57.35
Short term borrowings availed/ (repaid)	(34.58)	42.31
Interest paid	(45.35)	(41.92)
Dividend and dividend tax paid	(208.24)	(22.26)
Repayment of lease liabilities	<u>(11.53)</u>	<u>(14.63)</u>
Net cash inflow/ (outflow) from financing activities (C)	<u>(328.52)</u>	<u>20.85000</u>
D NET INCREASE/(DECREASE) IN CASH AND CASH EQ (A+B+C)	3.46	(20.13)
Cash and cash equivalents at the beginning of the year		
Cash and Bank balances	5.07	25.20
Cash credit balance	<u>-</u>	<u>-</u>
Cash and cash equivalents at the end of the year		
Cash and Bank balances	8.53	5.07
Cash credit balance	<u>-</u>	<u>-</u>

SUNDARAM-CLAYTON LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March 2023 **(Rs In Crores)**

Change in liability arising from financing activities

Particulars	Notes	01-04-2022	Cash flow	Non-cash changes		31-03-2023
				Fair value change	Foreign exchange movement	
Long term borrowings (including current maturities)	15	542.11	(28.82)	-	0.87	514.16
Short term borrowings	17	190.53	(34.58)	-	(0.50)	155.45

Notes:

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

R GOPALAN
Chairman

DR LAKSHMI VENU
Managing Director

K GOPALA DESIKAN
Director & Group
Chief Financial Officer

As per our report annexed
For Raghavan, Chaudhuri & Narayanan
Chartered Accountants
Firm Regn. No.007761S

VIVEK S JOSHI
President & CEO

R RAJA PRAKASH
Company Secretary

V SATHYANARAYANAN
Partner
Membership No.:027716

Date: 05th May 2023
Chennai

Date: 05th May 2023
Chennai

SUNDARAM-CLAYTON LIMITED

1. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies mentioned herein are relating to the standalone financial statements of the Company.

a) Brief description of the Company

Sundaram-Clayton Limited ('the Company') is a public limited company incorporated in India whose shares are publicly traded. The registered office is located at Chaitanya, No.12, Khader Nawaz Khan Road, Chennai- 600006, Tamil Nadu, India.

The company manufactures non-ferrous gravity and pressure die castings. The Company has four manufacturing plants located in Tamil Nadu.

b) Basis of preparation

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

The financial statement has been prepared on the historical cost convention under accrual basis of accounting except for certain assets and liabilities (as per the accounting policy below), which have been measured at fair value. These financial statements for the year ended 31st March 2023 have been approved and authorised for issue by the Board of Directors at its meeting held on 05th May 2023.

c) Going Concern

The Company's financial statements have been prepared on a going concern basis.

d) Use of estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future period.

This note provides an overview of the areas that involved a higher degree of judgment or complexity. It also provides an overview of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in the relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

e) Cost Recognition

Costs and expenses are recognised when incurred and are classified according to their nature. Expenditure are capitalized where appropriate.

f) Significant estimates and judgments

The areas involving significant estimates or judgments are:

- i) Estimation of defined benefit obligation - (Refer Note 32)
- ii) Estimation of useful life of Property, Plant and Equipment (Refer Note 1(i) and 1(k))

g) Revenue recognition

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract.

i) Sale of products:

Revenue from sale of products is recognised when significant risk and rewards of ownership pass to the customers, as per the terms of the contract and it is probable that the economic benefits associated with the transaction will flow to the Company.

ii) Revenue from Services:

Revenue from Services is recognised in the accounting period in which the services are rendered and when invoices are raised.

iii) Dividend income:

Dividends are recognised in the Statement of Profit and Loss only when the right to receive payment is established and it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of dividend can be reliably measured.

h) Dividend:

Any dividend declared by Company is based on the profits available for distribution as reported in the statutory Standalone financial statements. Indian law permits the declaration and payment of dividend out of profits for the year or previous financial year(s) as stated in the statutory Standalone financial statements after providing for depreciation as per the Companies Act, 2013.

However, in the absence or inadequacy of the said profits, it may declare dividend out of free reserves, subject to certain conditions as prescribed under the Companies (Declaration and Payment of Dividend) Rules, 2014.

i) Property, Plant and Equipment

Freehold Land is stated at historical cost. All other items of Property, Plant and Equipment are stated at cost of acquisition/construction less accumulated depreciation / amortization and impairment, if any. Cost includes:

- (i) purchase price,
- (ii) taxes and duties,

SUNDARAM-CLAYTON LIMITED

- (iii) labour cost
- (iv) directly attributable overheads incurred upto the date the asset is ready for its intended use, and
- (v) Government grants that are directly attributable to the assets acquired.

However, cost excludes excise duty, value added tax, service tax and GST, and to the extent credit of the duty or tax is availed of.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Government grants relating to the purchase of property, plant and equipment are capitalized and included as cost to fixed assets.

Gains or losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Statement of Profit and Loss within Other gains/(losses).

j) Depreciation

- i) Depreciation on tangible fixed assets is charged over the estimated useful life of the asset or part of the asset (after considering double/triple shifts) as evaluated by a Chartered Engineer and in accordance with Ind AS 16, taking into consideration both usage, useful life and legal limitations on the use of assets, on straight line method, in accordance with Part A of Schedule II to the Companies Act, 2013. Depreciation is adjusted for the proportionate usage with reference to the asset's expected capacity or physical output during the reporting period
- ii) The estimated useful life of the tangible fixed assets as assessed by the Chartered Engineer and followed by the Company is furnished below:

Description	Years
Factory building and other buildings	30 to 64
Plant and Equipment	8 to 21
Electrical Equipment	15
Furniture and Fixtures	10
Computers	3
Mobile phones	1
Vehicles	6

- iii) The residual value for all the above assets is retained at 5% of the cost except for Mobile phones for which nil residual value is considered. Residual values and useful lives are reviewed, and adjusted, if appropriate, for each reporting period.

SUNDARAM-CLAYTON LIMITED

- iv) On tangible fixed assets added / disposed off during the year, depreciation is charged on pro-rata basis for the period for which the asset was purchased and used.
- v) Depreciation in respect of tangible assets costing individually less than Rs.5,000/- is provided at 100%.

k) Amortization of Intangible assets

Intangible assets acquired are accounted at their acquisition cost and are amortised over their useful lives, viz., 2 years in the case of software.

i) Impairment

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

m) Foreign currency translation

i) Functional and presentation currency:

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). i.e in Indian rupees (INR) and all values are rounded off to nearest crores except where otherwise indicated.

ii) Transactions and balances:

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction.

- (a) Foreign currency monetary assets and liabilities such as cash, receivables, payables, etc., are translated at year end exchange rates.
- (b) Non-monetary items denominated in foreign currency such as investments, fixed assets, etc., are valued at the exchange rate prevailing on the date of transaction.
- (c) Exchange differences arising on settlement of transactions and translation of monetary items are recognised as income or expense in the year in which they arise.

n) Hedge accounting

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on

SUNDARAM-CLAYTON LIMITED

whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges)
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

The Company documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 33. Movements in the hedging reserve in shareholders' equity are shown in Note 34 (D). The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit and Loss, within other gains/(losses).

When forward contracts are used to hedge forecast transactions, the company generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in other comprehensive income in cash flow hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains and losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedging reserve within equity.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects the Statement of Profit and Loss (for example, when the forecast sale that is hedged takes place).

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to the Statement of Profit and Loss within other gains/(losses).

o) Inventories

Inventories are valued at the lower of cost and net realisable value.

- i) Cost of raw materials, components, stores, spares, work-in-process and finished goods are determined on a moving average basis.
- ii) Cost of finished goods and work-in-process comprises of Direct materials, Direct labour and an applicable proportion of Variable and Fixed overhead expenditure, Fixed Overhead Expenditure absorbed on the basis of normal operating capacity.
- iii) Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.
- iv) Materials and supplies held for use in production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost. Slow and non-moving material, obsolescence, defective inventories are duly provided for.

p) Employee benefits

i) Short term obligations:

Short term obligations are those that are expected to be settled fully within 12 months after the end of the reporting period. They are recognized upto the end of the reporting period at the amounts expected to be paid at the time of settlement.

ii) Other long term employee benefit obligations:

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are, therefore, recognized and provided for at the present value of the expected future payments to be made in respect of services provided by employee upto the end of reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in Other Comprehensive Income.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for atleast twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

iii) Post-employment obligation:

The Company operates the following post-employment schemes:

- a) Defined benefit plans such as gratuity for its eligible employees, pension plan for eligible senior managers; and
- b) Defined contribution plan such as provident fund.

Pension and gratuity obligation:

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on the government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income (net of deferred tax). They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the Statement of Profit or Loss as past service cost.

Provident fund:

The eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company makes monthly contributions at a specified percentage of the covered employees' salary. The provident fund contributions are made to an irrevocable trust set up by the Company. The Company is generally liable for annual contributions and any shortfall in the fund assets based on the Government specified minimum rates of return and recognises such contributions and shortfall, if any, as an expense in the year in which it is incurred.

iv) Bonus Plans:

The Company recognises a liability and an expense for bonus. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

q) Taxes on income

Tax expense comprises of (i) current tax and (ii) deferred tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

SUNDARAM-CLAYTON LIMITED

Deferred income tax is provided in full, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

r) **Provisions and contingent liabilities**

i) Provision:

A provision is recorded when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated. The estimated liability for product warranties is accounted based on technical evaluation, when the products are sold.

Provisions are evaluated at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expenses.

ii) Contingent liabilities:

Wherever there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) the amount of the obligation cannot be measured with sufficient reliability are considered as contingent liability. Show cause notices are not considered as Contingent Liabilities unless converted into demand.

s) Segment reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

t) Leases

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to
- reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company
- which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take

SUNDARAM-CLAYTON LIMITED

effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

u) Cash and Cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

v) Trade receivables

Trade receivables are recognised initially at fair value after adjusting the transaction costs using the effective interest rate method, less provision for impairment.

w) Investments and Other financial assets

i) Classification:

The Company classifies its financial assets in the following categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through statement of profit and loss), and
- Those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flow.

ii) Measurement:

SUNDARAM-CLAYTON LIMITED

At initial recognition, the Company measures a financial asset at its fair value plus (in the case of a financial asset not a fair value through profit or loss) transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit and Loss.

Debt Instruments:

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments.

(i) Amortised Cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the Statement of Profit and Loss when the asset is de-recognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

(ii) Fair Value through profit or loss:

Assets that do not meet the criteria for amortised cost or Fair Value through Other Comprehensive Income (FVOCI) are measured at Fair Value through Profit or Loss (FVTPL). A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the statement of profit and loss within other gains / (losses) in the period in which it arises. Interest income from these financial assets is included in other income.

iii) Equity instruments:

Subsequent to initial recognition, the Company measures all investments in equity (except of the subsidiaries / associates) at fair value. Where the company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there will be no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in the Statement of Profit and Loss as other income when the Company's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately. Where the Company elects to measure fair value through profit or loss, changes in the fair value of such financial assets are recognised in the statement of profit and loss.

Investment in subsidiaries / associates:

Investment in subsidiaries / associates are measured at cost less provision for impairment.

iv) Impairment of financial assets:

The company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been significant increase in credit risk. Note 34(A) details how the company determines whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected credit losses to be recognised from initial recognition of the receivables.

v) De-recognition of financial assets:

A financial asset is derecognised only when:

- a) the Company has transferred the rights to receive cash flows from the financial asset or
- b) the Company retains the contractual rights to receive the cash flows of the financial asset, but expects a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised, if the Company has not retained control of the financial asset. Where the company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

x) Borrowings

Borrowings are initially recognised at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction cost) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings, using the effective interest method. Fees paid on the established loan facilities are recognised as transaction cost of the loan, to the extent that it is probable that some or all the facility will be drawn down.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the Statement of Profit and Loss as other gain/(loss).

SUNDARAM-CLAYTON LIMITED

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for over or at least 12 months after the reporting period.

y) Borrowing Cost

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

z) Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants receivable as compensation for expenses or financial support are recognized in profit or loss of the period in which it becomes available.

Government grants relating to the purchase of property, plant and equipment are included in current / non-current liabilities as deferred income and are credited to profit or loss as and when the obligations are fulfilled.

aa) Current and Non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

Cash or cash equivalent is treated as current, unless restricted from being exchanged or used to settle a liability for atleast twelve months after the reporting period. In respect of other assets, it is treated as current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle
- held primarily for the purpose of trading
- expected to be realised within twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when:

- it is expected to be settled in the normal operating cycle
- it is held primarily for the purpose of trading
- it is due to be settled within twelve months after the reporting period, or

SUNDARAM-CLAYTON LIMITED

- there is no unconditional right to defer the settlement of the liability for atleast twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. In Company's considered view, twelve months is its operating cycle.

SUNDARAM-CLAYTON LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2023

2- Property, Plant & Equipment

(Rs In Crores)

Description	Property, Plant & Equipment								
	Freehold land	Lease hold land	Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Vehicles	ROU	Total
	1	2	3	4	5	6	7	7	8
Gross block									
As at 01-04-2022	14.87	45.44	158.15	861.58	8.23	17.16	2.56	52.55	1,160.54
Additions	-	-	0.64	45.14	0.03	4.84	0.42	-	51.07
Sub-total	14.87	45.44	158.79	906.72	8.26	22.00	2.98	52.55	1,211.61
Sales / deletion			-	(5.85)	(0.06)	(1.05)	(0.33)	-	(7.29)
Total	14.87	45.44	158.79	900.87	8.20	20.95	2.65	52.55	1,204.32
Depreciation									
Upto 31-03-2022	-	1.14	32.02	426.22	4.94	11.33	0.86	13.49	490.01
For the year Amortisation	-	0.50	5.56	83.20	0.54	2.43	0.48	6.45	99.16
Sub-total	-	1.64	37.58	509.42	5.48	13.76	1.34	19.94	589.17
Withdrawn on assets sold / deleted	-	-	-	(5.38)	(0.05)	(0.99)	(0.31)		(6.73)
Total	-	1.64	37.58	504.04	5.43	12.77	1.03	19.94	582.44
Net Carrying amount									
As at 31-03-2023	14.87	43.80	121.21	396.83	2.77	8.18	1.62	32.61	621.88
CAPITAL WORK-IN-PROGRESS (AT COST)								2022-23	2021-22
(a) Building								26.85	0.14
(b) Plant & equipment								27.18	7.21
(c) Others								3.10	1.58
Total								57.13	8.93

Ageing of Capital work-in- progress as on 31st March 2023:

Particulars	Amount in Capital work-in-progress for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	56.26	-	0.56	0.31	57.13

2- Property, Plant & Equipment
(Rs In Crores)

Description	Property, Plant & Equipment								
	Freehold land	Lease hold land	Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Vehicles	ROU	Total
	1	2	3	4	5	6	7	7	8
As at 01-04-2021	14.87	45.44	157.19	819.59	8.13	13.53	2.21	51.10	1,112.06
Additions	-	-	0.96	56.09	0.10	3.79	0.51	1.45	62.90
Sub-total	14.87	45.44	158.15	875.68	8.23	17.32	2.72	52.55	1,174.96
Sales / deletion	-	-	-	(14.10)	-	(0.16)	(0.16)	-	(14.42)
Total	14.87	45.44	158.15	861.58	8.23	17.16	2.56	52.55	1,160.54
Depreciation									
Upto 31-03-2021	-	0.64	26.50	350.82	4.22	9.54	0.56	6.78	399.07
For the year			5.52	85.26	0.72	1.94	0.45	6.71	100.60
Amortisation	-	0.50						-	0.50
Sub-total	-	1.14	32.02	436.08	4.94	11.48	1.01	13.49	500.17
Withdrawn on assets sold / deleted	-	-	-	(9.86)		(0.15)	(0.15)		(10.16)
Total	-	1.14	32.02	426.22	4.94	11.33	0.86	13.49	490.01
Net Carrying amount									
As at 31-03-2022	14.87	44.30	126.13	435.36	3.29	5.83	1.70	39.06	670.54

CAPITAL WORK-IN-PROGRESS (AT COST)

	2021-22	2020-21
(a) Building	0.14	0.10
(b) Plant & equipment	7.21	9.43
(c) Others	1.58	2.08
Total	8.93	11.61

Ageing of Capital work-in- progress as on 31st March 2022:

Particulars	Amount in Capital work-in-progress for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	8.08	0.53	-	0.32	8.93

SUNDARAM-CLAYTON LIMITED	
NOTES TO BALANCE SHEET AS AT 31.03.2023	
3 - Intangible Assets:	
(Rs in Crores)	
Description	Software
Gross block	
As at 01-04-2022	8.98
Additions	0.89
Sub-total	9.87
Sales / deletion	(0.85)
Total	9.02
Depreciation	
Upto 31-03-2022	8.36
For the year	0.78
Amortisation	
Sub-total	9.14
Withdrawn on	(0.85)
assets sold / deleted	
Total	8.29
Net Carrying amount	
As at 31-03-2023	0.73
Description	Software
Gross block	
As at 01-04-2021	8.07
Additions	0.91
Sub-total	8.98
Sales / deletion	-
Total	8.98
Depreciation	
Upto 31-03-2021	7.72
For the year	
Amortisation	0.64
Sub-total	8.36
Withdrawn on	
assets sold / deleted	
Total	8.36
Net Carrying amount	
As at 31-03-2022	0.62

SUNDARAM-CLAYTON LIMITED									
NOTES TO BALANCE SHEET AS AT 31.03.2023									
4(a) Non Current Investments									
Sl. No.	Name of the body corporate	Subsidiary / associate	No. of shares / units		Face Value	Currency	Partly paid / fully paid	(Rs In Crores)	
			As at 31-03-2023	As at 31-03-2022				As at 31-03-2023	As at 31-03-2022
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
(a)	Investment in Equity Instruments fair valued through OCI								
	Unquoted :								
(i)	Green Infra BTV Limited, New Delhi (formerly known as TVS Energy Limited) @		45,00,000	45,00,000	10.00	INR	Fully paid	4.50	4.50
(i)	Sai Regency Power Corporation Private Limited, Chennai @		3,75,000	3,75,000	10.00	INR	Fully paid	0.38	0.38
(iii)	Adyar Property Holding Company Limited, Chennai (Cost Rs.6,825) @		105	105	100.00	INR	Partly paid	-	-
	Private equity instruments #:								
(iv)	TVS Shriram Growth fund 3 of TVS Capital Funds Limited, Chennai		1,71,600	1,00,000	1,000.00	INR		25.00	14.56
	Investments in Equity Instruments at Cost								
	Quoted:								
(v)	TVS Motor Company Limited, Chennai	Subsidiary	23,87,82,786	23,87,82,786	1.00	INR	Fully paid	17.16	17.16
	Unquoted:								
(vi)	Sundaram-Clayton (USA) Limited, Illinois, USA (Cost Rs.5,572)	Subsidiary	100	100	1.00	USD	Fully paid	-	-
(vii)	Sundaram Holding USA Inc., Delaware, USA	Subsidiary	9,77,00,000	4,63,50,000	1.00	USD	Fully paid	684.97	333.69
(viii)	TVS Training and Services Limited, Chennai	Associate	19,06,709	27,63,359	10.00	INR	Fully paid	1.90	2.76
(ix)	Sundram Non Conventional Energy Systems Limited, Chennai	Associate	1,17,650	1,17,650	10.00	INR	Fully paid	0.12	0.12
(x)	TVS Credit Services Limited, Chennai	Subsidiary	52,66,650	21,80,250	10.00	INR	Fully paid	74.11	17.01
(xi)	Sundaram-Clayton DCD Limited (Cost Rs.25,000)	Subsidiary	2,500	2,500	10.00	INR	Fully paid	-	-
(xii)	Sundaram-Clayton Gmbh (Cost Euro 25000)	Subsidiary	25,000	-	1.00	EURO	Fully paid	0.23	-
	Total value of Equity Instruments (a)							808.37	390.18
(b)	Other non-current Investments								
(i)	ICICI Prudential Life Insurance Group Superannuation Fund, Mumbai					INR	Fully paid	2.25	2.56
(ii)	Life Insurance Corporation Pension Policy, Chennai					INR	Fully paid	8.65	10.95
(iii)	Tulsyan NEC Limited, Chennai @		1,63,125	1,63,125	10.00	INR	Fully paid	0.50	0.50
(iv)	Nagai Power Private Limited,		1,33,010	1,33,010	10.00	INR	Fully paid	0.13	0.13
	Total value of Other non-current Investments (b)							11.53	14.14
	Total (a) + (b)							819.90	404.32
(4b)	Current Investments: (Quoted)								
(i)	IDFC Mutual Fund		6,618.48	-	10.00	INR	Fully paid	0.79	-
(ii)	SBI Mutual Fund		39,917.62	-	10.00	INR	Fully paid	10.85	-
	Total value of Current Investment							11.64	-
	Total (4a) + (4b)							831.54	404.32
	Aggregate amount of quoted investments and market value thereof							25,733.32	14,939.45
	Aggregate amount of unquoted investments							802.74	387.16
	Aggregate amount of impairment in value of investments							-	-
	Total							26,536.06	15,326.61

* All investments are fully paid up except investment in Adyar Property Holding Company Limited, Chennai.

The values have been arrived using the management's best estimate of the fair value of the fund. These values may not materially differ from the actuals.

@ Cost treated as Fair value

5	Other Financial Assets	As at 31-03-2023	As at 31-03-2022			
	Non-current					
	Rental deposits	10.32	9.87			
	Derivatives (Forwards,POS,Call spread,IRS)	-	3.54			
	Total	10.32	13.41			
	Current					
	Unsecured, Considered Good :					
	Employee Advances	2.85	3.16			
	Interest accrued on deposits/investments	9.89	8.61			
	Claims receivable	1.12	1.65			
	Derivatives (Forwards,POS,Call spread,IRS)	5.98	1.55			
	Duty Drawback receivable	0.79	1.88			
	Total	20.63	16.85			
6	Deferred tax liabilities / (assets)					
	The balance comprises temporary differences attributable to:					
	Particulars	As at 31-03-2023	As at 31-03-2022			
	Depreciation	33.64	40.24			
	Employee benefits	(7.64)	(10.84)			
	Financial assets & Financial liabilities	(7.85)	(4.93)			
	Others (Including Carried forward loss)	-	(0.83)			
	Total deferred tax liabilities / (assets)	18.15	23.64			
	Movement in deferred tax liabilities / (assets)					
	Particulars	Depreciation	Employee benefits	Financial assets & Financial liabilities	Others (Including Carried forward loss)	Total
	At April 1, 2021	47.69	(8.17)	0.77	(16.90)	23.39
	Charged/(credited):					
	- to statement of profit and loss	(7.45)	0.58	(7.91)	16.07	1.29
- to other comprehensive income	-	(3.25)	2.21		(1.04)	
At March 31, 2022	40.24	(10.84)	(4.93)	(0.83)	23.64	
Charged/(credited):						
- to statement of profit and loss	(6.60)	3.27	(4.13)	0.83	(6.63)	
- to other comprehensive income		(0.07)	1.21		1.14	
At March 31, 2023	33.64	(7.64)	(7.85)	(0.00)	18.15	

7	Other non-current assets	As at 31-03-2023	As at 31-03-2022
	Capital advances	16.12	0.13
	Advances - other than capital advances:		
	Statutory and other deposits	12.86	9.34
	Prepaid expenses	15.34	9.30
	Total other non-current assets	44.31	18.77

8	Inventories (at weighted average cost or net realisable value whichever is less)	As at 31-03-2023	As at 31-03-2022
	Raw materials and components	21.48	22.76
	Goods-in-transit - Raw materials and components	-	0.20
	Work-in-process	27.86	34.05
	Finished goods	185.28	194.42
	Stores and spares	113.43	119.92
	Total Inventories	348.05	371.35

9	Trade receivables (Refer Note 36(vii))	As at 31-03-2023	As at 31-03-2022
	Secured, considered good	-	-
	Unsecured, considered good	279.83	288.57
	Doubtful	8.41	1.91
	Unsecured, considered good	288.24	291.90
	Less: Loss Allowance	8.41	3.60
	Total Trade Receivables	279.83	288.30

Ageing for trade receivables as on 31.03.2023

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
(i) Undisputed trade receivables - Considered good	261.02	26.87	0.35	-	-	288.24
(ii) Undisputed trade receivables - Which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed trade receivables - Credit impaired	-	-	-	-	-	-
(iv) Disputed trade receivables - Considered good	-	-	-	-	-	-
(v) Disputed trade receivables - Which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed trade receivables - Credit impaired	-	-	-	-	-	-
Total	261.02	26.87	0.35	-	-	288.24

SUNDARAM-CLAYTON LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2023

13 - Share Capital

(a) **Details of authorised, issued and subscribed share**
(i) **Equity Share Capital**

Particulars	As at 31-03-2023		As at 31-03-2022	
	Number	Rs in Crores	Number	Rs in Crores
<u>Authorised Capital</u> Equity Shares of Rs.5/- each	5,00,00,000	25.00	5,00,00,000	25.00
<u>Issued, Subscribed & Paid up Capital</u> Equity Shares of Rs.5/- each fully paid	2,02,32,085	10.12	2,02,32,085	10.12
	2,02,32,085	10.12	2,02,32,085	10.12

(ii) **Preference Share Capital**

Particulars	As at 31-03-2023		As at 31-03-2022	
	Number	Rs in Crores	Number	Rs in Crores
<u>Authorised Preference share Capital</u> Preference Shares of Rs.10/- each	2,50,00,00,000	2,500.00	-	-
<u>Issued, Subscribed & Paid up Capital</u> 9% Cumulative Non-convertible Redeemable Preference Shares Rs.10/- each fully paid (NCRPS)	2,34,69,21,860	2,346.92		
	2,34,69,21,860	2,346.92	-	-

Note: The company has issued Bonus NCRPS by utilising the reserves as per Composite Scheme of Arrangement (Refer 36 x), the same has been accounted as financial liability as per "Ind AS -32 Financial Instruments: Presentation" and disclosure under Current borrowings (refer note: 17)

(b) **Reconciliation of shares outstanding at the beginning and at the end of the year**
(i) **Equity Share Capital**

Particulars	As at 31-03-2023		As at 31-03-2022	
	Number	Rs in Crores	Number	Rs in Crores
Shares outstanding at the beginning of the year	2,02,32,085	10.12	2,02,32,085	10.12
Shares Issued during the year	-	-	-	-
Shares outstanding at the end of the year	2,02,32,085	10.12	2,02,32,085	10.12

(ii) **Preference Share Capital**

Particulars	As at 31-03-2023		As at 31-03-2022	
	Number	Rs in Crores	Number	Rs in Crores
Shares outstanding at the beginning of the year	-	-	-	-
Shares Issued during the year	2,34,69,21,860	2,346.92	-	-
Shares outstanding at the end of the year	2,34,69,21,860	2,346.92	-	-

SUNDARAM-CLAYTON LIMITED						
NOTES TO BALANCE SHEET AS AT 31.03.2023						
14 - Other equity						
Particulars	As at 31-03-2023	As at 31-03-2022				
General reserve	-	224.84				
Securities Premium reserve	36.42	36.42				
Retained earnings	650.74	2,622.28				
Other reserves	13.27	6.70				
Total reserves and surplus	700.43	2,890.24				
15 - Long Term Borrowings (Rs In Crores)						
Description	Security	No. of instal-ments due	Frequency	Maturity	As at 31-03-2023	As at 31-03-2022
<u>Secured:</u>						
Rupee Term loan I	First and exclusive charge on specific plant and equipments of the Company.	NA	Quarterly	Dec-22	-	24.92
Foreign Currency Non-resident Borrowings (FCNR(B)) I		NA	Half yearly	Sep-22	-	15.16
External Commercial Borrowing II (ECB II)		4	Quarterly	Feb-24	40.72	75.43
State owned corporation		1	Bullet payment	Apr-31	8.12	7.51
Rupee Term loan II	First and pari passu charge on plant and equipments of the Company.	17	Quarterly	Dec-28	75.00	-
Foreign Currency Non-resident Borrowings (FCNR(B)) III	Hypothecation of all current assets	19	Quarterly	Dec-27	114.50	134.25
<u>Unsecured :</u>						
Non Convertible Debentures		2	Yearly	Aug-25	99.85	99.70
Rupee Term loan III		18	Quarterly	Sep-27	175.98	185.14
Total Borrowings :					514.16	542.11
Less : Current Maturities of long-term borrowings (Refer Note No. 17)					85.25	107.25
Total Long-term Borrowings					428.91	434.86
Amount payable in each instalment other than bullet repayments:						
Description	Currency	Amount			Interest	
Rupee Term loan I	INR	8.34 Crores			MCLR plus Margin	
Rupee Term loan II	INR	Structured instalments			3M Tbill + Margin	
Rupee Term loan III	INR	Structured instalments			MCLR plus Margin	
Foreign Currency Non-resident Borrowings (FCNR(B)) I	USD	2 Million			Overnight LIBOR plus Margin	
Foreign Currency Non-resident Borrowings (FCNR(B)) III	USD	Structured instalments			1 year LIBOR plus margin	
External Commercial Borrowing II (ECB II)	USD	1.25 Million			3 Month LIBOR plus Margin	
Non Convertible Debentures	INR	50 Crores - from Aug-24			7.65%	

SUNDARAM-CLAYTON LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2023

(Rs In Crores)

16	Provisions				
		As at 31-03-2023		As at 31-03-2022	
Particulars		Current	Non-current	Current	Non-current
Employee benefits (Refer Note 32)					
(a) Pension		2.91	22.78	13.99	14.66
(b) Leave salary		0.77	7.04	1.17	7.82
(c) Gratuity		-	-	-	5.48
		3.68	29.82	15.16	27.96
Others					
(a) Warranty		3.84	-	3.21	-
(b) Disputed tax provided for		2.33	-	2.01	-
Total		9.85	29.82	20.38	27.96
Particulars				Warranty	Disputed tax provided for
Opening balance as on 01.04.2022				3.21	2.01
Additional provisions made during the year				0.63	0.32
Amounts utilised				-	-
Closing balance as on 31.03.2023				3.84	2.33
17	Financial Liabilities - Borrowings (Current)				
Particulars		As at 31-03-2023		As at 31-03-2022	
Repayable on demand from banks					
Secured		99.43		66.97	
Unsecured		56.02		123.56	
Current maturities of Long term borrowings		85.25		107.25	
234,69,21,860 - 9% Cumulative Non-convertible Redeemable Preference Shares (Refer Note 13(a)(ii))		2,346.92		-	
Total Borrowings under Current Liabilities		2,587.62		297.78	

Details of securities created for secured loans repayable on demand:

First charge by way of hypothecation and / or pledge of all current assets viz., inventories of raw materials, semi finished and finished goods, stores and spares, bills receivable, book debts and all other current assets

18	Trade payables	As at 31-03-2023	As at 31-03-2022			
	Current					
	Dues to Micro and Small Enterprises **	25.02	20.62			
	Dues to enterprises other than Micro and Small Enterprises	364.72	335.48			
	Total Trade payables	389.74	356.10			
** Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. The entire closing balance represents the principal amount payable to these enterprises. There are no undisputed overdues on Principal and no interest due or outstanding. Refer Note - 36(vi)						
Ageing for Trade Payables as on 31.03.2023						
Particulars		Outstanding for following periods from due date of payment				
		Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
MSME		24.87	-		-	24.87
Others		362.10	0.91	0.13	1.58	364.72
Disputed Dues - MSME		-	0.15	-	-	0.15
Disputed Dues - Others		-	-	-	-	-
Total		386.97	1.06	0.13	1.58	389.74
Ageing for Trade Payables as on 31.03.2022						
Particulars		Outstanding for following periods from due date of payment				
		Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
MSME		20.35	-	-	-	20.35
Others		332.57	0.89	2.02	-	335.48
Disputed Dues - MSME		-	0.27	-	-	0.27
Disputed Dues - Others		-	-	-	-	-
Total		352.92	1.16	2.02	-	356.10
19	Other financial liabilities	As at 31-03-2023	As at 31-03-2022			
	Non-current					
	Derivatives	-	0.71			
		-	0.71			
	Current					
	Interest accrued but not due on loans	11.61	7.09			
	Unpaid Dividends	1.22	1.27			
	Dividend declared but not paid	0.15	89.02			
	Employee related liabilities	43.77	17.89			
	Liabilities for expenses	0.06	1.06			
	Derivatives	0.37	0.18			
	Total other current financial liabilities	57.18	116.51			
	Other current liabilities	As at 31-03-2023	As at 31-03-2022			
	Statutory dues	1.56	2.20			
Advance received from customers	17.80	13.35				
Government Grant - Deferred income	1.52	1.17				
Total other current liabilities	20.88	16.72				

SUNDARAM-CLAYTON LIMITED

NOTES TO STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2023

(Rs In Crores)

21	Revenue from operations	Year ended 31-03-2023	Year ended 31-03-2022
	Sale of products	1,979.66	1,648.67
	Sale of services	66.07	57.72
	Other operating revenue	28.23	36.88
	Total revenue	2,073.96	1,743.27
22	Other income	Year ended 31-03-2023	Year ended 31-03-2022
	Dividend income		
	(i) From subsidiary	119.39	89.54
	(ii) From others	0.88	0.35
	Interest income	1.64	1.16
	Gain on foreign currency transactions and translation	8.89	2.42
	Net gain on sale of Investments	1.66	-
	Profit on sale of Property, Plant & Equipment	0.30	0.12
	Total other income	132.76	93.59
23	Cost of Materials consumed:	Year ended 31-03-2023	Year ended 31-03-2022
	Opening stock of raw materials and components	22.76	24.66
	Add: Purchases	1,100.32	940.53
		1,123.08	965.19
	Less: Closing stock of raw materials and components	21.48	22.76
	Consumption of raw materials and components	1,101.60	942.43
24	Changes in inventories of finished goods, work-in-process and Stock-in-Trade:		
	Opening stock:		
	Work-in-process	34.05	22.44
	Finished goods	194.42	129.52
	Total - (A)	228.47	151.96
	Closing stock:		
	Work-in-process	27.86	34.05
	Finished goods	185.28	194.42
	Total - (B)	213.14	228.47
	Total (A)-(B)	15.33	(76.51)
25	Employee benefit expense (Refer Note 32)	Year ended 31-03-2023	Year ended 31-03-2022
	Salaries, wages and bonus	186.08	159.29
	Contribution to provident and other funds	11.60	10.94
	Welfare expenses	36.95	35.90
	Total employee benefit expense	234.63	206.13

SUNDARAM-CLAYTON LIMITED

NOTES TO STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2023

(Rs In Crores)

26	Finance Costs	Year ended	Year ended
		31-03-2023	31-03-2022
	Interest	43.45	41.53
	Interest on lease liabilities	2.09	2.99
	Other borrowing costs	0.28	0.39
	Total finance costs	45.82	44.91
27	Depreciation and amortisation expense	Year ended	Year ended
		31-03-2023	31-03-2022
	Depreciation on Property, Plant and Equipment	98.66	100.60
	Amortisation on Intangible assets	0.78	0.64
	Amortisation on leasehold land	0.50	0.50
	Total depreciation and amortisation expense	99.94	101.74
28	Other expenses *	Year ended	Year ended
		31-03-2023	31-03-2022
	(a) Consumption of stores, spares and tools	73.64	69.62
	(b) Power and fuel	129.00	107.48
	(c) Repairs - buildings	21.38	16.44
	(d) Repairs - plant and equipment	44.24	43.39
	(e) Repairs - others	0.92	0.66
	(f) Insurance	9.02	7.69
	(g) Rates and taxes (excluding taxes on income)	4.82	2.91
	(h) Audit fees (Refer note 36(iii))	0.75	0.65
	(i) Packing and freight charges	98.44	109.97
	(j) Warehousing charges	18.91	16.08
	(k) Loss on sale of Property, plant & equipment	-	3.89
	(l) Decrease in Fair value of Financial Assets	-	0.40
	(m) Corporate social responsibility expenditure (Refer Note 36(iv))	0.45	0.20
	(n) Miscellaneous expenses (under this head there is no expenditure which is in excess of 1% of revenue from operations or Rs.10 lakh, whichever is higher)	71.86	60.89
	Total other expenses	473.43	440.27
* Net of recoveries and claims made			
28A	Exceptional items	Year ended	Year ended
		31-03-2023	31-03-2022
	Share sale proceeds	-	2,094.43
	Interest income on share sale proceeds re-invested	111.87	47.92
	Interest expenses of Cumulative Non-convertible Bonus Redeemable Preference Shares	(4.05)	-
	Covid expenditure	-	(6.32)
	One time voluntary separation costs	(17.10)	(13.43)
	Total exceptional items	90.72	2,122.60
29	Current Tax	Year ended	Year ended
		31-03-2023	31-03-2022
	Current tax on profits for the year	64.02	22.55
	Adjustments for current tax of prior periods	(3.81)	(0.04)
	Total current tax	60.21	22.51

SUNDARAM-CLAYTON LIMITED

NOTES TO STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2023

(Rs In Crores)

30	Deferred tax	Year ended 31-03-2023	Year ended 31-03-2022
	Decrease (increase) in deferred tax assets	11.15	14.42
	(Decrease) increase in deferred tax liabilities	(17.78)	(13.13)
	Total deferred tax expense / (benefit)	(6.63)	1.29
Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:			
	Particulars	Year ended 31-03-2023	Year ended 31-03-2022
	Profit before tax expense	326.69	2,300.49
	Tax at the Indian tax rate of 25.17%	82.23	579.03
	Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
	Dividend Income	(30.27)	(22.63)
	Profit on sale of investment with no tax outflow	-	(527.17)
	Expenses wholly/partially not allowed for deductions	1.96	-
	Tax Relating to Earlier Years	(3.81)	(0.04)
	Other items	3.47	(5.39)
	Tax expense / (benefit)	53.58	23.80
31	Earnings per share		
	Particulars	Year ended 31- 03-2023	Year ended 31- 03-2022
	(a) Basic and diluted earnings per share		
	Basic and diluted earnings per share attributable to the equity holders of the Company (Rs.)	134.99	1,125.29
	(b) Earnings used in calculating earnings per share		
	<i>Basic and diluted earnings per share</i>		
	Profit attributable to equity holders of the company used in calculating basic earnings per share	273.11	2,276.69
	(c) Weighted average number of equity shares used as the denominator in calculating basic earnings per share	2,02,32,085	2,02,32,085
Earnings Per Share (EPS) of Rs. 134.99 (previous year - Rs. 1,125.29) as given above is after including the exceptional income of Rs. 111.87 Crores (previous year - Rs. 2,142.35 Crores). Excluding the exceptional income, EPS is Rs. 93.61 (Previous year - Rs. 66.39).			

SUNDARAM-CLAYTON LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2023

(Rs In Crores)

32 - Employee benefit obligations

Particulars	March 31, 2023			March 31, 2022		
	Current	Non-current	Total	Current	Non-current	Total
Pension	2.91	22.78	25.69	13.99	14.66	28.65
Leave Salary	0.77	7.04	7.81	1.17	7.82	8.99
Gratuity	-	-	-	-	5.48	5.48
Total employee benefit obligations	3.68	29.82	33.50	15.16	27.96	43.12

Amount recognised in the Balance sheet and the movements in the net defined benefit obligation / other employee benefits over the years are as follows:

Particulars	Gratuity			Pension			Leave Salary		
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2021	22.92	22.95	(0.03)	24.90	-	24.90	7.62	-	7.62
Current service cost	1.83	-	1.83	-	-	-	-	-	-
Interest expense/(income)	1.73	1.53	0.20	1.36	-	1.36	0.49	-	0.49
Experience (gains)/losses	-	-	-	-	-	-	-	-	-
(Gain)/loss from change in financial assumptions	-	-	-	-	-	-	-	-	-
Total amount recognised in statement of profit and loss	3.56	1.53	2.03	1.36	-	1.36	0.49	-	0.49
<i>Remeasurements</i>									
Return on plan assets, excluding amounts included in interest expense/(income)	-	(1.44)	1.44	-	-	-	-	-	-
(Gain)/loss from change in demographic assumptions	-	-	-	-	-	-	-	-	-
(Gain)/loss from change in financial assumptions	(0.85)	-	(0.85)	(2.53)	-	(2.53)	(0.24)	-	(0.24)
Experience (gains)/losses	2.89	-	2.89	6.10	-	6.10	5.45	-	5.45
Total amount recognised in other comprehensive income	2.04	(1.44)	3.48	3.57	-	3.57	5.21	-	5.21
Employer contribution	-	-	-	-	-	-	-	-	-
Benefit payments	(3.13)	(3.13)	-	(1.18)	-	(1.18)	(4.33)	-	(4.33)
March 31, 2022	25.39	19.91	5.48	28.65	-	28.65	8.99	-	8.99

SUNDARAM-CLAYTON LIMITED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2023 32 - Employee benefit obligations									
(Rs In Crores)									
Amount recognised in the Balance sheet and the movements in the net defined benefit obligation / other employee benefits over the years are as follows:									
Particulars	Gratuity			Pension			Leave Salary		
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2022	25.39	19.91	5.48	28.65	-	28.65	8.99	-	8.99
Current service cost	1.61	-	1.61	-	-	-	-	-	-
Interest expense/(income)	1.86	1.69	0.17	1.81	-	1.81	0.54	-	0.54
Experience (gains)/losses	-	-	-	-	-	-	-	-	-
(Gain)/loss from change in financial assumptions	-	-	-	-	-	-	-	-	-
Total amount recognised in statement of profit and loss	3.47	1.69	1.78	1.81	-	1.81	0.54	-	0.54
<i>Remeasurements</i>									
Return on plan assets, excluding amounts included in interest expense/(income)	-	(1.20)	1.20	-	-	-	-	-	-
(Gain)/loss from change in demographic assumptions	-	-	-	-	-	-	-	-	-
(Gain)/loss from change in financial assumptions	0.95	-	0.95	(1.24)	-	(1.24)	0.06	-	0.06
Experience (gains)/losses	(2.33)	-	(2.33)	(0.90)	-	(0.90)	2.52	-	2.52
Total amount recognised in other comprehensive income	(1.38)	(1.20)	(0.18)	(2.14)	-	(2.14)	2.58	-	2.58
Employer contribution	-	10.17	(10.17)	-	-	-	-	-	-
Benefit payments	(2.85)	(2.85)	-	(2.64)	-	(2.64)	(4.30)	-	(4.30)
March 31, 2023	24.63	27.73	(3.10)	25.69	-	25.69	7.81	-	7.81

32 - Employee benefit obligations

(i) Post-Employment benefits

Significant estimates: actuarial assumptions and sensitivity
The significant actuarial assumptions were as follows:

Details	Gratuity		Pension		Leave Salary	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Discount rate	7.22%	7.36%	7.15%	5.50%	7.20%	7.31%
Salary growth rate	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Mortality rate	IALM (2006-08) Ultimate					

Assumptions regarding future mortality for pension and medical benefits are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at 58 years.

(ii) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Gratuity	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
Details	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Discount rate	0.50%	0.50%	23.40	24.19	25.95	26.68
Salary growth rate	0.50%	0.50%	25.97	26.69	23.37	24.17
Mortality rate	5.00%	5.00%	24.62	25.38	24.61	25.38

Pension	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
Details	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Discount rate	1.00%	1.00%	23.79	26.34	27.89	31.36
Salary growth rate	1.00%	1.00%	28.02	31.47	23.66	26.22
Mortality rate	5.00%	5.00%	25.32	28.18	26.07	29.14

Leave Salary	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
Details	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Discount rate	0.50%	0.50%	7.49	8.62	8.15	9.38
Salary growth rate	0.50%	0.50%	8.16	9.39	7.48	8.62
Mortality rate	5.00%	5.00%	7.81	8.99	7.81	8.99

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied when calculating the defined benefit liability recognised in the balance sheet.

32 - Employee benefit obligations

(iii) Risk exposure

Through its defined benefit plans, the company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility: The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments are in fixed income securities with high grades and in government securities. These are subject to interest rate risk and the fund manages interest rate risk with derivatives to minimise

Changes in bond yield: A decrease in bond yields will increase plan liabilities, although this will be partially offset by an yields increase in the value of the plans' bond holdings.

Inflation risks: In the pension plans, the pensions in payment are not linked to inflation, so this is a less material risk.

Life expectancy: The pension plan obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

Defined contribution plans:

The Company's contribution to defined contribution plan i.e., provident fund of Rs. 6.75 crores (previous year Rs.6.68 crores) has been recognised in the Statement of Profit and Loss.

SUNDARAM-CLAYTON LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2023
FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

33 - Fair value measurements

(Rs In Crores)

Financial instruments by category	March 31, 2023			March 31, 2022		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments						
- Equity instruments	-	29.88	778.49	-	19.44	370.74
- Others	11.64	-	11.53	-	-	14.14
Trade receivables	-	-	279.83	-	-	288.30
Balances with Banks	-	-	2,029.65	-	-	2,398.33
Derivative financial assets	5.98	-	-	5.09	-	-
Security deposits	-	-	10.32	-	-	9.87
Other financial assets	-	-	14.77	-	-	15.41
Total financial assets	17.62	29.88	3,124.58	5.09	19.44	3,096.79
Financial liabilities						
Trade payables	-	-	389.74	-	-	356.10
Borrowings - Current	-	-	2,502.37	-	-	190.53
Borrowings - Non Current	-	-	428.91	-	-	434.86
Current Maturities of long term borrowings	-	-	85.25	-	-	107.25
Derivative financial liabilities	-	0.37	-	-	0.89	-
Lease Liabilities	-	-	20.53	-	-	32.70
Other financial liabilities	-	-	56.81	-	-	116.33
Total financial liabilities	-	0.37	3,483.61	-	0.89	1,237.77

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

At 31 March 2023	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at FVTPL:					
Derivative financial asset	5	-	17.62	-	17.62
Financial assets at FVOCI:					
<u>Investments</u>					
- Equity instruments	4	-	25.00	4.88	29.88
- Others		-	-	-	-
Derivative financial asset	5	-	-	-	-
Total financial assets		-	42.62	4.88	47.50
Financial liabilities					
Financial liabilities at FVTPL:					
Derivative financial liability	19	-	-	-	-
Financial liabilities at FVOCI:					
Derivative financial liability	19	-	0.37	-	0.37
Total financial liabilities		-	0.37		0.37

SUNDARAM-CLAYTON LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2023
FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

33 - Fair value measurements

(Rs In Crores)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

At 31 March 2023	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
<u>Investments</u>					
Equity instruments	4	17.16	-	761.10	778.26
Others	4	-	-	11.53	11.53
Total financial assets		17.16	-	772.63	789.79
Financial Liabilities					
Borrowings	15,17	-	-	3,016.53	3,016.53
Total financial liabilities		-	-	3,016.53	3,016.53

Financial assets and liabilities measured at fair value - recurring fair value measurements

At 31 March 2022	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
<u>Financial Investments at FVTPL:</u>					
Derivative financial asset	5	-	5.09	-	5.09
<u>Financial Investments at FVOCI:</u>					
<u>Investments</u>					
- Equity instruments	4	-	14.56	4.88	19.44
- Others		-	-	-	-
Derivative financial asset	5	-	-	-	-
Total financial assets		-	19.65	4.88	24.53
Financial liabilities					
<u>Financial Investments at FVTPL:</u>					
Derivative financial liability	19	-	-	-	-
<u>Financial Investments at FVOCI:</u>					
Derivative financial liability	19	-	0.89	-	0.89
Total financial liabilities		-	0.89	-	0.89

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

At 31 March 2022	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
<u>Investments</u>					
Equity instruments	4	17.16	-	353.58	370.74
Others	4	-	-	14.14	14.14
Total financial assets		17.16	-	367.72	384.88
Financial Liabilities					
Borrowings	15,17	-	-	732.64	732.64
Total financial liabilities		-	-	732.64	732.64

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There are no transfers between levels 1 and 2 during the year.

The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of interest rate swaps is calculated as the present value of estimated cash flows based on observable yield curves.
- the fair value of forward exchange contract and principle only swap is determined using forward exchange rate at the balance sheet date.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

FVTPL - Fair value through statement of Profit and Loss; FVOCI - Fair value through Other Comprehensive Income.

SUNDARAM-CLAYTON LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2023
FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

34 - Financial risk management

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements.

Risk	Exposure arising from	Risk Parameters and Mitigation
Market Risk - Foreign exchange		i) The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions. ii) Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). iii) The risk is measured through a forecast of highly probable foreign currency cash flows. The Company has a forex management policy which is duly approved by the Board. iv) The objective of the hedges when taken is to minimise the volatility of the INR cash flows of highly probable forecast transactions.
Market Risk - Interest rate	Foreign currency denominated borrowings	i) The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow risk. ii) Company's policy is to maintain most of its borrowings at fixed rate using interest rate swaps. The Company's fixed rate borrowings are carried at amortised cost. iii) Foreign currency borrowings are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.
Liquidity risk	Borrowings (Other than soft loans given by Govt. Authorities)	i) The company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans. ii) The Company prepares a detailed annual operating plans to assess the fund requirements - both short term and long term. iii) Detailed month wise cash flow forecast is also carried out along with required sensitivities. Based on these factors adequate working capital credit limits are organised in advance. iv) Company has pre-approved credit lines with various banks and these are constantly reviewed and approved by the Board. v) For long term fund requirements, Company targets various options such as rupee term loan, external commercial borrowing, debentures etc. vi) The Company obtains a credit rating for the various borrowing facilities on annual basis. Company constantly monitors the free cashflow from operations to ensure that the borrowings are minimized.
Credit Risk		i) Credit risk primarily arises from cash and cash equivalents, trade receivables and investments carried at amortised cost. ii) The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. iii) To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. iv) It considers available reasonable and supportive forward-looking information (more specifically described below). v) A default on a financial asset is when the counterparty fails to make contractual payments within 180 days of when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.
a.	Cash and Cash Equivalents	Surplus cash is deposited only with banks / financial institutions with a high external credit rating.
b.	Domestic Trade Receivables	i) The Company extends credit to the customers and such extension of credit is based on customers' credit worthiness, ability to repay and past track record. ii) The Company has extensive reporting systems and review to constantly monitor the receivables.
c.	Export Trade Receivables	The Company's export customers are Original Equipment Manufacturers with high credit rating. Export receivables are also covered through Insurance with Export Credit Guarantee Corporation of India Limited.
Risk	Exposure arising from	Risk Parameters and Mitigation
	Export trade receivables and Import Payables	i) The company has a forex management policy duly approved by the Board. The Company's policy is to hedge most of its net currency exposure. ii) Company reviews the forex exposure on a regular basis and also reports its adherence to the Board on a quarterly basis. The recording and reporting requirements are strictly adhered.
	Foreign currency denominated borrowings	The company has hedged its borrowings by covering the principal repayments using Principal Only Swaps and cost reduction structure viz., Call Spread under the approved Forex management policy.

SUNDARAM-CLAYTON LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2023
FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

34 - Financial Risk Management - (Continued)

(A) Credit risk

Basis of recognition of expected credit loss & providing for such loss

Basis of recognition of expected credit loss & providing for such loss					
Rating	Category	Description of category	Investments	Loans and deposits	Trade receivables
1	High Quality assets, negligible credit risk	Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil.	12 month expected credit losses	12 month expected credit losses	Life time expected credit losses (simplified approach)
2	Quality assets, low credit risk	Assets where there is low risk of default and where the counter-party has sufficient capacity to meet the obligations and where there has been low frequency of defaults in the past.			
3	Standard Assets, moderate credit risk	Assets where the probability of default is considered moderate and where the counter-party's capacity to meet the obligations is not strong.			
4	Substandard Assets, relatively high credit risk	Assets where there has been a significant increase in credit risk since initial recognition.	Life time expected credit losses		
5	Low quality assets, very high credit risk	Assets where there is a high probability of default. Also includes assets where the credit risk of counter-party has increased significantly though payments may not be more than 180 days past due.			
6	Doubtful assets, credit impaired	Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in statement of profit and loss.	Asset is written off		

SUNDARAM-CLAYTON LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2023
FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

34 - Financial Risk Management - (Continued)

31-Mar-23

(Rs In Crores)

a). Expected credit loss for investments, loans and other financial assets

Particulars	Internal rating	Assets/Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	1	Investments at amortised cost	11.53	-	-	11.53
	1	Other financial assets	25.09	-	-	25.09

b). Expected credit loss for trade receivables under simplified approach

Particulars	0 to 180 days past due	More than 180 days past due	Total
Gross carrying amount	261.02	27.22	288.24
Expected loss rate	0%	30%	-
Expected credit losses	0.15	8.26	8.41
Carrying amount of trade receivables	260.87	18.96	279.83

31-Mar-22

a). Expected credit loss for investments, loans and other financial assets

Particulars	Internal rating	Assets/Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	1	Investments at amortised cost	14.14	-	-	14.14
	1	Other financial assets	25.28	-	-	25.28

b). Expected credit loss for trade receivables under simplified approach

Particulars	0 to 180 days past due	More than 180 days past due	Total
Gross carrying amount	288.30	3.60	291.90
Expected loss rate	0%	100%	-
Expected credit losses	-	3.60	3.60
Carrying amount of trade receivables	288.30	-	288.30

SUNDARAM-CLAYTON LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2023
FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

34 - Financial Risk Management - (Continued)

Reconciliation of loss allowance provision - Trade receivables

(Rs In Crores)

Loss allowance March 31, 2021	5.77
Changes in loss allowance	(2.17)
Loss allowance March 31, 2022	3.60
Changes in loss allowance	4.81
Loss allowance March 31, 2023	8.41

(B) Liquidity risk

(i) Financing arrangements

The company had access to the following undrawn borrowing facilities at the end of the reporting period:

Floating rate	31 March, 2023	31 March, 2022
- Expiring within one year (bank overdraft and other facilities)	624.55	568.22

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR and have an average maturity ranging from 30 to 180 days.

(ii) Maturities of financial liabilities

The tables below analyse The company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- a) all non-derivative financial liabilities, and
- b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

31-Mar-23

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	19.97	19.97	2,462.43	431.03	83.12	3,016.52
Trade payables	389.74	-	-	-	-	389.74
Lease liabilities	4.37	4.25	7.97	24.76	-	41.35
Other financial liabilities	57.18	-	-	-	-	57.18
Derivatives	-	-	-	-	-	-

31-Mar-22

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	86.03	172.03	46.78	341.07	93.70	739.61
Trade payables	352.92	-	-	2.91	-	355.83
Lease liabilities	3.80	3.67	6.79	18.44	-	32.70
Other financial liabilities	18.95	-	1.27	-	-	20.22
Derivatives	0.07	0.11	-	0.71	-	0.89

SUNDARAM-CLAYTON LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2023
FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

34 - Financial Risk Management - (Continued)

(Rs In Crores)

(C) Market risk

(i) Foreign exchange risk

The company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows

	31-03-2023		31-03-2022	
	USD	EUR	USD	EUR
Financial assets				
Trade receivables	206.45	58.84	148.46	59.91
Derivatives	5.37	0.01	5.01	0.08
Exposure to foreign currency risk (assets)	211.82	58.85	153.47	59.99
Financial liabilities				
Foreign currency loan	40.72	-	224.84	-
Trade payables	3.73	2.69	23.91	0.86
Derivatives	0.02	0.35	0.88	0.01
Exposure to foreign currency risk (liabilities)	44.47	3.04	249.63	0.87
Net Exposure to foreign currency risk assets / (liabilities)	167.35	55.81	(96.16)	59.13

Note: Company has insignificant exposure to other foreign currencies and therefore the foreign currency risk of the same is immaterial

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments

	Impact on profit after tax*		Impact on other components of equity*	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
USD sensitivity				
INR/USD Increases by 10%	12.66	(7.35)	0.02	0.06
INR/USD Decreases by 10%	(12.66)	7.35	(0.02)	(0.06)
EURO sensitivity				
INR/EURO Increases by 10%	4.23	4.48	-	-
INR/EURO Decreases by 10%	(4.23)	(4.48)	-	-

* Holding all other variables constant

SUNDARAM-CLAYTON LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2023
FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

34 - Financial Risk Management - (Continued)

(ii) Interest Rate risk

(Rs In Crores)

For short term borrowings the marginal cost of lending rate of the bank is followed. In respect of foreign currency borrowings for longer period, the interest rates are covered through interest rate swaps (IRS).

	31-Mar-23	31-Mar-22
Variable rate borrowings	331.43	400.59
Fixed rate borrowings	2,685.10	332.05

Sensitivity	Impact on profit after tax	
	31-Mar-23	31-Mar-22
Increase in interest rates by 100 bps	(2.51)	(3.04)
Decrease in interest rates by 100 bps	2.51	3.04

(iii) Price risk

The company's exposure to equity securities price risk arises from investments held by the Company and classified in the balance sheet either as fair value through other comprehensive income or at fair value through statement of profit and loss. To manage its price risk from investments in equity securities, the Company diversifies its portfolio. The impact of the changes in price risk is not material.

(D) Impact of hedging activities

i) Disclosure of effects of hedge accounting on financial position

(a) Disclosure of effects of hedge accounting on financial position as at 31-03-2023

Type of hedge and risks	Nominal value		Carrying amount hedging instrument		Maturity date	Changes in fair value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Foreign exchange forward contracts	261.71	-	0.61	0.37	Apr'23 to Jun'23	0.09	(0.09)
Principal Only Swaps(POS), Interest Rate Swaps(IRS) & Call Spread	-	40.72	5.37	-	Apr'23 to Feb'24	1.33	(1.33)

(b) Disclosure of effects of hedge accounting on financial position as at 31-03-2022

(Rs In Crores)

Type of hedge and risks	Nominal value		Carrying amount hedging instrument		Maturity date	Changes in fair value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Foreign exchange forward contracts	77.48	-	0.17	0.02	Apr'22 to May'22	(1.10)	1.10
Principal Only Swaps(POS) & Interest Rate Swaps(IRS)	-	224.74	4.91	0.87	Apr'22 to Feb'24	(0.92)	0.92

SUNDARAM-CLAYTON LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2023
FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

34 - Financial Risk Management - (Continued)

ii) Disclosure of effects of hedge accounting on financial performance :
for the year ended 31-03-2023 :

(Rs in Crores)

Type of hedge	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedging reserve to statement of profit and loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge : Foreign exchange forward contracts & IRS	0.49	-	(3.66)	-

for the year ended 31-03-2022 :

Type of hedge	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedging reserve to statement of profit and loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge : Foreign exchange forward contracts & IRS	(3.66)	-	(5.90)	-

Movements in Cash flow hedging reserve

Particulars	Forward Contracts	Interest Rate Swap	Total
Closing balance as at March 31, 2021	(0.29)	(5.61)	(5.90)
Change in fair value of hedging instruments	-	4.78	4.78
Reclassification to statement of profit and loss	-	-	-
Deferred tax on the above	-	(2.54)	(2.54)
Closing balance as at March 31, 2022	(0.29)	(3.37)	(3.66)
Change in fair value of hedging instruments	0.66	0.87	1.53
Reclassification to statement of profit and loss	(0.33)	3.34	3.01
Deferred tax on the above	-	(0.39)	(0.39)
Closing balance as at March 31, 2023	0.04	0.45	0.49

SUNDARAM-CLAYTON LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2023
FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

35 - Capital management

(Rs In Crores)

(a) Risk management

The Company's objectives in regard to managing capital are

- safeguard its status as a going concern
- to ensure returns to shareholders
- to ensure benefits to stakeholders

In order to maintain optimum capital structure, the board may

- increase the capital by fresh issue of shares or
- reduce the same by return to equity holders
- vary the equity by increasing or reducing the quantum of dividend

Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:

Net debt divided by total equity

Gearing ratio refers to the level of a company's debt compared to its total equity.

The Company's strategy is to maintain an optimum gearing ratio. The gearing ratios were as follows:

Particulars	31-Mar-23	31-Mar-22
Net Debt	661	728
Total equity (excluding exceptional income arising out of sale of shares)	711	645
Net Debt to equity ratio	0.93	1.13

(b) Dividends

Particulars	31-Mar-23	31-Mar-22
Equity shares :		
Dividend declared for the year ended 31.03.2023 (Rs.59 / share)	119.37	-
Dividend declared for the year ended 31.03.2022 (Rs.44 / share)	-	89.02

SUNDARAM-CLAYTON LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2023

36 - Other Disclosures

(Rs In Crores)

(i) Contingent liabilities

Details	31-Mar-23	31-Mar-22
(i) Claims against the Company not acknowledged as debt		
- Income tax	7.94	4.35
- Service tax/Excise	-	0.58
- Value Added Tax	0.19	0.19
- Goods and Service Tax [#]	59.94	-
(ii) Guarantees excluding Financial Guarantees	-	0.59
(iii) Other money for which the Company is contingently liable	4.47	6.03
Total	72.54	11.74

[#]The company is in the process of filing the appeals with the respective appellate authorities. These appeals are proposed to be filed within the respective due dates.

(ii) Capital commitments

Details	31-Mar-23	31-Mar-22
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	210.65	10.89
(ii) Investments (On commitment for capital contribution to TVS Shriram Growth Fund 3 of TVS Capital Funds Limited, Chennai)	2.84	10.00
Total	213.49	20.89

(iii) Audit Fees

Details	31-Mar-23	31-Mar-22
As statutory auditors	0.58	0.48
Taxation matters	0.10	0.10
Certification matters	0.07	0.07
Total	0.75	0.65

(iv) Expenditure incurred on Corporate Social Responsibility activities:

Details	31-Mar-23	31-Mar-22
(a) Gross amount required to be spent by the company during the year	0.45	0.20
(b) Amount spent during the year in cash:		
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	0.45	0.20
Total	0.45	0.20
(c) Shortfall at the end of the year	-	-
(d) Total of previous years shortfall	-	-
(e) Reason for shortfall	NA	NA
(f) Nature of CSR activities	Economic development, Education, Environment, Health, Infrastructure & Water Conservation	
(g) Details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard	NA	NA
(h) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year	NA	NA

SUNDARAM-CLAYTON LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2023

36 - Other Disclosures

(Rs In Crores)

(v) Segment Reporting:

This disclosure is given as part of consolidated accounts.

(vi)	Trade payables	31-Mar-23	31-Mar-22
	Trade payables include amount due to micro and small scale industrial units	25.02	20.62
	Disclosure under Micro, Small and Medium Enterprises Development Act, 2006	31-Mar-23	31-Mar-22
	(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)	25.02	20.62
	b) Interest (as no amount is overdue)	Nil	Nil
	(ii) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of payment made to the supplier beyond the appointed day during each accounting year.	Nil	Nil
	(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
	(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	Nil	Nil
	(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil

(vii)	Trade Receivables	31-Mar-23	31-Mar-22
	Considered good - Unsecured	288.24	291.90
	Having significant increase in credit risk	-	-
	Credit impaired	-	-
	Total	288.24	291.90
	Loss allowance	8.41	3.60
	Total trade receivables	279.83	288.30

(viii) Leases :

Lease obligations

Details	31-Mar-23	31-Mar-22
Net Debt as at 31st March 2022	32.70	42.89
Cash flows	(14.26)	(13.18)
Deletions(preclosures)	-	-
Interest expenses	2.09	2.99
Net debt as at 31 March 2023	20.53	32.70
Current lease obligation	15.29	14.26
Non current lease obligation	5.24	18.44
Details	2022-23	2021-22
Payment towards short term leases	1.54	2.40
Payment towards low value asset leases	-	-

(ix) Borrowing costs capitalised :

Borrowing cost capitalised during the year Rs. 0.89 Crores (Previous year- Rs. 0.50 Cr)

The capitalisation rate used to determine borrowing costs to be capitalised is weighted average interest rate of 8.20%

SUNDARAM-CLAYTON LIMITED**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2023****36 - Other Disclosures****(Rs In Crores)****(x) Composite scheme of arrangement :**

On February 9, 2022, the board of directors of the Company approved a composite scheme of arrangement (the Scheme) of Sundaram-Clayton Limited ("Transferee Company" or "Demerged Company") and TVS Holdings Private Limited ("Transferor Company 1") and VS Investments Private Limited ("Transferor Company 2") and Sundaram-Clayton DCD Limited ("Resulting Company") subject to necessary approvals of shareholders, creditors, SEBI, Stock Exchanges, National Company Law Tribunal, Chennai, (NCLT), other governmental authorities and third parties as may be required.

During the year under review, NSE and BSE by their respective letter dated July 29, 2022, issued to the Company have conveyed their "No Objection" on the Scheme, and based on their No Objection, the Company filed an application with Hon'ble National Company Law Tribunal, Chennai Bench, ("Hon'ble NCLT") for approval of the Scheme.

Hon'ble NCLT vide their Order dated November 9, 2022, directed to convene the meetings of the Equity Shareholders, Unsecured Creditors of the Company, and Secured Creditors of Transferor Company 2, on December 16, 2022 ("NCLT Convened Meeting") for their approval. Pursuant to the directions of Hon'ble NCLT, the NCLT Convened Meetings were held, and the resolutions were passed with requisite majority. Post the approval of the shareholders and creditors, the Company filed a petition with Hon'ble NCLT, and the Composite Scheme was sanctioned vide its Order dated March 6, 2023.

The Board at its meeting held on March 13, 2023, noted the Hon'ble NCLTs Order and the first part of the Scheme was made effective on March 14, 2023. The Board also authorised the issuance of bonus NCRPS, by fixations of Record Date as March 24, 2023, for the purpose of determining the eligible shareholders of the Company.

The Company has made an application for seeking listing and trading approvals for the above NCRPS to the Stock Exchanges, and the Company has received the in-principle approval of NSE vide its letter dated April 27, 2023 and the approval from BSE is awaited. Further, the listing and trading approvals will be provided, subject to the relaxation granted by SEBI under sub-rule (7) of Rule 19 of Securities Contract (Regulation) Rules, 1957.

SUNDARAM-CLAYTON LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2023
37 - Related party disclosure

LIST OF RELATED PARTIES

- a) Reporting entity:** Sundaram-Clayton Limited, Chennai (SCL)
- b) Holding Company**
- (i) TVS Holdings Private Limited, Chennai
- c) Subsidiaries:**
- (i) TVS Motor Company Limited, Chennai
 - (ii) Sundaram-Clayton (USA) Limited, USA
 - (iii) Sundaram-Clayton DCD Limited, Chennai
 - (iv) Sundaram Holding USA Inc, Delaware, USA
 - (v) Sundaram-Clayton Gmbh, Germany [From 8th February 2023]

Subsidiary companies of TVS Motor Company Limited

- (i) Sundaram Auto Components Limited, Chennai
- (ii) TVS Housing Limited, Chennai
- (iii) TVS Motor Services Limited, Chennai
- (iv) TVS Credit Services Limited, Chennai
- (v) TVS Motor (Singapore) Pte. Limited, Singapore
- (vi) TVS Motor Company (Europe) B.V, Amsterdam
- (vii) PT. TVS Motor Company Indonesia, Jakarta
- (viii) TVS Electric Mobility Limited, Chennai
- (ix) Intellicar Telematics Private Limited, Bengaluru (Intellicar)
[upto 24th May 2022]

Associate companies :

- (i) Sundram Non-Conventional Energy Systems Limited, Chennai
- (ii) TVS Training and Services Limited, Chennai

Associate companies of TVS Motor Company Limited:

- (i) Ultraviolette Automotive Private Limited, Bengaluru
- (ii) Tagbox Solutions Private Limited, Bengaluru
- (iii) Emerald Haven Realty Limited, Chennai
- (iv) DriveX Mobility Private Limited, Coimbatore [From 15th October 2022] (Formerly known as Nkars Mobility Millennial Solutions Private Limited)

Subsidiary companies of TVS Credit Services Limited

- (i) Harita ARC Services Private Limited, Chennai
- Harita Two Wheeler Mall Private Limited, Chennai
- (ii) (Formerly known as TVS Two Wheeler Mall Private Limited, Chennai)
- (iii) TVS Housing Finance Private Limited, Chennai

SUNDARAM-CLAYTON LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2023
37 - Related party disclosure

LIST OF RELATED PARTIES

Subsidiary companies of TVS Motor (Singapore) Pte Limited

- (i) The Norton Motorcycle Co Limited, UK
- (ii) TVS Digital Pte Limited, Singapore
- (iii) The GO Corporation, Switzerland (GO AG),
- (iv) Swiss E-mobility (Group) Holding AG, Switzerland
- (v) EBCO Limited, UK [From 1st April 2022]
- (vi) Celerity Motor GmbH, Germany [From 06th December 2022]

Subsidiary companies of Sundaram Holding USA Inc, Delaware, USA

- (i) Green Hills Land Holding LLC, USA
- (ii) Component Equipment Leasing LLC, USA
- (iii) Sundaram-Clayton USA LLC, USA
- (iv) Premier Land Holding LLC, USA

Subsidiary company of Intellicar Telematics Private Limited, Bengaluru

- (i) Intellicar Telematics (Singapore) Pte Limited [upto 24th May 2022]

Subsidiary company of GO AG

- (i) EGO Movement Stuttgart, GmbH, Germany

Subsidiary company of Swiss E-mobility (Group) Holding AG, Switzerland

- (i) Swiss E-Mobility Group (Schweiz) AG Switzerland
- (ii) Colag E-Mobility GmbH, Germany
- (iii) Alexand'Ro Edouard'O Passion Vélo Sàrl, Switzerland
[From 12th April 2022]

Associate Companies of TVS Digital Pte Ltd, Singapore

- (i) Predictronic Corp, USA
- (ii) Tagbox Pte Ltd , Singapore
- (iii) Altizon Inc , USA
- (iv) Scienaptic Systems Inc , USA

Holding Company of Altizon Inc , USA

- (i) Altizon Systems Private Limited, Pune

Subsidiaries of Emerald Haven Realty Limited

- (i) Emerald Haven Projects Private Limited, Chennai
- (ii) Emerald Haven Property Development Limited, Chennai
- (iii) Happiness Harmony Property Developers Private Limited
- (iv) Emerald Haven Realty Developers (Paraniputhur) Private Limited, Chennai

SUNDARAM-CLAYTON LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2023
37 - Related party disclosure

LIST OF RELATED PARTIES

- (v) Emerald Haven Towers Limited, Chennai
- (vi) Emerald Haven Development Limited, Chennai
- (vii) Emerald Haven Life Spaces (Radial Road) Limited, Chennai
- (viii) Emerald Haven Town & Country Limited, Chennai

d) Enterprises in which directors are interested

- (i) Dua Associates, Delhi
- (ii) Khaitan & Co, Mumbai [From 29th July 2022]
- (iii) Khaitan & Co LLP, Mumbai [From 29th July 2022]
- (iv) VS Investments Private Limited, Chennai

e) Key management personnel (KMP)

Executive Directors:

- (i) Mr . Venu Srinivasan, Chairman Emeritus and Managing Director
- (ii) Dr . Lakshmi Venu, Managing Director
- (iii) Mr. K Gopala Desikan, Director & Group CFO

Non Executive Directors :

Independent Directors:

- (i) Ms.Sasikala Varadachari
- (ii) Mr.C R Dua
- (iii) Mr. Anuj Shah[From 29th July 2022]
- (iv) Mr.R Gopalan [Upto 23rd July 2022]
- (v) Mr.S.Santhanakrishnan [Upto 20th August 2022]
- (vi) Mr.V.Subramanian [Upto 20th August 2022]
- (vii) Mr.R.Vijayaraghavan [Upto 20th August 2022]
- (viii) Mr.Kamlesh Gandhi [Upto 20th August 2022]
- (ix) Vice Admiral P.J.Jacob(Retd.)[Upto 22nd January 2023]

Non Independent Directors :

- (i) Mr.Sudarshan Venu
- (ii) Mr. Rajesh Narasimhan
- (iii) Mr. R Gopalan [From 29th July 2022]

f) Relative of KMP

- (i) Dr Malini Srinivasan

g) Post employment benefit plans

- (i) Sundaram- Clayton Limited Employees Provident Fund, Chennai
- (ii) Sundaram- Clayton Limited Employees Gratuity Fund , Chennai

SUNDARAM-CLAYTON LIMITED									
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2023									
37 - Related party transactions									
(Rs In Crores)									
SI No	Nature of transactions	Name of the company	Holding Company	Subsidiaries	Associates	KMP	Relative of KMP	Other related party	Total
1	Purchase of goods	TVS Motor Company Limited, Chennai	-	20.28	-	-	-	-	20.28
			-	20.28	-	-	-	-	20.28
			-	-	-	-	-	(0.24)	(0.24)
2	Sale of goods (including sub contract charges)	TVS Motor Company Limited, Chennai Sundaram-Clayton USA LLC, South Carolina, USA	-	436.47	-	-	-	-	436.47
			-	65.76	-	-	-	-	65.76
			-	502.23	-	-	-	-	502.23
			-	(448.37)	-	-	-	-	(448.37)
3	Purchase of power	Sundram Non Conventional Energy Systems Limited, Chennai	-	-	0.74	-	-	-	0.74
			-	-	0.74	-	-	-	0.74
			-	-	(0.65)	-	-	-	(0.65)
4	Rendering of services	TVS Motor Company Limited, Chennai Sundaram Auto Components Limited, Chennai TVS Credit Services Limited, Chennai Sundaram-Clayton USA LLC, South Carolina, USA Emerald Haven Realty Limited, Chennai	-	61.22	-	-	-	-	61.22
			-	4.34	-	-	-	-	4.34
			-	2.38	-	-	-	-	2.38
			-	0.94	-	-	-	-	0.94
			-	-	0.66	-	-	-	0.66
			-	68.88	0.66	-	-	-	69.54
5	Receiving of services	Sundaram Auto Components Limited, Chennai Sundaram-Clayton (USA) Limited, Illinois, USA TVS Training and Services Limited, Chennai TVS Motor Company Limited, Chennai Sundaram-Clayton USA LLC, South Carolina, USA Tagbox solutions Private Limited, Bengaluru Altizon systems Private Limited, Pune Trichur Sundaram Santhanam & Family Private Limited, Madurai Khaitan & Co, Mumbai Khaitan & Co LLP, Mumbai	-	6.87	-	-	-	-	6.87
			-	0.05	-	-	-	-	0.05
			-	-	0.12	-	-	-	0.12
			-	2.01	-	-	-	-	2.01
			-	1.34	-	-	-	-	1.34
			-	-	0.32	-	-	-	0.32
			-	-	0.79	-	-	-	0.79
			-	-	-	-	-	0.05	0.05
			-	-	-	-	-	0.44	0.44
			-	-	-	-	-	0.30	0.30
			-	10.27	1.23	-	-	0.79	12.27
			-	(10.41)	-	-	-	-	(10.41)
6	Lease rent received	Sundram Non Conventional Energy Systems Limited, Chennai - Rs.40,000 (Associates)	-	-	-	-	-	-	-
			-	-	-	-	-	-	-
			-	-	-	-	-	-	-

Previous year's figures are furnished in brackets

SUNDARAM-CLAYTON LIMITED									
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2023									
37 - Related party transactions (continued)								(Rs In Crores)	
SI No	Nature of transactions	Name of the company	Holding Company	Subsidiaries	Associates	KMP	Relative of KMP	Other related party	Total
7	Remuneration paid	Key Management Personnel	-	-	-	15.01	-	-	15.01
			-	-	-	15.01 (8.74)	-	-	15.01 (8.74)
8	Investments	Sundaram Holding USA Inc, Delaware, USA	-	34.28	-	-	-	-	34.28
		Sundaram Auto Components Limited (Acquisition of Sundaram Holding US Inc.)	-	317.01	-	-	-	-	317.01
		VS Investments Private Limited, Chennai (Purchase of Investments)	-	-	-	-	-	57.10	57.10
		Sundaram-Clayton GmbH, Germany	-	0.23	-	-	-	-	0.23
		Dr Malini Srinivasan (Sale of shares of TVS Training and Services Limited, Chennai)	-	-	-	-	1.21	-	1.21
			-	351.52 (178.81)	-	-	1.21	57.10	409.83 (178.81)
9	Contribution to post employment benefit plan	Sundaram- Clayton Limited Employees Provident Fund, Chennai	-	-	-	-	-	12.18	12.18
		Sundaram- Clayton Limited Employees Gratuity Fund , Chennai	-	-	-	-	-	5.06	5.06
			-	-	-	-	-	17.24	17.24
			-	-	-	-	-	(12.37)	(12.37)
10	Dividend received	Sundram Non-Conventional Energy Systems Limited, Chennai	-	-	0.88	-	-	-	0.88
		TVS Motor Company Limited, Chennai	-	119.39	-	-	-	-	119.39
			-	119.39	0.88	-	-	-	120.27
			-	(89.54)	(0.35)	-	-	-	(89.89)
11	Dividend Paid	TVS Holdings Private Limited, Chennai	77.26						77.26
			77.26	-	-	-	-	-	77.26
			(57.62)	-	-	-	-	-	(57.62)
12	Outstanding as on 31st March 2023 Receivables	TVS Motor Company Limited, Chennai	-	17.42	-	-	-	-	17.42
		Sundaram Auto Components Limited, Chennai	-	3.25	-	-	-	-	3.25
		TVS Credit Services Ltd, Chennai	-	0.13	-	-	-	-	0.13
		Sundaram-Clayton USA LLC, South Carolina, USA	-	45.55	-	-	-	-	45.55
		Emerald Haven Realty Limited, Chennai	-	-	0.05	-	-	-	0.05
		TVS Training and Services Limited, Chennai - (Associates) (Rs.11,800)	-	-	0.00	-	-	-	0.00
			-	66.35	0.05	-	-	-	66.41
			-	(74.37)	(0.12)	-	-	-	(74.49)
13	Outstanding as on 31st March 2023 Payables	TVS Motor Company Limited, Chennai	-	4.72	-	-	-	-	4.72
		Sundaram Auto Components Limited, Chennai	-	3.57	-	-	-	-	3.57
		TVS Credit Services Ltd, Chennai (Rs -9117)	-	(0.00)	-	-	-	-	(0.00)
		Sundram Non-Conventional Energy Systems Limited, Chennai	-	-	0.05	-	-	-	0.05
		TVS Training and Services Limited, Chennai - (Associates)	-	-	0.05	-	-	-	0.05
		Sundaram-Clayton USA LLC, South Carolina, USA	-	1.34	-	-	-	-	1.34
			-	9.60 (2.15)	0.10 (0.01)	-	-	-	9.73 (2.16)

Previous year's figures are furnished in brackets

38	DISCLOSURE MADE IN TERMS OF REGULATION 34(3) OF SEBI (LODR) REGULATIONS, 2015				
	Particulars	Name of the company		Amount outstanding as on 31-03-2023	Amount outstanding as on 31-03-2022
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 (23,87,82,786 equity shares of Re.1/- each fully paid up)		17.16	17.16
		Maximum amount held at any time			
		During the year	17.16		
		During the previous year	17.16		
		Sundaram-Clayton (USA) Limited, Chicago, Illinois, USA (100 equity shares of USD 1 each fully paid up)		0.001	0.001
		Maximum amount held at any time			
		During the year	0.001		
		During the previous year	0.001		
		Sundaram Holding USA Inc., Delaware USA 9,77,00,000 (last year - 4,63,50,000) Equity Shares of USD-1 each fully paid-up)		684.97	333.69
		Maximum amount held at any time			
		During the year	684.97		
		During the previous year	333.69		
		TVS Credit Services Limited, Chennai (52,66,650 (last year 21,80,250) equity shares of Re.10/- each fully paid up)		74.11	17.01
		Maximum amount held at any time			
		During the year	74.11		
		During the previous year	17.01		
		Sundaram-Clayton DCD Limited (2,500 equity shares of Re.10/- each fully paid up) (Rs.25,000)	-	0.00	0.00
		Maximum amount held at any time	-		
		During the year	-		
		During the previous year	-		
		Sundaram-Clayton Gmbh (Cost Euro 25000) (25,000 equity shares of Re.1 Each fully paid up)		0.23	-
		Maximum amount held at any time			
		During the year	0.23		
		During the previous year	-		
(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
		Maximum amount held at any time			
		During the year	0.12		
		During the previous year	0.12		
		TVS Training & Services Limited, Chennai [19,06,709 (Last Year 27,63,359) Equity shares of Rs 10/- each fully paid-up]		1.90	2.76
		Maximum amount held at any time			
		During the year	2.76		
		During the previous year	2.76		

SUNDARAM-CLAYTON LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2023

39 - Key Financial Ratios :

S.No	Details	31-Mar-23	31-Mar-22	Variance (%)
1	Current Ratio (Times) (Current Assets/ Current liabilities - Excluding NCRPS)	0.95	0.98	-2.75%
2	Net Debt / Equity Ratio (Times) [Total borrowings (Excluding NCRPS) - Cash and cash equivalents excluding term deposits) / Equity (including profit from exceptional item]**	0.93	0.25	-272.00%
3	Debt Service Coverage Ratio (Times) (Earnings before Tax , Exceptional item, Depreciation and Interest on non current borrowings) / (Interest on non current borrowings + Principal repayment of Long term borrowings made during the period excluding prepayments)*	2.49	1.97	26.59%
4	Return on Equity (%) (Net Profit after Tax / Average equity excluding exceptional item)*	30.47	23.91	27.42%
5	Inventory Turnover Ratio (Times) (Annualised Cost of Goods Sold / Average Inventory)*	3.11	2.58	20.56%
6	Debtors Turnover Ratio (Times) (Annualised turnover/ Average Debtors)	7.30	6.74	8.32%
7	Trade Payables Turnover Ratio (Times) [(Purchases & Other Expenses) / Average Trade Payables]	4.18	4.34	-3.70%
8	Net Capital Turnover Ratio (Times) [Net Sales/ (Current Assets (-) Current Liabilities excluding current maturities of long term debt)]*	40.91	18.63	119.56%
9	Net Profit Ratio (%) (Profit after tax / Turnover)	8.27	8.84	-6.49%
10	Return on Capital Employed (%) [Earnings before interest , tax , depreciation , other income and exceptional items / (Average Capital employed]	18.82	16.95	11.02%
11	Return on Investment (%) [Income generated from invested funds / Average invested funds] [#]	NA	NA	NA

[#]Significant investments held by the Company is for strategic purposes. Benchmarking the return on annual basis will not reflect yield from such investments.

*Reflects better operational performance

**Due to capitalisation of reserves for issue of bonus preference shares

SUNDARAM-CLAYTON LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2023

40 - Previous year's figures have been regrouped wherever necessary to confirm to the current year's classification.

R GOPALAN
Chairman

DR LAKSHMI VENU
Managing Director

K GOPALA DESIKAN
Director & Group
Chief Financial Officer

As per our report annexed
For Raghavan, Chaudhuri & Narayanan
Chartered Accountants
Firm Regn. No.007761S

VIVEK S JOSHI
President & CEO

R RAJA PRAKASH
Company Secretary

V SATHYANARAYANAN
Partner
Membership No.:027716

Chennai
Date: 05th May 2023

Chennai
Date : 05th May 2023

**Consolidated Financial Statements
of
Sundaram-Clayton Limited
2022-2023**

Independent Auditor's Report for the year ended 31st March 2023

INDEPENDENT AUDITOR'S REPORT

To the members of Sundaram-Clayton Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Sundaram-Clayton Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), and its associates, which comprise the consolidated Balance Sheet as at 31st March, 2023, and the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act 2013, ('the Act') in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at 31st March, 2023, the consolidated profit, the consolidated total comprehensive Income, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *Code of Ethics issued by Institute of Chartered Accountants of India (ICAI)*, together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of the most significant in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report:

S. No.	Key Audit Matter	Auditor's Response.
1	Carrying Value of Goodwill: The group has recognized a 'goodwill on consolidation' in its Consolidated Financial Statements, pursuant to a business combination. The goodwill has to be tested for impairment annually, which requires significant judgment on the part of the management in identifying and valuing the relevant Cash Generating Unit that contains goodwill.	Principal Audit Procedures Management has obtained a valuation of the Cash Generating Unit wherein valuers have arrived at a fair value, based on weighted average of the Discounted Cash Flow Method and Comparable Companies Multiples Method. We gained an understanding of the key assumptions used to forecast the cash flows and the discount rates applied Weighted Average Cost of Capital (WACC) as well as the Comparable Companies considered in arriving at the fair value. We consider that the management conclusions concerning the absence of impairment in the goodwill are adequately supported and consistent with the information currently available.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors and management are responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report. Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors, for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 that gives a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its associates, in accordance with the Ind AS and other accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the respective consolidated 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.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and its associates are responsible for assessing the ability of the each of the companies in the Group and its associates, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and its associates or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and its associates, are responsible for overseeing the financial reporting process of each of the companies in the Group and its associates.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher, than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company, its subsidiary companies and its associates which are companies incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the companies in the Group and its associates, to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Group and its associates, to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements/consolidated financial statements of 11 subsidiaries, whose financial statements reflect of total assets (before consolidation adjustments) of Rs. 41,841.67 crores as at 31 March 2023, total revenue (before consolidation adjustments) of Rs. 32,328.92 crores, total net profit after tax (before consolidation adjustments) of Rs. 1,587.78 crores, and the total comprehensive income (before consolidation adjustments) of Rs. 1,598.25 crores for year ended 31 March 2023, and total net cash outflows (before consolidation adjustments) of Rs 443.01 crores for the year ended on that date, as considered in the consolidated annual financial statements. The consolidated annual financial statements also include the net loss (before consolidation adjustments) of Rs. 31.68 crores, and other comprehensive income (before consolidation adjustments) of Rs. 0.03 crores for the year ended 31 March 2023, as considered in the consolidated annual financial statements, in respect of 4 associates. These financial statements/ consolidated financial statements have been audited by other auditors whose independent auditors' reports on financial statements 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, is based solely on the reports of the other auditors.

The accompanying Consolidated Financial Statements include unaudited financial statements and other unaudited financial information in respect of 16 subsidiaries, whose financial statements and other financial information reflect total assets of Rs. 1,797.45 crore as at March 31, 2023, and total revenues of Rs. 680.90 crores and total net loss after tax (before consolidation adjustments) of Rs. 330.07 crores for the year ended March 31, 2023. These unaudited financial statements and other unaudited financial information have been furnished to us by the management. The Consolidated Financial Statements also include the Group's share of net profit of Rs.8.05 crore for the year ended March 31, 2022, as considered in the Consolidated Financial Statements, in respect of 6 associates, whose financial statements, other financial information have not been audited and whose unaudited financial statements, other unaudited financial information have been furnished to us by the Management. Our opinion, in so far as it relates amounts and disclosures included in respect of these subsidiaries and associates, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, joint ventures and associates, is based solely on such unaudited financial statements and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

The subsidiaries and associates located outside India whose financial information and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries. The Holding Company's Management has converted these financial information from accounting principles generally accepted in their respective countries, to Indian accounting standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India. We have reviewed these conversion adjustments made by the Holding Company's Management. Our conclusion in so far as it relates to such subsidiaries and associates located outside India, is based on the conversion adjustments prepared by the Holding Company's Management and reviewed by us.

Our opinion on the consolidated annual 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 and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. 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 Ind AS specified under section 133 of the Act and read with relevant rules made thereunder;
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2023 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, its associate companies incorporated in India, is disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in “Annexure”;
- (g) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act;

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. - Refer Note 37(i) to the consolidated financial statements;
 - (ii) Provision has been made in the consolidated financial statements, as required under the applicable law or accounting Standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts. Refer Note 35 to the consolidated financial statements in respect of such items as it relates to the Group;
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the investor Education and Protection Fund by the Holding Company, its subsidiary companies and associate companies incorporated in India;
 - (iv) (a) The respective Managements of the Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or any of such subsidiaries to or in any other person or entity, including foreign entity (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in

other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such subsidiaries (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The respective Managements of the Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company or any of such subsidiaries from any person or entity, including foreign entity (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement;

(v) As stated in Note No. 36(b) to the consolidated financial statements dividend paid and declared during the year by the company is in compliance with section 123 of the Companies Act, 2013;

2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor’s Report) Order, 2020 (the “Order”/ “CARO”) issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor’s report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and by the respective auditors of its subsidiaries included in the consolidated financial statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

for **Raghavan, Chaudhuri & Narayanan**
Chartered Accountants
FRN: 007761S

V. Sathyanarayanan

Partner

Membership No. 027716

Place : Bangalore

Date : 5th May, 2023

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Sundaram-Clayton Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March 2023, we have audited the internal financial controls over financial reporting of Sundaram-Clayton Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries and its associate companies which are incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Boards of Directors of the Company and its subsidiary 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 respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company and its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI") and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the company, its subsidiaries and its associate companies, which are companies incorporated in India.

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;

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial 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 and to the best of our information and according to the explanations given to us, the Company its subsidiary companies and its associate companies which are incorporated in India, have, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at **31st March 2023**, based on internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by Institute of Chartered Accountants of India.

Other matters

Our aforesaid report under Section 143 (3) (i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to its subsidiary companies and associate companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

for **Raghavan, Chaudhuri & Narayanan**

Chartered Accountants

FRN: 007761S

V. Sathyanarayanan

Partner

Membership No. 027716

Place : Bangalore

Date : 5th May, 2023

UDIN : 23027716BGYLRY7268

Sundaram-Clayton Limited

Ind AS Consolidated financial statements and related disclosures for year
ended 31st March 2023

SUNDARAM-CLAYTON LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2023
(Rs.in Crores)

Particulars	Notes	As at 31.03.2023	As at 31.03.2022
Assets			
Non-current assets			
Property, plant and equipment	2	5,649.30	5,040.12
Capital work in progress	2	393.63	329.11
Investment Properties		137.70	137.71
Goodwill	2	307.82	290.59
Other intangible assets	3	836.61	870.91
Intangibles under development	2	427.64	231.35
Financial assets			
i. Investments	4	405.50	143.09
ii. Loans (Receivable from financing activity)	9	10,321.42	6,716.45
iii. Others	12	203.25	137.55
Investments accounted using equity method	5	413.10	370.83
Deferred Tax Assets	18A	305.73	217.88
Non-Current tax assets (Net)		27.60	49.60
Other non-current assets	6	155.52	134.20
Total non-current assets		19,584.82	14,669.39
Current assets			
Inventories	7	2,332.08	2,013.42
Financial assets			
i. Trade receivables	8	1,464.64	1,367.01
ii. Loans (Receivable from financing activity)	9	10,225.16	7,299.24
iii. Cash and cash equivalents	10	3,899.36	3,753.95
iv. Investments	4	203.56	130.23
v. Bank balances other than (iii) above	11	29.29	180.22
vi. Others	12	245.07	134.82
Current tax assets (Net)		11.29	12.71
Other current assets	13	1,354.28	990.90
Total current assets		19,764.73	15,882.50
Total Assets		39,349.55	30,551.89
Equity and liabilities			
Equity			
Equity share capital	14	10.12	10.12
Other equity	15	3,230.87	5,069.12
Equity attributable to owners		3,240.99	5,079.24
Non controlling interest	15	2,804.16	2,202.63
Total equity		6,045.15	7,281.87

SUNDARAM-CLAYTON LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2023

(Rs.in Crores)

Particulars	Notes	As at 31.03.2023	As at 31.03.2022
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	16	9,863.23	7,740.63
Lease Liabilities		572.29	421.49
Others	21	47.82	55.44
Provisions	17	261.08	224.20
Deferred tax liabilities	18B	226.25	231.20
Total non-current liabilities		10,970.67	8,672.96
Current liabilities			
Financial liabilities			
i. Borrowings	19	15,149.77	8,289.29
ii. Trade payables	20	5,474.27	4,909.62
iii. Lease liabilities		203.90	141.14
iv. Other financial liabilities	21	413.42	424.38
Other current liabilities	22	948.63	704.83
Provisions	17	125.59	127.80
Current tax liabilities (Net)		18.15	-
Total current liabilities		22,333.73	14,597.06
Total liabilities		33,304.40	23,270.02
Total equity and liabilities		39,349.55	30,551.89
Significant accounting policies	1		

The accompanying notes are an integral part of these financial statements

R GOPALAN
Chairman

DR. LAKSHMI VENU
Managing Director

K GOPALA DESIKAN
Director & Group
Chief Financial Officer

As per our report annexed
For Raghavan, Chaudhuri & Narayanan
Chartered Accountants
Firm Regn. No.007761S

VIVEK S JOSHI
President & CEO

R RAJA PRAKASH
Company Secretary

V SATHYANARAYANAN
Partner
Membership No.:027716
Bengaluru
Date: 05th May 2023

Chennai
Date: 05th May 2023

SUNDARAM-CLAYTON LIMITED
STATEMENT OF CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2023
(Rs.in Crores)

Particulars	Notes	Year Ended 31.03.2023	Year Ended 31.03.2022
Income			
Revenue from operations	23	33,564.21	25,590.65
Other income	24	126.12	34.50
Total income		33,690.33	25,625.15
Expenses			
Cost of material consumed	25	20,779.47	16,429.60
Purchase of stock in trade	25	894.62	579.04
Changes in inventories of finished goods, stock-in-trade and work-in-process	25	(151.76)	(333.71)
Employee benefit expenses	26	3,168.98	2,330.16
Finance costs	27	1,424.49	985.13
Depreciation and amortisation expense	28	985.82	844.58
Other expenses	29	4,624.51	3,597.65
Total expenses		31,726.13	24,432.45
Profit before exceptional items, share of net profit of investment and tax		1,964.20	1,192.70
Share of net profit from associates using equity method		(39.73)	3.45
Profit before exceptional items and tax		1,924.47	1,196.15
Exceptional items - income/ (expense)	29A	88.85	(11.95)
Profit before tax		2,013.32	1,184.20
Tax expense			
Current tax	30	763.67	387.06
Deferred tax	31	(83.52)	(27.35)
Profit for the year		1,333.17	824.49
(Profit) / Loss attributable to Non-controlling Interest		(683.52)	(383.75)
Profit for the year attributable to owners		649.65	440.74
Other comprehensive income			
(A) Items that will not be reclassified to profit or loss			
Remeasurements of post employment benefit obligations		(27.88)	(97.58)
Change in fair value of equity instruments		(10.24)	4.04
Share of other comprehensive income from associates using equity method		(2.69)	(0.25)
Income tax relating to these items		9.89	22.07
(B) Items that will be reclassified to profit or loss			
Fair value changes on cash flow hedges		18.38	48.07
Foreign currency translation adjustments		83.76	36.87
Income tax relating to these items		(5.37)	(13.41)
Other comprehensive income for the year, net of tax		65.85	(0.19)
Other Comprehensive income attributable to non-controlling interest (profit) / loss		(13.57)	1.25
Total comprehensive income attributable to owners		701.93	441.80
Earnings per equity share			
Basic & Diluted earnings per share	32	321.10	217.84

R GOPALAN
Chairman

DR. LAKSHMI VENU
Managing Director

K GOPALA DESIKAN
Director & Group
Chief Financial Officer

As per our report annexed
For Raghavan, Chaudhuri & Narayanan
Chartered Accountants
Firm Regn. No.007761S

VIVEK S JOSHI
President & CEO

R RAJA PRAKASH
Company Secretary

V SATHYANARAYANAN
Partner

Chennai
Date: 05th May 2023

Membership No.:027716
Bengaluru
Date: 05th May 2023

SUNDARAM-CLAYTON LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH 2023
a Equity Share Capital (Refer Note No 14)

(Rs.in Crores)	
As at 01-04-2021	10.12
Changes in equity share capital	-
As at 31-03-2022	10.12
Changes in equity share capital	-
As at 31-03-2023	10.12

(Rs.in Crores)										
b Other Equity (Refer Note No 15)	Reserves & Surplus					Other Reserves			Non Controlling Interest	Total
	General reserve	Capital reserve	Securities Premium	Statutory reserve	Retained earnings	Equity Instruments Fair Value through Other Comprehensive Income	Foreign currency translation reserve	Hedging reserve		
Balance as at 01-04-2021	658.10	99.11	36.42	51.64	1,824.27	227.24	18.48	(20.79)	1,758.73	4,653.20
Add : Profit for the year 2021-22					440.74				383.75	824.49
Add: Other comprehensive income for the year 2021-22					(43.38)	4.04	19.22	21.43	(1.25)	0.06
Add / (Less) : Reclassified to retained earnings					242.33	(242.33)				-
Less: OCI share of an associate					(0.25)					(0.25)
Add : Transferred from retained earnings to statutory reserve				11.53	(11.53)					-
Add: Associate profit adjustment					(8.63)					(8.63)
Add: Profit on sale of Investment in subsidiary*					2,094.43					2,094.43
Add: Reserves on acquisition of new subsidiary	-				-					-
Add : Transaction with non controlling interest	(62.90)	(0.46)		(21.69)	(215.78)	30.77	7.81	(1.69)	150.02	(113.91)
Less : Distribution to shareholders :										-
2021-22 Dividend declared					(89.02)				(88.62)	(177.64)
										-
Balance as at 31-03-2022	595.20	98.65	36.42	41.48	4,233.19	19.72	45.51	(1.05)	2,202.63	7,271.75
Add : Profit for the year 2022-23					649.65				683.52	1,333.17
Add: Other comprehensive income for the year 2022-23					(11.45)	(2.98)	59.61	7.11	13.57	65.86
Add/(less): Reclassified to Retained earnings					(3.01)			3.01		-
Add : Transaction with non controlling interest					(89.28)	(1.50)	17.29	(0.41)	22.61	(51.29)
Add : Transferred from retained earnings to statutory reserve				1.14	(1.14)					-
Issue for Non-Convertible Redeemable Preference shares as per the scheme of arrangement (Refer Note:37(iv))	(224.84)				(2,122.08)					(2,346.92)
Less : Distribution to shareholders :										-
2022-23 Dividend declared					(119.37)				(118.17)	(237.54)
										-
Balance as at 31-03-2023	370.36	98.65	36.42	42.62	2,536.51	15.24	122.41	8.66	2,804.16	6,035.03

SUNDARAM-CLAYTON LIMITED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH 2023			
*During the financial year 21-22, the Company had sold equity shares representing 7.14% stake in its subsidiary, TVS Motor Company Limited, resulting in a gain of Rs. 2,094.43 crores. As per Ind AS 110 Consolidated Financial Statements, the changes in ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are equity transactions (i.e. transactions with owners in their capacity as owners). Accordingly, the gain arising out of the above transactions over and above the relative interest in the subsidiary on the date of sale is recognised directly in retained earnings within equity. <u>Nature and Purpose of Other Reserves</u> Security premium reserve: This consist of premium realised on issue of shares and will be applicable / utilised in accordance with the provisions of the Companies Act, 2013 General reserve: General reserve is part of retained earnings. This is available for distribution to shareholders as dividend and capitalisation.			
R GOPALAN Chairman	DR. LAKSHMI VENU Managing Director		As per our report annexed For Raghavan, Chaudhuri & Narayanan Chartered Accountants Firm Regn. No.007761S
K GOPALA DESIKAN Director & Group Chief Financial Officer Chennai 05th May 2023	VIVEK S JOSHI President & CEO	R RAJA PRAKASH Company Secretary	V SATHYANARAYANAN Partner Membership No.:027716 Bengaluru 05th May 2023

SUNDARAM-CLAYTON LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2023 (Rs.in Crores)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	2,013.32	1,184.20
Adjustments for:		
Depreciation and amortisation for the year	985.82	844.58
Loss on sale/scrapping of property, plant and equipment	-	3.89
(Profit)/ Loss on sale of property, plant and equipment	(2.95)	(2.59)
Dividend income	(0.02)	(4.16)
Interest income	(124.50)	(57.24)
Unrealised exchange (gain) / Loss	(8.89)	(4.51)
Increase in fair value of financial assets	(84.66)	(0.57)
Share of losses from associates	39.73	-
Profit on sale of investment	-	(0.23)
Interest expense (excluding relatable to financial enterprise)	256.49	203.00
	1,061.02	982.17
Operating profit before working capital changes	3,074.34	2,166.37
Adjustments for:		
Inventories	(318.66)	(345.12)
Trade Receivables	(97.63)	(169.03)
Other financial assets	(128.63)	(140.31)
Other Bank balances	150.93	(73.48)
Other non-current assets	(21.32)	64.94
Other current assets	(363.38)	(373.17)
Loans (Receivable from financing activity)	(6,530.89)	(2,859.49)
Provisions	(2.21)	(29.95)
Trade Payables	564.65	373.92
Other Financial liabilities	40.76	49.80
Other current liabilities	243.80	182.34
	(6,462.58)	(3,319.55)
Cash generated from operations	(3,388.24)	(1,153.18)
Direct taxes paid	(722.40)	(394.94)
Net cash from operating activities	(4,110.64)	(1,548.12)
B CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment (including Capital work in progress)	(1,485.24)	(1,036.32)
Sale of fixed assets	21.94	16.24
Investment accounted using equity method	(87.17)	(75.00)
Purchase of investments	(297.84)	(151.02)
Sale of investments	1.25	2,349.85
Investment in Term deposits	283.21	(2,303.08)
Contribution from non controlling interest	-	50.00
Consideration paid towards business combination	-	(617.15)
Interest received	124.50	57.24
Dividend received	0.02	4.16
Net Cash from/(used in) investing activities	(1,439.33)	(1,705.08)
C CASH FLOW FROM FINANCING ACTIVITIES		
Net Borrowings:		
Term loans availed / (repaid)	5,555.00	2,789.86
Short term borrowings availed / (repaid)	1,086.49	673.45
Interest paid	(244.49)	(166.01)
Dividend and dividend tax paid	(271.66)	(84.94)
Repayment of Lease Liabilities	(146.75)	(96.57)
Net cash from financing activities	5,978.59	3,115.79

SUNDARAM-CLAYTON LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2023 (Rs.in Crores)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
D NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	428.62	(137.41)
Cash and cash equivalents at the beginning of the year		
Cash and Bank balances	1,450.87	1,599.08
Cash credit balance	-	(10.80)
	1,450.87	1,588.28
Cash and cash equivalents at the end of the year		
Cash and Bank balances	1,879.49	1,450.87
Cash credit balance	-	-
	1,879.49	1,450.87

Change in liability arising from financing activities

Particulars	Note	01-04-2022	Cash flow	Fair Value change	Foreign exchange movement	31-03-2023
Long term borrowings (including current maturities)	16	12,149.80	5,555.00	-	(3.54)	17,701.26
Short term borrowings (excluding overdraft and NCRPS)	19	3,880.12	1,086.49	-	(1.79)	4,964.82

Notes:

- 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.
- Cash and cash equivalent include cash and bank balances, excluding term deposits.

R GOPALAN
Chairman

DR. LAKSHMI VENU
Managing Director

K GOPALA DESIKAN
Director & Group
Chief Financial Officer

As per our report annexed
For Raghavan, Chaudhuri & Narayanan
Chartered Accountants
Firm Regn. No.007761S

VIVEK S JOSHI
President & CEO

R RAJA PRAKASH
Company Secretary

V SATHYANARAYANAN
Partner

Chennai
Date: 05th May 2023

Membership No.:027716
Bengaluru
Date: 05th May 2023

SUNDARAM-CLAYTON LIMITED

1. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies mentioned herein are relating to the Consolidated financial statements of Sundaram-Clayton Limited and its subsidiaries and associates.

a) Brief description of the Company

Sundaram -Clayton Limited ('the Company') is a public limited company incorporated in India whose shares are publicly traded. The registered office is located at "Chaitanya", 12, Khader Nawaz Khan Road, Nungambakkam Chennai – 600006, Tamil Nadu, India. The Company together with its subsidiaries and associates (collectively referred to as the "Group") operate in a wide range of activities such as manufacturing of automotive vehicles, automotive components, spare parts & accessories thereof, housing development and financial services.

b) Basis of preparation

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

The Company's financial statements have been prepared on a going concern basis.

The financial statement has been prepared on the historical cost convention under accrual basis of accounting except for certain assets and liabilities (as per the accounting policy below), which have been measured at fair value. These financial statements for the year ended 31st March 2023 have been approved and authorised for issue by the Board of Directors at its meeting held on 5th May 2023.

Principles of Consolidation

Business Combination:

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. Acquisition related costs are recognised in profit or loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognised at their fair value at the acquisition date, except certain assets and liabilities that are required to be measured as per the applicable standard.

Purchase consideration in excess of the Company's interest in the acquiree's net fair value of identifiable assets, liabilities and contingent liabilities is recognized as goodwill. Excess of the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the purchase consideration is recognised, after reassessment of fair value of net assets acquired, in the Capital Reserve.

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power

SUNDARAM-CLAYTON LIMITED

1. SIGNIFICANT ACCOUNTING POLICIES

to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together, items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests (if any) in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet, respectively.

Associates

Associates are all entities over which the Group has significant influence but not control or joint control. (This is generally the case where the Group holds between 20% and 50% of the voting rights). Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit and loss and the Group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

c) Use of estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future period. The estimates and underlying assumptions are reviewed on an ongoing basis.

This note provides an overview of the areas that involved a higher degree of judgment or complexity. It also provides an overview of items which are more likely to be

SUNDARAM-CLAYTON LIMITED

1. SIGNIFICANT ACCOUNTING POLICIES

materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in the relevant notes together with the information about the basis of calculation for each affected line item in the financial statements

d) Significant estimates and judgments

The areas involving significant estimates or judgments are:

- i) Estimation of fair value of unlisted securities - (Refer Note 33 (iii))
- ii) Estimation of defined benefit obligation - (Refer Note 38)
- iii) Estimation of useful life of Property, Plant and Equipment - (Refer Note 1(h) and 1(k))
- iv) Estimation of impairment of goodwill - (Refer Note 43)
- v) Estimation of Expected Credit Loss on Loans from financing receivable from financing activity & Trade receivables (Refer Note 35 & 34A)
- vi) Estimation of product warranty (Refer Note 17)

e) Cost Recognition

Costs and expenses are recognised when incurred and are classified according to their nature. Expenditure are capitalized where appropriate, in accordance with the policy for internally generated intangible assets and represents employee costs, stores and other manufacturing supplies, and other expenses incurred for construction and product development undertaken by the Group.

f) Revenue recognition

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the Group as part of the contract.

i) Sale of automotive vehicles, parts and automotive components:

Revenue from sale of products is recognised when significant risk and rewards of ownership pass to the customers, as per the terms of the contract and it is probable that the economic benefits associated with the transaction will flow to the Group.

ii) Sale of Services:

Revenue from Services is recognised in the accounting period in which the services are rendered and when invoices are raised.

iii) Revenue from Financing:

- Interest income for loans (other than Purchase of Originally Credit Impaired (POCI) is recognised using the Effective Interest Rate (EIR) method.
- For financial assets that are not "POCI" but have subsequently become credit-impaired (or 'stage-3'), for which interest revenue is calculated by

SUNDARAM-CLAYTON LIMITED

1. SIGNIFICANT ACCOUNTING POLICIES

applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision).

- Income in the nature of overdue interest and bounce charges are recognized on realization, due to uncertainty of collection.

iv) Significant judgements

There are no significant judgements made by the Group in determining the timing of satisfaction of performance obligation. It is determined as per the terms of the contract. In case of multiple performance obligations, the Group uses the adjusted market assessment approach to allocate the transaction price between multiple performance obligations. If a discount is granted, the same is adjusted against the transaction price of the contract.

g) **Dividend:**

Any dividend declared by Company is based on the profits available for distribution as reported in the statutory Standalone financial statements. Indian law permits the declaration and payment of dividend out of profits for the year or previous financial year(s) as stated in the statutory Standalone financial statements after providing for depreciation as per the Companies Act, 2013.

However, in the absence or inadequacy of the said profits, it may declare dividend out of free reserves, subject to certain conditions as prescribed under the Companies (Declaration and Payment of Dividend) Rules, 2014.

h) **Property, Plant and Equipment**

Freehold Land is stated at historical cost. All other items of Property, Plant and Equipment are stated at cost of acquisition/construction less accumulated depreciation / amortization and impairment, if any. Cost includes:

- i) purchase price,
- ii) taxes and duties,
- iii) labour cost, and
- iv) Directly attributable overheads incurred up to the date the asset is ready for its intended use.
- v) Government grants that are directly attributable to the assets acquired.

However, cost excludes GST, to the extent credit of the duty or tax is availed of.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as separate asset is derecognized when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Government grants relating to the purchase of property, plant and equipment are capitalized and included as cost to fixed assets.

SUNDARAM-CLAYTON LIMITED

1. SIGNIFICANT ACCOUNTING POLICIES

Gains or losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Statement of Profit and Loss within Other gains/ (losses).

i) Depreciation

i) Depreciation on tangible fixed assets is charged over the estimated useful life of the asset or part of the asset (after considering double/triple shifts) as evaluated by a Chartered Engineer, on straight line method and in accordance with Ind AS 16, taking into consideration both usage, useful life and legal limitations on the use of assets, on straight line method, in accordance with Part A of Schedule II to the Companies Act, 2013. Depreciation is adjusted for the proportionate usage with reference to the asset's expected capacity or physical output during the reporting period

ii) The estimated useful life of the tangible fixed assets as assessed by the Chartered Engineer and followed by the Group is furnished below:

Description	Years
Factory building and other buildings	5 to 64
Plant and Equipment	4 to 21
Electrical Equipment	15
Furniture and Fixtures	4 to 10
Computers	3 to 4
Mobile phones	1 to 2
Vehicles	5 to 6

iii) Tools and dies used for two wheelers are depreciated based on quantity of components manufactured and the life of tools and dies, subject to a maximum of 5 years. Tools and dies used for three wheeler operations are depreciated over a period of 9 years.

iv) The residual value for all the above assets are retained at 5% of the cost except for Mobile phones for which nil residual value is considered. Residual values and useful lives are reviewed, and adjusted, if appropriate, for each reporting period.

v) On tangible fixed assets added / disposed off during the year, depreciation is charged on pro-rata basis for the period for which the asset was purchased and used.

vi) Depreciation in respect of tangible assets costing individually less than Rs.5, 000/- is provided at 100%.

j) Investment properties

Property that is held for long term rental yields or for capital appreciation or both, and that is not occupied by the Group is classified as investment property. Investment Property is measured initially at its cost and including related transaction cost where applicable, borrowing cost. Subsequent expenditure is capitalized to the assets

SUNDARAM-CLAYTON LIMITED

1. SIGNIFICANT ACCOUNTING POLICIES

carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item is measured reliably.

k) Intangible assets

Goodwill

Goodwill on acquisition of business is included in intangible assets. Goodwill is not amortized but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Goodwill is allocated to the cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or group of cash generating units that are expected to benefit from the business combination in which the goodwill arose. The units or group of units are identified at the lowest level at which goodwill is monitored for internal management purposes, which in our case are the cash generating units.

Other intangible assets

Intangible assets acquired separately:

Intangible assets with finite useful lives that are acquired separately and the estimated useful life is more than one year, is capitalised and carried at cost less accumulated amortisation and accumulated impairment losses.

Internally-generated intangible assets - research and development expenditure: Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from development phase of internal project is recognised, if and only if, the conditions under the Ind AS 34 - Intangible Asset, are fulfilled. If the conditions are not fulfilled the same is recognised in profit and loss in the period in which it is incurred.

The intangible assets are amortised on straight line basis over its useful life, viz., 2 years in the case of software, 8 years in case of acquired brands and trade marks and 6 to 10 years in the case of Design, Development and Technical knowhow.

l) Loans (receivable from financing activity)

The Loans (receivable from financing activity) are stated the contract value plus transaction costs less origination income that are directly attributable to the acquisition of the loan. Interest income is recognised using the Effective Interest Rate (EIR) method. Loans are stated at carrying value less impairment loss.

m) Impairment

At each balance sheet date, the Group assesses whether there is any indication that any property, plant and equipment and intangible assets may be impaired. If any such impairment exists the recoverable amount of an asset is estimated to determine the extent of impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

SUNDARAM-CLAYTON LIMITED

1. SIGNIFICANT ACCOUNTING POLICIES

The group estimates the recoverable amount of the cash-generating unit (CGU's) to which the asset belongs/or the individual and property, plant and equipment and intangible assets.

When necessary, the entire carrying amount of the Equity accounted investments is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's/CGU's fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash generating unit) for which the estimates of future cash flows have not been adjusted.

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

n) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). i.e. in Indian rupees (INR) and all values are rounded off to nearest crores except where otherwise indicated.

(ii) Transactions and balances

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction.

- (a) Foreign currency monetary assets and liabilities such as cash, receivables, payables, etc., are translated at year end exchange rates.
- (b) Non-monetary items denominated in foreign currency such as investments, fixed assets, etc., are valued at the exchange rate prevailing on the date of transaction.
- (c) Exchange differences arising on settlement of transactions and translation of monetary items are recognised as income or expense in the year in which they arise.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- a) assets and liabilities are translated at the closing rate at the date of that balance sheet

1. SIGNIFICANT ACCOUNTING POLICIES

- b) income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- c) all resulting exchange differences are recognised in other comprehensive income.

o) Hedge accounting

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedges)
- hedges of a particular risk associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 33. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in the Statement of Profit and Loss, within other gains/ (losses).

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognized in other comprehensive income in cash flow hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains and losses relating

SUNDARAM-CLAYTON LIMITED

1. SIGNIFICANT ACCOUNTING POLICIES

to the effective portion of the change in fair value of the entire forward contract are recognized in the cash flow hedging reserve within equity.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects the Statement of Profit and Loss (for example, when the forecast sale that is hedged takes place).

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to the Statement of Profit and Loss within other gains/ (losses).

p) Inventories

Inventories are valued at the lower of cost and net realizable value.

- i. Cost of raw materials, components, stores, spares, work-in-process and finished goods are determined on a moving average basis.
- ii. Cost of finished goods and work-in-process comprises of direct materials, direct labour and an applicable proportion of variable and fixed overhead expenditure, fixed overhead expenditure absorbed on the basis of normal operating capacity.
- iii. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.
- iv. Materials and supplies held for use in production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost. Slow and non-moving material, obsolescence, defective inventories are duly provided for.

Land held for development/sale by the real estate subsidiary is valued at the lower of cost and net realizable value. Cost includes cost of acquisition and all related costs.

q) Employee benefits

i) Short term obligations:

Short term obligations are those that are expected to be settled fully within 12 months after the end of the reporting period. They are recognized upto the end of the reporting period at the amounts expected to be paid at the time of settlement.

ii) Other long term employee benefit obligations:

1. SIGNIFICANT ACCOUNTING POLICIES

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are, therefore, recognized and provided for at the present value of the expected future payments to be made in respect of services provided by employee upto the end of reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in Other Comprehensive Income.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for atleast twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

iii) Post-employment obligation:

The Group operates the following post-employment schemes:

- a) Defined benefit plans such as gratuity for its eligible employees, pension plan for eligible senior managers; and
- b) Defined contribution plan such as provident fund.

a) Pension and gratuity obligation:

The liability or asset recognized in the balance sheet in respect of defined benefit pension and gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on the government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income (net of deferred tax). They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the Statement of Profit and Loss as past service cost.

SUNDARAM-CLAYTON LIMITED

1. SIGNIFICANT ACCOUNTING POLICIES

b) Provident fund:

The eligible employees of the Group are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Group make monthly contributions at a specified percentage of the covered employees' salary. The provident fund contributions are made to an irrevocable trust set up by the Group. The Group is generally liable for annual contributions and any shortfall in the fund assets based on the Government specified minimum rates of return and recognizes such contributions and shortfall, if any, as an expense in the year in which it is incurred.

iv) Bonus plans:

The Group recognizes a liability and an expense for bonus. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

r) **Taxes on income**

Tax expense comprises of (i) current tax and (ii) deferred tax.

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the

SUNDARAM-CLAYTON LIMITED

1. SIGNIFICANT ACCOUNTING POLICIES

entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Where the Group is entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (the Research and Development or other investment allowances), the Group accounts for such allowances as tax credits, which means that the allowance reduce income tax payable and current tax expense. A deferred tax asset is recognized for unclaimed tax credits that are carried forward as deferred tax assets.

s) Government Grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants receivable as compensation for expenses or financial support are recognized in profit or loss of the period in which it becomes available.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

In case of waiver of duty under EPCG licence, such grant is considered as revenue grant and recognized in "Other Income" on completion of export obligation as approved by Regulatory Authorities.

t) Provisions and contingent liabilities

i) Provision:

A provision is recorded when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated. The estimated liability for product warranties is accounted based on technical evaluation, when the products are sold.

Provisions are evaluated at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expenses.

SUNDARAM-CLAYTON LIMITED

1. SIGNIFICANT ACCOUNTING POLICIES

ii) Contingent liabilities:

Wherever there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognized because (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) the amount of the obligation cannot be measured with sufficient reliability are considered as contingent liability. Show cause notices are not considered as Contingent Liabilities unless converted into demand.

u) **Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The group has identified the following business segments as reportable segments, (on the basis of products and production process) viz., (1) Automotive vehicles and parts, (2) Automotive components (3) Financial Services and (4) Others

v) **Leases**

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain

SUNDARAM-CLAYTON LIMITED

1. SIGNIFICANT ACCOUNTING POLICIES

an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognized in profit and loss in the period in which the condition that triggers those payments occurs.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

w) Cash and Cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

SUNDARAM-CLAYTON LIMITED

1. SIGNIFICANT ACCOUNTING POLICIES

x) Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, less provision for impairment.

y) Contract Liabilities

A contract liability is the obligation to transfer goods to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the consideration is received. Contract liabilities are recognized as revenue when the Company performs under the contract.

z) Investments and Other financial assets

i) Classification

The Group classifies its financial assets in the following categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through statement of profit and loss), and
- Those measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flow.

ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus (in the case of a financial asset not a fair value through profit or loss) transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit and Loss.

(A) Debt Instruments:

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments.

(i) Amortized Cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on debt instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in the Statement of Profit and Loss when the asset is de-

SUNDARAM-CLAYTON LIMITED

1. SIGNIFICANT ACCOUNTING POLICIES

recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

(ii) Fair Value through profit or loss:

Assets that do not meet the criteria for amortized cost or Fair Value through Other Comprehensive Income (FVOCI) are measured at Fair Value Through Profit or Loss (FVTPL). A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented in the statement of profit and loss within other gains / (losses) in the period in which it arises. Interest income from these financial assets is included in other income.

(B) Equity instruments:

The Group subsequently measures all investments in equity (except of the subsidiaries / associates) at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there will be no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognized in the Statement of Profit and Loss as other income when the Group's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately. Where the Group elects to measure fair value through profit and loss, changes in the fair value of such financial assets are recognized in the statement of profit and loss.

(iii) Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been significant increase in credit risk. Note 34(A) and Note 35 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected credit losses to be recognized from initial recognition of the receivables.

For loans given by financial enterprise the impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 35 details how the Group determines whether there has been a significant increase in credit risk.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

1. SIGNIFICANT ACCOUNTING POLICIES

(iv) Derecognition of financial assets

A financial asset is derecognised only when:

- a) the Group has transferred the rights to receive cash flows from the financial asset or
- b) The Group retains the contractual rights to receive the cash flows of the financial asset, but expects a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised, if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

(v) Income recognition

Interest income:

Interest income from debt instruments is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying value of a financial asset. While calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options), but does not consider the expected credit losses.

Dividend income:

Dividends are recognized in statement of profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of dividend can be reliably measured.

1. SIGNIFICANT ACCOUNTING POLICIES

aa) Borrowings

Borrowings are initially recognized at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction cost) and the redemption amount is recognized in the Statement of Profit and Loss over the period of the borrowings, using the effective interest rate method. Fees paid on the established loan facilities are recognized as transaction cost of the loan, to the extent that it is probable that some or all the facility will be drawn down.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the Statement of Profit and Loss as other gain/(loss).

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for over or at least 12 months after the reporting period.

ab) Current and Non-current classification

The Group presents assets and liabilities in the balance sheet based on current / non-current classification.

Cash or cash equivalent is treated as current, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. In respect of other assets, it is treated as current when it is:

- expected to be realized or intended to be sold or consumed in the normal operating cycle
- held primarily for the purpose of trading
- expected to be realized within twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when:

- it is expected to be settled in the normal operating cycle
- it is held primarily for the purpose of trading
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

SUNDARAM-CLAYTON LIMITED

1. SIGNIFICANT ACCOUNTING POLICIES

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. In Group's considered view, twelve months is its operating cycle for all entities within the Group other than real estate.

The normal operating cycle in respect of operation relating to real estate project depends on signing of agreement, size of the project, phasing of the project, type of development, project complexities, approvals needed and realization of project into cash and cash equivalents and range from 3 to 7 years. Accordingly, assets and liabilities have been classified into current and non-current based on operating cycle.

ac) Borrowing Cost

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

ad) Earnings Per Share (EPS)

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year/period.

Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

SUNDARAM-CLAYTON LIMITED									
NOTES TO BALANCE SHEET AS AT 31.03.2023									
2 Property, Plant & Equipment									(Rs.in Crores)
Description	Property, Plant & Equipment								
	Freehold land	Leasehold land	Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Vehicles	RTA	Total
	1	2	3	4	5	6	7	8	9
Cost of assets									
As at 01-04-2022	373.04	45.44	1,384.88	4,948.45	142.88	230.22	120.55	768.01	8,013.47
Additions	171.39	-	102.68	613.04	23.78	43.44	45.58	328.48	1,328.39
Foreign currency translation reserve	6.34	-	28.22	40.70	0.80	0.75	(2.47)	-	74.34
Sub-total	550.77	45.44	1,515.78	5,602.19	167.46	274.41	163.66	1,096.49	9,416.20
Sales / deletion	-	-	(1.11)	(143.55)	(1.31)	(12.52)	(10.26)	(1.65)	(170.40)
Total	550.77	45.44	1,514.67	5,458.64	166.15	261.89	153.40	1,094.84	9,245.80
Depreciation / Amortisation									
Upto 31-03-2022	-	1.14	245.60	2,206.89	82.58	156.21	58.35	222.58	2,973.35
For the year									-
Amortisation		0.50	62.00	502.31	19.11	24.64	32.94	144.22	785.72
Foreign currency translation reserve	-	-	2.23	5.75	(0.25)	1.23	(1.08)	(35.39)	(27.51)
Sub-total	-	1.64	309.83	2,714.95	101.44	182.08	90.21	331.41	3,731.56
Withdrawn on assets sold / deleted	-	-	(0.25)	(114.28)	(0.80)	(11.41)	(8.32)	-	(135.06)
Total	-	1.64	309.58	2,600.67	100.64	170.67	81.89	331.41	3,596.50
As at 31-03-2023	550.77	43.80	1,205.09	2,857.97	65.51	91.22	71.51	763.43	5,649.30

SUNDARAM-CLAYTON LIMITED						
NOTES TO BALANCE SHEET AS AT 31.03.2023						
2 Property, Plant & Equipment					(Rs.in Crores)	
Goodwill				2022-23	2021-22	
(i) Goodwill arising on business combination				2.20	2.20	
(ii) Goodwill arising on consolidation				305.62	288.39	
Total				307.82	290.59	
Capital Work-In-Progress (At Cost)				2022-23	2021-22	
(i) Building				90.27	97.30	
(ii) Plant & equipment				271.19	230.45	
(iii) Others				32.17	1.36	
Total				393.63	329.11	
Ageing of Capital work-in- progress as on 31st March 2023:						
Particulars		Amount in Capital work-in-progress for a period of				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress		266.00	83.82	21.14	22.67	393.63
Ageing of Intangible assets under development as at 31-03-2023:						
Particulars	Amount in Intangible assets under development for a period of					
	<1 Yr.	1-2 years	2-3 years	More than 3 years	Total	
Projects in progress	290.72	109.39	22.92	4.61	427.64	

SUNDARAM-CLAYTON LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2023

2 Property, Plant & Equipment **(Rs.in Crores)**

Description	Property, Plant & Equipment								
	Freehold land	Leasehold land	Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Vehicles	RTA	Total
	1	2	3	4	5	6	7	8	9
Cost of assets									
As at 01-04-2021	353.34	45.44	1,006.43	4,181.99	120.17	206.08	75.83	404.96	6,394.24
Incumbent Subsidiaries	-	-	1.22	12.96	1.18	0.92	0.51	-	16.79
Additions	51.90	-	375.02	837.93	23.56	27.70	49.07	364.70	1,729.88
Foreign currency translation reserve	5.85	-	2.21	5.17	0.13	0.71	0.20	-	14.27
Sub-total	411.09	45.44	1,384.88	5,038.05	145.04	235.41	125.61	769.66	8,155.18
Sales / deletion	(38.05)	-	-	(89.60)	(2.16)	(5.19)	(5.06)	(1.65)	(141.71)
Total	373.04	45.44	1,384.88	4,948.45	142.88	230.22	120.55	768.01	8,013.47
Depreciation / Amortisation									
Upto 31-03-2021	-	0.64	191.76	1,776.20	68.20	133.73	34.58	117.88	2,322.99
Incumbent Subsidiary	-	-	-	-	-	-	-	-	-
For the year	-	-	52.33	500.85	15.28	26.04	28.77	106.55	729.82
Amortisation	-	0.50	-	-	-	-	-	-	0.50
Foreign currency translation reserve	-	-	1.51	3.86	(0.04)	0.55	0.03	(1.85)	4.06
Sub-total	-	1.14	245.60	2,280.91	83.44	160.32	63.38	222.58	3,057.38
Withdrawn on assets sold / deleted	-	-	-	(74.02)	(0.86)	(4.11)	(5.03)	-	(84.02)
Total	-	1.14	245.60	2,206.89	82.58	156.21	58.35	222.58	2,973.35
As at 31-03-2022	373.04	44.30	1,139.28	2,741.56	60.30	74.01	62.20	545.43	5,040.12

SUNDARAM-CLAYTON LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2023

2 Property, Plant & Equipment (Rs.in Crores)

Goodwill	2021-22	2020-21
(i) Goodwill arising on business combination	2.20	2.20
(ii) Goodwill arising on consolidation	288.39	110.41
Total	290.59	112.61

Capital Work-In-Progress (At Cost)	2021-22	2020-21
(i) Building	97.30	44.84
(ii) Plant & equipment	230.45	836.45
(iii) Others	1.36	2.08
Total	329.11	883.37

Ageing of Capital work-in- progress as on 31st March 2022:

Particulars	Amount in Capital work-in-progress for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	218.55	30.51	18.92	61.13	329.11

Ageing of Intangible assets under development as at 31-03-2022:

Particulars	Amount in Intangible assets under development for a period of				
	<1 Yr.	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	198.52	28.22	3.24	1.37	231.35

SUNDARAM-CLAYTON LIMITED				
NOTES TO BALANCE SHEET AS AT 31.03.2023				
3. Intangible assets				(Rs.in Crores)
Description	Software	Design Development	Trademark	Total
Cost of assets				
As at 01-04-2022	189.62	577.97	471.18	1,238.77
Additions	47.20	96.67	1.62	145.49
Foreign Currency translation reserve	-	-	5.24	5.24
Sub-total	236.82	674.64	478.04	1,389.50
Sales / deletion	(41.43)	(1.46)	-	(42.89)
Total	195.39	673.18	478.04	1,346.61
Depreciation / Amortisation				
Upto 31-03-2022	127.78	227.94	12.14	367.86
For the year				-
Amortisation	50.85	97.15	52.10	200.10
Foreign Currency translation reserve	(5.87)	(0.01)	(14.54)	(20.42)
Sub-total	172.76	325.08	49.70	547.54
Withdrawn on assets sold / deleted	(20.83)	(1.46)	(15.24)	(37.53)
Total	151.93	323.62	34.46	510.01
As at 31-03-2023	43.46	349.57	443.58	836.61
Description	Software	Design Development	Trademark	Total
Cost of assets				
As at 01-04-2021	114.11	427.98	240.23	782.32
Incumbent Subsidiary	25.55	0.57	0.88	27.00
Additions	50.01	149.42	233.16	432.59
Foreign currency translation reserve	-	-	(3.09)	(3.09)
Sub-total	189.67	577.97	471.18	1,238.82
Sales / deletion	(0.05)	-	-	(0.05)
Total	189.62	577.97	471.18	1,238.77
Depreciation / Amortisation				
Upto 31-03-2021	97.79	155.76	-	253.55
Incumbent Subsidiary	-	-	-	-
For the year				-
Amortisation	30.03	72.29	11.94	114.26
Foreign currency translation reserve	0.01	(0.11)	0.20	0.10
Sub-total	127.83	227.94	12.14	367.91
Withdrawn on assets sold / deleted	(0.05)	-	-	(0.05)
Total	127.78	227.94	12.14	367.86
As at 31-03-2022	61.84	350.04	459.03	870.91

SUNDARAM-CLAYTON LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2023
4 Investments

Sl. No.	Particulars	No. of shares / units		Face Value	Currency	Rupees in crores	
		As at 31.03.2023	As at 31.03.2022			As at 31.03.2023	As at 31.03.2022
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
A	<u>Non-Current Investments:</u>						
(a)	<u>Investment in Equity Instruments Fair valued through OCI:</u>						
	<u>Quoted :</u>						
(i)	Ucal Fuel Systems Limited, Chennai	91,760	91,760	10.00	INR	1.00	1.03
	<u>Unquoted :</u>						
(ii)	Green Infra BTV Limited, New Delhi	32,50,000	32,50,000	10.00	INR	1.75	1.62
(iii)	Green Infra BTV Limited, New Delhi	45,00,000	45,00,000	10.00	INR	4.50	4.50
(iv)	TVS Lanka (Private) Limited, Colombo	50,00,000	50,00,000	10.00	LKR	4.38	5.75
(v)	Green Infra Wind Power Projects Limited, New Delhi	1,11,600	1,11,600	10.00	INR	0.08	0.08
(vi)	Green Infra Wind Energy Theni Limited, New Delhi	34,34,477	34,34,477	10.00	INR	1.86	1.72
(vii)	Green Infra Wind Power Generation Limited, New Delhi	2,16,000	2,16,000	10.00	INR	0.17	0.16
(viii)	Mulanur Renewable Energy Pvt. Limited, Chennai	15,000	15,000	10.00	INR	0.02	0.02
(ix)	PHI Research Pvt. Limited	3,50,000	3,50,000	10.00	INR	3.36	3.36
(x)	Sai Regency Power Corporation Private Limited, Chennai	3,75,000	3,75,000	10.00	INR	0.38	0.38
(xi)	Adyar Property Holding Company Limited, Chennai (Cost Rs.6,825)	105	105	100.00	INR	-	-
(xii)	Atria Wind Power Bijapur 1 Limited, Bengaluru	85,788	85,788	10.00	INR	2.00	2.00
(xiii)	Atria Wind Power (Chitradurga) P Ltd	80,948	80,948	100.00	INR	0.47	0.44
(xiv)	Altizon Systems Private Ltd, Pune	10	10	10.00	INR	0.01	0.01
(xv)	Roppen Transportation Services Private Limited, Hyderabad	10	-	1.00	INR	0.05	-
(xvi)	Roppen Transportation Services Private Limited, Hyderabad\$	23,985	-	10.00	INR	113.93	-
(xvii)	Green Infra Wind Energy Generation Limited, Gurugram	23,45,000	-	10.00	INR	2.35	-
(xviii)	ARC Ride Limited, UK	575	-	0.01	GBP	8.47	-
(xix)	ION Mobility Pte Limited, Singapore	31,44,198	-	3.02	USD	76.58	-
(xx)	Tulsyan NEC Limited, Chennai	1,63,125	1,63,125	10.00	INR	0.50	0.50
(xxi)	Nagai Power Private Limited	1,33,010	1,33,010	10.00	INR	0.13	0.13
	<u>Private equity instruments:</u>						
(xxii)	TVS Shriram Growth fund Scheme 3 of TVS Capital Funds Limited, Chennai	1,71,600	1,00,000	1,000	INR	25.00	14.56
	Total value of Equity Instruments (a)					246.99	36.26

SUNDARAM-CLAYTON LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2023
4 Investments

Sl. No.	Particulars	No. of shares / units		Face Value	Currency	Rupees in crores	
		As at 31.03.2023	As at 31.03.2022			As at 31.03.2023	As at 31.03.2022
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(b)	<u>Investments in Preference Shares: (Unquoted)</u> <u>Fair valued through OCI:</u>						
(i)	Pinnacle Engines Inc., USA (face value 0.01 cent)	24,09,638	24,09,638	0.0001	USD	-	-
(ii)	Axiom Research Labs Private Limited, Delhi	82	82	10.00	INR	-	-
(iii)	Mottu Holdings Ltd, USA	70,344	70,344	0.0010	USD	16.33	14.79
	Total value of Preference shares (b)					16.33	14.79
(c)	<u>Other non-current Investments:</u> <u>Investments valued through OCI:</u>						
(i)	Autotech Fund L.L.P. USA				USD	40.07	52.38
	<u>Pension Funds / Government Securities (Unquoted)</u> <u>Valued at Amortised Cost :</u>						
(ii)	ICICI Prudential Life Insurance Group Superannuation Fund, Mumbai				INR	2.25	6.28
(iii)	Life Insurance Corporation Pension Policy, Mumbai				INR	19.42	19.87
(iv)	ICICI Prudential Life Insurance Group Superannuation Fund, Mumbai				INR	6.39	2.56
(v)	Life Insurance Corporation Pension Policy, Chennai				INR	8.65	10.95
(vi)	5 Years National Savings Certificates VIII Issue (in the name of nominee) - Face Value - Rs. 10,000				INR		
	<u>Debt Instruments</u> <u>Valued at Amortised Cost :</u>						
(vii)	Fabric IOT Private Limited, Bengaluru				INR	16.28	
	<u>Fair valued through Profit and Loss :</u>						
(viii)	Fabric IOT Private Limited, Bengaluru				INR	45.00	
(ix)	DAT Bike, Singapore				USD	4.12	-
	Total value of other investments (c)					142.18	92.04
	Total Non-Current Investments (a) + (b) + (c)					405.50	143.09
	Aggregate amount of quoted investments and market value thereof					1.00	1.03
	Aggregate amount of unquoted investments					404.50	142.06
	Aggregate amount of impairment in value of investments					-	-
	Total					405.50	143.09

SUNDARAM-CLAYTON LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2023
4 Investments

Sl. No.	Particulars	No. of shares / units		Face Value	Currency	Rupees in crores	
		As at 31.03.2023	As at 31.03.2022			As at 31.03.2023	As at 31.03.2022
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
B	<u>Current Investments:</u>						
	<u>Investment in Equity Instruments Fair valued through Profit or Loss:</u>						
	<u>Unquoted :</u>						
(i)	TVS Supply Chain Solutions Limited, Chennai	1,06,62,200	1,06,62,200	1.00	INR	191.91	130.23
	<u>Quoted :</u>						
	<u>Mutual Funds:</u>						
(ii)	IDFC Mutual Fund	6,618	-	10.00	INR	0.80	-
(iii)	SBI Mutual Fund	39,918	-	10.00	INR	10.85	-
	Total Value of Current Investments					203.56	130.23
	Aggregate amount of quoted investments and market value thereof					11.65	-
	Aggregate amount of unquoted investments					191.91	130.23
	Aggregate amount of impairment in value of investments						-
	Total					203.56	130.23

SUNDARAM-CLAYTON LIMITED		
NOTES TO BALANCE SHEET AS AT 31.03.2023		
	As at 31.03.2023	(Rs.in Crores) As at 31.03.2022
5 Investments accounted using equity method		
Emerald Haven Realty Limited, Chennai	86.93	118.78
[11,12,19,512 (last year - 11,12,19,512) Equity shares]		
Ultraviolette Automotive Private Limited, Bengaluru	7.29	8.98
[14,850 (last year - 14,850) Equity shares]		
Ultraviolette Automotive Private Limited, Bengaluru	110.00	110.00
[12,316 (last year - 12,316) Preference shares]		
Predictronic Corp, USA	18.89	20.04
[24,827 (last year - 24,827) Equity shares]		
Tagbox Solutions Private Limited, Bengaluru	0.42	1.37
[45,710 (last year - 45,710) Equity shares]		
Tagbox Solutions Private Limited, Bengaluru	9.99	9.99
[3,83,983 (last year - 3,83,983) Preference shares]		
Tagbox Pte Limited, Singapore	14.22	14.41
2,43,243 (last year - 2,43,243) Preference shares]		
Scienaptic Systems Inc., USA	53.83	57.43
[28,05,357 (last year - 28,05,357) Equity shares]		
Altizon Inc., USA	23.35	23.82
[8,06,429 (last year - 8,06,429) Equity shares]		
TVS Training and Services Limited, Chennai	3.63	5.04
[19,06,709 (last year - 27,63,359) Equity shares]		
Sundram Non Conventional Energy Systems Limited, Chennai	0.94	0.97
[1,17,650 (last year - 1,17,650) Equity shares]		
DriveX Mobility Private Limited, Coimbatore	83.61	-
[9,766 (last year - Nil) Equity shares]		
Total	413.10	370.83
6 Other non-current assets		
Capital advances	87.68	59.56
<u>Advances other than capital advances:</u>		
Prepaid expenses	19.04	12.66
Statutory and other deposits	48.80	61.98
Total	155.52	134.20
7 Inventories		
Raw materials and components	981.50	897.34
Goods-in-transit - Raw materials and components	107.85	27.57
Work-in-process	103.81	99.22
Finished goods	493.32	539.74
Stock-in-trade	470.37	276.78
Stores and spares	175.23	172.77
Total	2,332.08	2,013.42

SUNDARAM-CLAYTON LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2023

(Rs.in Crores)

	As at 31.03.2023	As at 31.03.2022
8 Trade receivables		
Secured, considered good	11.53	14.11
Unsecured, considered good	1,453.11	1,352.90
Doubtful	57.90	56.23
Total	1,522.54	1,423.24
Less: Allowance for doubtful receivables	57.90	56.23
Total	1,464.64	1,367.01

Ageing for trade receivables as on 31.03.2023

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
(i) Undisputed trade receivables - Considered good	995.84	410.93	51.25	16.29	23.81	1,498.12
(ii) Undisputed trade receivables - Which have significant increase in credit risk	-	3.32	-	7.03	-	10.35
(iii) Undisputed trade receivables - Credit impaired	-	0.17	0.15	0.05	-	0.37
(iv) Disputed trade receivables - Considered good	0.06	-	-	1.31	11.67	13.04
(v) Disputed trade receivables - Which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed trade receivables - Credit impaired	-	0.11	-	-	-	0.11
(vii) Unbilled	0.55	-	-	-	-	0.55
Total	996.45	414.53	51.40	24.68	35.48	1,522.54

Ageing for trade receivables as on 31.03.2022

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
(i) Undisputed trade receivables - Considered good	1,269.85	82.23	15.00	4.98	18.89	1,390.95
(ii) Undisputed trade receivables - Which have significant increase in credit risk	-	1.23	3.36	7.03	-	11.62
(iii) Undisputed trade receivables - Credit impaired	-	0.15	0.18	0.04	-	0.37
(iv) Disputed trade receivables - Considered good	0.08	0.03	1.43	6.03	6.47	14.04
(v) Disputed trade receivables - Which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed trade receivables - Credit impaired	-	-	-	-	-	-
(vii) Unbilled	-	-	-	-	-	6.26
Total	1,269.93	83.64	19.97	18.08	25.36	1,423.24

Sundaram-Clayton Limited				
NOTES TO BALANCE SHEET AS AT 31.03.2023			(Rs.in Crores)	
9 Loans (Receivable from Financing Activity)				
Particulars	As at 31-03-2023		As at 31-03-2022	
	Current	Non Current	Current	Non Current
<u>Secured:</u>				
Automobile Financing				
Considered good	7,034.93	8,398.18	4,938.75	5,807.60
Considered Doubtful	290.57	170.75	300.84	156.85
Less: Loss allowance				
Provision for expected credit loss	(255.21)	(225.68)	(136.49)	(155.72)
(Refer Note No. 35)				
<u>Unsecured:</u>				
Financing (Others)				
Considered good	2,955.17	2,024.62	1,986.55	916.26
Considered doubtful	57.67	40.57	26.74	31.57
Less: Loss allowance				
Provision for expected credit loss	(124.70)	(88.52)	(43.99)	(41.55)
<u>Unsecured and considered good:</u>				
Trade Advance and Term loan				
Considered good	268.54	1.50	224.79	1.44
Considered doubtful	14.15	-	12.98	-
Less: Loss allowance				
Provision for expected credit loss	(15.96)	-	(10.93)	-
(Refer Note No. 35)				
	10,225.16	10,321.42	7,299.24	6,716.45

	As at	As at
	31.03.2023	31.03.2022
10 Cash and cash equivalents		
Balances with banks in current accounts	1,874.70	1,447.94
Balances with banks in Fixed deposits/Term deposits	2,019.87	2,303.08
Cheques / drafts on hand	-	0.38
Cash on hand	4.79	2.55
Total	3,899.36	3,753.95

SUNDARAM-CLAYTON LIMITED		
NOTES TO BALANCE SHEET AS AT 31.03.2023		(Rs.in Crores)
11 Other Bank Balances		
Earmarked balances with banks (for unpaid dividend)	7.51	162.83
Balance with banks (with more than 3 months and less than 12 months maturity)	21.78	17.39
Total	29.29	180.22
12 Financial Assets - Others		
<u>Non-Current</u>		
Deposits	72.46	22.95
Loans given to employees	3.09	1.88
Claims receivable	37.13	44.88
Derivatives (Forwards,POS,IRS,Call spread)	88.90	67.60
Share application money pending allotment	1.34	-
Bank deposits	0.33	0.24
	203.25	137.55
<u>Current</u>		
<u>Unsecured, Considered Good :</u>		
Employee Advances	18.35	12.79
Loans and advances - Non Related Parties	16.44	-
Security Deposits	11.05	9.92
Claims receivable	29.79	30.98
Derivative financial instruments - receivable	93.86	18.15
Receivable towards sale of fixed assets	65.55	62.98
Others	10.03	-
	245.07	134.82
Total	448.32	272.37
13 Other current assets		
VAT/IT/Excise/GST receivable	505.39	570.79
Prepaid expense	114.03	81.65
Vendor advance	225.92	185.29
Trade Deposits	22.93	3.55
Incentive receivable from Government^	472.55	110.53
Others	13.46	39.09
Total	1,354.28	990.90
^Balances Includes EV subsidy receivable of Rs.448.40 crores (Previous Year Rs.30.11 crores)		

SUNDARAM-CLAYTON LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2023
14 - Share Capital

(a) **Details of authorised, issued and subscribed share**

(i) **Equity Share Capital**

Particulars	As at 31-03-2023		As at 31-03-2022	
	Number	Rupees in Crores	Number	Rupees in Crores
<u>Authorised Capital</u>				
Equity Shares of Rs.5/- each	5,00,00,000	25.00	5,00,00,000	25.00
<u>Issued, Subscribed & Paid up Capital</u>				
Equity Shares of Rs.5/- each fully paid	2,02,32,085	10.12	2,02,32,085	10.12
	2,02,32,085	10.12	2,02,32,085	10.12

(ii) **Preference Share Capital**

Particulars	As at 31-03-2023		As at 31-03-2022	
	Number	Rupees in Crores	Number	Rupees in Crores
<u>Authorised Preference share Capital</u>				
Preference Shares of Rs.10/- each	2,50,00,00,000	2,500.00	-	-
<u>Issued, Subscribed & Paid up Capital</u>				
9% Cumulative Non-convertible Redeemable Preference Shares Rs.10/- each fully paid (NCRPS)	2,34,69,21,860	2,346.92		
	2,34,69,21,860	2,346.92	-	-

Note: The company has issued Bonus NCRPS by utilising the reserves as per Composite Scheme of Arrangement (refer note no: 37 (iv)), the same has been accounted as financial liability as per "Ind AS -32 Financial Instruments: Presentation" and disclosed under Current borrowings (refer note no: 19)

(b) **Reconciliation of shares outstanding at the beginning and at the end of the year**

(i) **Equity Share Capital**

Particulars	As at 31-03-2023		As at 31-03-2022	
	Number	Rupees in Crores	Number	Rupees in Crores
Shares outstanding at the beginning of the year	2,02,32,085	10.12	2,02,32,085	10.12
Shares Issued during the year	-	-	-	-
Shares outstanding at the end of the year	2,02,32,085	10.12	2,02,32,085	10.12

SUNDARAM-CLAYTON LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2023
14 - Share Capital

(ii)	Preference Share Capital						
	Particulars	As at 31-03-2023		As at 31-03-2022			
		Number	Rupees in Crores	Number	Rupees in Crores		
	Shares outstanding at the beginning of the year	-	-	-	-		
Shares Issued during the year	2,34,69,21,860	2,346.92	-	-			
Shares outstanding at the end of the year	2,34,69,21,860	2,346.92	-	-			
(c) i) Rights and preferences attached to equity share:							
(i) 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.							
ii) Rights and preferences attached to NCRPS:							
The NCRPS do not have voting rights other than in respect of matters directly affecting it, The NCRPS will be redeemed along with coupon at the end of 1 year from the date of allotment.							
(d) Details of shares held by holding/ultimate holding/subsidiaries/associates of holding company at the end of 31st March 2023 for both Equity and Preference Share Capital							
(i)	Equity Share Capital						
	Name of Shareholder	Relationship	Class of Share	As at 31-03-2023		As at 31-03-2022	
				No. of Shares held	% of Holding	No. of Shares held	% of Holding
	TVS Holdings Private Limited - Chennai	Holding company	Equity	1,30,94,460	64.72	1,30,94,460	64.72
(ii) Preference Share Capital							
(ii)	Name of Shareholder	Relationship	Class of Share	As at 31-03-2023		As at 31-03-2022	
				No. of Shares held	% of Holding	No. of Shares held	% of Holding
	TVS Holdings Private Limited - Chennai	Holding company	Preference	1,51,89,57,360	64.72	-	-
	(e) Details of shareholders holding more than five percent at the end of 31st March 2023 (other than 14 (d)) above)						
	Name of Shareholder	Class of Share	As at 31-03-2023		As at 31-03-2022		
			No. of Shares held	% of Holding	No. of Shares held	% of Holding	
	Sundaram Finance Holdings Limited- Chennai	Equity	15,14,378	7.49	19,69,600	9.74	

SUNDARAM-CLAYTON LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2023
14 - Share Capital

Name of Shareholder	Name of Shareholder	As at 31-03-2023		As at 31-03-2022	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
Sundaram Finance Holdings Limited- Chennai	Preference	17,56,67,848	7.49	-	-

(f) **Details of shares held by promoters as at 31st March 2023**

Name of the Promoters	Class of Share	As at 31-03-2023		As at 31-03-2022		% Change during the year
		No. of Shares held	% of Holding	No. of Shares held	% of Holding	
TVS Holdings Private Limited - Chennai	Equity	1,30,94,460	64.72	1,30,94,460	64.72	0%
Name of the Promoters	Class of Share	As at 31-03-2023		As at 31-03-2022		% Change during the year
		No. of Shares held	% of Holding	No. of Shares held	% of Holding	
TVS Holdings Private Limited - Chennai	Preference	1,51,89,57,360	64.72	-	-	100%

15 Other Equity (Rs in Crores)

Particulars	As at 31-03-2023	As at 31-03-2022
General Reserve	370.36	595.20
Capital Reserve	98.65	98.65
Securities Premium Reserve	36.42	36.42
Statutory Reserve	42.62	41.48
Retained Earnings	2,536.51	4,233.19
Other Reserves	146.31	64.18
	3,230.87	5,069.12
Non-controlling interest	2,804.16	2,202.63

Sundaram-Clayton Limited							
NOTES TO BALANCE SHEET AS AT 31.03.2023							
16. Non Current Liabilities - Financial Liabilities - Borrowings						(Rs.in Crores)	
Nature	Lenders	As at 31-03-2023	As at 31-03-2022	Status as at 31-03-2023			
				Interest Rate	Frequency	No. of Instal	Maturity
Secured Borrowings:							
FCNRB Term Loan - I	Bank	-	15.16	-	-	-	-
FCNRB Term Loan - II	Bank	114.50	134.25	1 year LIBOR plus margin	Quarterly	19	Dec-27
ECB Loan 1	Bank	-	21.56	-	-	-	-
ECB Loan 3	Bank	40.72	75.43	3 Month USD LIBOR plus Margin	Quarterly	4	Feb-24
ECB Loan 4	Bank	-	227.17	-	-	-	-
ECB Loan 5	Bank	-	151.51	-	-	-	-
ECB Loan 6	Bank	-	151.51	-	-	-	-
ECB Loan 7	Bank	-	189.38	-	-	-	-
ECB Loan 8	Bank	-	189.38	-	-	-	-
ECB Loan 9	Bank	410.43	378.07	6.92%	Bullet	1	Jul-23
ECB Loan 10	Bank	385.94	356.04	6.96%	Bullet	1	Oct-23
ECB Loan 11	Bank	818.90	753.93	6.92%	Bullet	1	Dec-24
Rupee Term loan I	Bank	-	24.92	-	-	-	-
Term loan	Bank	4.58	22.92	MCLR plus margin	Quarterly	1	Jun-23
Term loan	Bank	1.25	5.00	MCLR plus margin	Quarterly	1	Jun-23
Term loan	Bank	9.38	13.13	MCLR plus margin	Quarterly	10	Sep-26
Term Loan	Bank	-	39.99	-	-	-	-
Term Loan	Bank	-	22.50	-	-	-	-
Term Loan	Bank	-	79.98	-	-	-	-
Term Loan	Bank	-	41.66	-	-	-	-
Term Loan	Bank	-	33.33	-	-	-	-
Term Loan	Bank	-	166.67	-	-	-	-
Term Loan	Bank	-	50.00	-	-	-	-
Term Loan	Bank	-	199.98	-	-	-	-
Term Loan	Bank	-	59.99	-	-	-	-
Term Loan	Bank	-	4.93	-	-	-	-
Term Loan	Bank	-	99.93	-	-	-	-
Term Loan	Bank	187.47	249.96	6.3%	Quarterly	6	Sep-24
Term Loan	Bank	250.00	250.00	6.3%	Quarterly	8	Feb-25
Term Loan	Bank	-	83.32	-	-	-	-
Term Loan	Bank	149.91	249.95	7.5%	Quarterly	6	Sep-24

Sundaram-Clayton Limited							
NOTES TO BALANCE SHEET AS AT 31.03.2023							
16. Non Current Liabilities - Financial Liabilities - Borrowings (Rs.in Crores)							
Nature	Lenders	As at 31-03-2023	As at 31-03-2022	Status as at 31-03-2023			
				Interest Rate	Frequency	No. of Instal	Maturity
Term Loan	Bank	208.31	374.96	7.8%	Monthly	15	Jun-24
Term Loan	Bank	250.00	416.67	7.5%	Monthly	18	Sep-24
Term Loan	Bank	145.80	229.17	8.4%	Monthly	21	Dec-24
Term Loan	Bank	337.76	499.89	5.6%	Monthly	25	Apr-25
Term Loan	Bank	567.53	-	6.4%	Monthly	28	Jul-25
Term Loan	Bank	457.58	-	7.3%	Quarterly	12	Feb-26
Term Loan	Bank	91.74	-	7.6%	Monthly	34	Feb-26
Term Loan	Bank	60.00	-	7.8%	Quarterly	12	Mar-26
Term Loan	Bank	87.57	-	7.8%	Monthly	36	Mar-26
Term Loan	Bank	374.18	-	7.3%	Quarterly	12	Apr-26
Term Loan	Bank	499.82	-	7.5%	Quarterly	12	Feb-26
Term Loan	Bank	-	249.78	-	-	-	-
Term Loan	Bank	150.00	150.00	8.8%	Bullet	1	Oct-24
Term Loan	Bank	-	97.50	-	-	-	-
Term Loan	Bank	74.99	174.98	8.4%	Quarterly	3	Nov-23
Term Loan	Bank	149.98	299.96	7.9%	Quarterly	4	Mar-24
Term Loan	Bank	416.63	-	7.7%	Quarterly	10	Aug-25
Term Loan	Bank	249.86	-	7.6%	Quarterly	8	Mar-25
Term Loan	Bank	250.00	-	7.6%	Quarterly	8	Apr-25
Term Loan	Bank	41.67	141.67	8.4%	Monthly	5	Aug-23
Term Loan	Bank	50.00	116.67	8.6%	Monthly	9	Dec-23
Term Loan	Bank	50.00	100.00	8.8%	Half Yearly	2	Feb-24
Term Loan	Bank	24.99	124.94	7.3%	Quarterly	1	May-23
Term Loan	Bank	99.98	199.96	8.8%	Quarterly	4	Mar-24
Term Loan	Bank	33.32	66.63	8.5%	Monthly	12	Mar-24
Term Loan	Bank	249.84	-	7.8%	Quarterly	10	Oct-25
Term Loan	Bank	166.53	249.77	8.0%	Quarterly	8	Mar-25
Term Loan	Bank	120.00	200.00	8.5%	Quarterly	6	Jul-24
Term Loan	Bank	120.00	200.00	8.5%	Quarterly	6	Aug-24
Term Loan	Bank	200.00	200.00	7.0%	Bullet	1	Oct-24
Term Loan	Others	200.00	-	7.6%	Quarterly	5	Apr-24
Term Loan	Bank	499.92	-	7.0%	Quarterly	10	Jul-25
Term Loan	Bank	698.56	-	7.6%	Quarterly	10	Oct-25
Term Loan	Bank	180.00	-	7.0%	Quarterly	9	Apr-25
Term Loan	Bank	300.00	-	7.3%	Half Yearly	4	May-25
Term Loan	Bank	199.97	-	8.0%	Bullet	1	May-24
Term Loan	Bank	499.91	-	7.7%	Quarterly	10	Sep-25

Sundaram-Clayton Limited
NOTES TO BALANCE SHEET AS AT 31.03.2023
16. Non Current Liabilities - Financial Liabilities - Borrowings
(Rs.in Crores)

Nature	Lenders	As at 31-03-2023	As at 31-03-2022	Status as at 31-03-2023			
				Interest Rate	Frequency	No. of Instal	Maturity
Term Loan	Bank	100.00	-	7.8%	Quarterly	10	Sep-25
Term Loan	Bank	399.91	-	7.8%	Quarterly	10	Oct-25
Term Loan	Bank	249.95	-	7.5%	Bullet	1	Sep-25
Term Loan	Bank	199.91	-	8.0%	Quarterly	10	Sep-25
Term Loan	Bank	300.00	-	8.0%	Quarterly	10	Oct-25
Term Loan	Bank	499.90	-	8.1%	Quarterly	10	Dec-25
Term Loan	Bank	-	199.94	-	-	-	-
Term Loan	Bank	173.69	220.84	3.5%	Half Yearly	4	Dec-24
Term Loan	Bank	196.54	-	SOFR+ Margin	Half Yearly	4	Dec-26
Term Loan	Bank	-	0.08	-	-	-	-
Rupee Term loan II	Bank	75.00	-	3M T.Bill + Margin	Quarterly	17	Dec-28
Term Loan	State owned corporation I	8.12	7.51	0.1%	Bullet	1	Apr-31
Term Loan	Bank	41.92	-	8.5%	Quarterly	12	Nov-2027
Term Loan	State owned corporation II	3.08	2.84	0.1%	Yearly	1	Apr-29
Term Loan	Bank	197.20	-	2.6% per annum over SOFR	Quarterly	12	Dec-27
Term Loan (5 tranches)	State owned corporation III	84.68	84.31	0.1%	Yearly	3	Apr-30
Debentures	8.30% Secured Non Convertible Debenture	425.00	-	8.30%	Bullet	1	Oct-24
Debentures	8.15% Secured Non Convertible Debenture	800.00	-	8.15%	Bullet	1	Sep-25
Debentures	8.35% Secured Non Convertible Debenture	-	300.00	-	-	-	-
Debentures	8.35% Secured Non Convertible Debenture	-	25.00	-	-	-	-
Debentures	7.4% Secured Non Convertible Debenture	-	99.99	-	-	-	-

Sundaram-Clayton Limited							
NOTES TO BALANCE SHEET AS AT 31.03.2023							
16. Non Current Liabilities - Financial Liabilities - Borrowings (Rs.in Crores)							
Nature	Lenders	As at	As at	Status as at 31-03-2023			
		31-03-2023	31-03-2022	Interest Rate	Frequency	No. of Instal	Maturity
Unsecured Borrowings:		-		-	-	-	-
Non Convertible Debentures	7.5% Non Convertible Debenture	499.93	499.03	7.5%	Bullet	1	May-23
Non Convertible Debentures	7.65% Non Convertible Debenture	99.85	99.70	7.65%	Yearly	2	Aug-25
Non Convertible Debentures	Non Convertible Debentures	124.81	-	Bullet	1	1	TVSM
Sub Debt	Others	-	24.99	-	-	-	-
Sub Debt	Bank	50.00	49.99	9.7%	Bullet	1	May-23
Sub Debt	Bank	50.00	50.00	8.9%	Bullet	1	Jul-23
Sub Debt	Bank	-	25.00	-	-	-	-
Sub Debt	Bank	-	50.00	-	-	-	-
Sub Debt	Bank	-	50.00	-	-	-	-
Sub Debt	Others	19.76	-	9.40%	Bullet	1	Jun-26
Sub Debt	Others	49.39	-	9.40%	Bullet	1	Jun-26
Sub Debt	Others	95.00	-	9.5%	Bullet	1	Jan-28
Sub Debt	Others	80.00	-	9.5%	Bullet	1	Jan-28
Sub Debt	Others	115.00	-	9.5%	Bullet	1	Jan-28
Sub Debt	Others	110.00	-	9.5%	Bullet	1	Jan-28
Sub Debt	Others	50.00	-	9.4%	Bullet	1	Aug-28
Sub Debt	Others	50.00	-	9.4%	Bullet	1	Aug-28
Sub Debt	Others	50.00	-	9.4%	Bullet	1	Aug-28
Sub Debt	Others	50.00	-	9.4%	Bullet	1	Aug-28
Sub Debt	Bank	99.60	99.30	10.9%	Bullet	1	Aug-24
Sub Debt	Others	128.40	147.93	9.4%	Bullet	1	Aug-26
Sub Debt	Others	64.20	112.91	9.4%	Bullet	1	Aug-26
Sub Debt	Others	34.60	34.34	9.4%	Bullet	1	Jun-26
Sub Debt	Others	100.00	100.00	10.0%	Bullet	1	Jul-26
Sub Debt	Others	99.00	99.00	8.9%	Bullet	1	Jun-27
Sub Debt	Others	35.00	35.00	8.9%	Bullet	1	Jun-27
Sub Debt	Others	35.00	35.00	8.9%	Bullet	1	Jun-27
Sub Debt	Others	30.00	30.00	8.9%	Bullet	1	Jun-27
Sub Debt	Others	200.00	200.00	8.9%	Bullet	1	Jun-27
Sub Debt	Others	50.00	50.00	8.9%	Bullet	1	Jun-27
Perpetual Debt	Others	99.88	99.86	11.5%	Bullet	1	Nov-27
Term Loan	Others	16.12	16.41	0.5%	Annual	10	Nov-31
Term Loan	Bank	-	3.28	-	-	-	-
Term Loan	Bank	17.02	15.58	2.4%	Yearly	7	Dec-29
Term Loan	Bank	-	2.67	-	-	-	-

Sundaram-Clayton Limited							
NOTES TO BALANCE SHEET AS AT 31.03.2023							
16. Non Current Liabilities - Financial Liabilities - Borrowings							(Rs.in Crores)
Nature	Lenders	As at	As at	Status as at 31-03-2023			
		31-03-2023	31-03-2022	Interest Rate	Frequency	No. of Instal	Maturity
Term Loan	Bank	3.13	-	SONIA + Margin	Bullet	1	Apr-24
ECB Loan 12	Bank	27.39	75.79	3 Month USD	Half Yearly	3	Sep-23
Rupee Term loan III	Bank	175.98	185.14	LIBOR plus Margin	Quarterly	18	Sep-27
Term Loan	Bank	479.93	489.90	MCLR plus margin	Quarterly	16	Mar-23
Term loan - II	Bank	199.20	-	6.3%	Quarterly	8	Mar-26
Sales Tax Deferral Phase II	Others	78.64	94.37	8.3%	Quarterly	6	2027-28
		17,701.26	12,149.80	0.0%	Annual		
Less: Current Maturities of Long Term Borrowings							
(Refer Note 19)		7,838.03	4,409.17				
Total Non Current Financial Liabilities (Borrowings)		9,863.23	7,740.63				
Details of securities created:							
-ECB Loan- 3- First and exclusive charge on specific plant and equipments of the Company - ECB Loan 9-10 hypothecation of receivables under the financing activity of the company. - Term Loan received from bank of Rs.197.20 Crores (in USD) is to be secured by a charge over the subsidiary's plant and machinery. - Term loan received from bank of Rs.57.13 crores (Previous year Rs.41.05 crores) - charge created on land and building and paripasu charge on plant and machinery. - Term Loan received from Banks and Other Parties of Rs 10,443.50 crores inclusive of Current and Non Current Dues (Previous Year: Rs. 5,924.68 Crores as on 31st March, 2022) is secured against hypothecation of receivables under the financing activity of the Group. - Loan from State owned corporation - I & II viz., SIPCOT - First charge on the specific plant and equipment. - Loan from State owned corporation - III viz., SIPCOT - First charge on the specific plant and equipment and also secured by equitable mortgage created by way of deposit of title deeds of land. - Debentures of Rs.1,225.00 crores (Previous Year: Rs. 424.99 crores) secured against hypothecation of receivables under the financing activity of the group. -Rupee Term loan II - Secured by First and pari passu charge on plant and equipments of the Company.							
FCNRB II is secured by way of hypothecation of all current assets							

SUNDARAM-CLAYTON LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2023

(Rs.in Crores)

17 Provisions

Particulars	As at 31-03-2023		As at 31-03-2022	
	Current	Non-current	Current	Non-current
Provision for Employee Benefits				
(a) Pension	52.39	141.30	79.33	144.26
(b) Leave salary	25.71	103.34	8.73	61.40
(c) Gratuity	-	2.66	3.53	8.21
Others				
(a) Warranty	45.16	13.78	34.20	10.33
(b) Disputed tax provided for	2.33	-	2.01	-
Total	125.59	261.08	127.80	224.20

Movement in provision :

Particulars	Warranty	Disputed tax provided for
Opening balance as on 01.04.2022	44.53	2.01
Additional provisions made during the year	14.41	0.32
Amounts utilised	-	-
Closing balance as on 31.03.2023	58.94	2.33

18A Deferred tax Assets :

The balance comprises temporary differences attributable to:

	As at 31.03.2023	As at 31.03.2022
Provision for employee benefits		
Provision for doubtful debts		
Provision for lease equalisation charge		
Others	18.36	2.60
Total deferred tax liability	18.36	2.60
Deferred tax asset consists of :		
- Depreciation	4.84	5.24
- tax on employee benefit expenses	16.71	11.36
- tax on expected credit losses provision	180.02	101.12
- tax on investment property	14.72	14.72
- tax on carried forward loss	75.35	64.76
- tax on others	32.45	23.28
Total deferred tax assets	324.09	220.48
Deferred tax asset	305.73	217.88

SUNDARAM-CLAYTON LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2023
Movement in deferred tax :

(Rs.in Crores)

	Depreciation	Others	Total
As at 01-04-2021	5.07	122.55	127.62
(Charged)/credited:			
- to profit or loss	0.17	49.24	49.41
- to other comprehensive income	-	(9.88)	(9.88)
- to subsidiary incumbent deferred tax asset	-	50.51	50.51
- to foreign currency translation	-	0.22	0.22
As at 31-03-2022	5.24	212.64	217.88
(Charged)/credited:			
- to profit or loss	(0.40)	85.94	85.54
- to other comprehensive income		(2.44)	(2.44)
- to subsidiary incumbent deferred tax asset		(0.98)	(0.98)
- to foreign currency translation		5.73	5.73
As at 31-03-2023	4.84	300.89	305.73

18B Deferred tax Liabilities :

The balance comprises temporary differences attributable to:

	As at 31.03.2023	As at 31.03.2022
Depreciation	350.15	359.83
Others	33.81	26.64
Total deferred tax liability	383.96	386.47
Deferred tax asset consists of :		
- tax on employee benefit expenses	55.99	62.04
- tax on warranty provision	15.59	12.12
- tax on others	86.13	81.11
Total deferred tax assets	157.71	155.27
Deferred tax liability	226.25	231.20

Movement in deferred tax :

	Depreciation	Others	Total
As at 01-04-2021	329.76	(87.47)	242.29
Charged/(credited):			
- to profit or loss	30.07	(8.01)	22.06
- to other comprehensive income	-	(18.58)	(18.58)
- to tax relating to others	-	(14.57)	(14.57)
As at 31-03-2022	359.83	(128.63)	231.20
Charged/(credited):			
- to profit or loss	(9.68)	11.70	2.02
- to other comprehensive income	-	(6.97)	(6.97)
As at 31-03-2023	350.15	(123.90)	226.25

SUNDARAM-CLAYTON LIMITED**NOTES TO BALANCE SHEET AS AT 31.03.2023****(Rs.in Crores)**

	As at 31.03.2023	As at 31.03.2022
19 Financial Liabilities - Borrowings (Current)		
Borrowings repayable on demand from banks		
Secured*	2,549.86	1,552.04
Unsecured	794.62	389.39
Short term loans:		
From banks:		
Secured	-	150.00
Unsecured	238.30	-
From others (unsecured)	1,382.04	1,788.69
234,69,21,860 - 9% Cumulative Non-convertible Redeemable Preference Shares (Refer Note 14)	2,346.92	-
Current Maturities of long term borrowings	7,838.03	4,409.17
Total Borrowings under Current Liabilities	15,149.77	8,289.29

* Details of securities created for loans repayable on demand:

First charge by way of hypothecation and / or pledge of current assets viz., inventories of raw materials, semi finished and finished goods, stores and spares not relating to plant and machinery, bills receivable, book debts and all other movable assets located in all plants

Short term borrowings from banks of a subsidiary include :

- A loan of Rs.31.78 crores in USD obtained from a bank, secured by a letter of credit issued by a bank in India.
- A loan of Rs.8.25 crores in USD and Rs.8.21 crores in IDR obtained from a bank, partly secured (80%) by a credit guarantee issued by the EXIM bank of Indonesia
- Working capital loan and cash credit of Rs.2,460.16 crores obtained are secured by hypothecation of receivables under the financing activity of the Subsidiary.
- Cash credit and working capital loan of Rs.207.03 crores obtained are secured by hypothecation of receivables and inventories of the Subsidiary, both present and future

SUNDARAM-CLAYTON LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2023

(Rs.in Crores)

	As at 31.03.2023	As at 31.03.2022
20 Trade payables		
Current		
Dues to Micro and Small Enterprises **	100.85	79.89
Dues to enterprises other than Micro and Small Enterprises	5,373.42	4,829.73
Total trade payables	5,474.27	4,909.62

** Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information received by the management. The entire closing balance represents the principal amount payable to the enterprises. There are no undisputed overdues on Principal and no interest due or outstanding.

Ageing for Trade Payables as on 31.03.2023

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
MSME	100.70	-	-	-	100.70
Others	4,704.08	19.80	9.40	25.59	4,758.87
Disputed Dues - MSME	-	0.03	0.05	0.07	0.15
Disputed Dues - Others	-	-	-	-	-
Accrued Expenses	-	-	-	-	614.55
Total	4,804.78	19.83	9.45	25.66	5,474.27

Ageing for Trade Payables as on 31.03.2022

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
MSME	79.65	0.09	-	-	79.74
Others	4,130.35	4.68	7.69	20.85	4,163.57
Disputed Dues - MSME	0.03	0.05	0.07	-	0.15
Disputed Dues - Others	-	-	-	-	-
Accrued Expenses	-	-	-	-	666.16
Total	4,210.03	4.82	7.76	20.85	4,909.62

SUNDARAM-CLAYTON LIMITED
NOTES TO BALANCE SHEET AS AT 31.03.2023

(Rs.in Crores)

	As at 31.03.2023	As at 31.03.2022
21 Other financial liabilities		
Non-Current		
Others advances	47.82	55.44
Total	47.82	55.44
Current		
Interest accrued but not due on loans	207.68	116.35
Trade deposits received	98.57	120.09
Unclaimed Dividends	5.25	5.06
(Not due for transfer to Investor Education and Protection Fund)		
Dividend declared but not paid	-	143.29
Payables against capital goods	47.05	36.26
Employee related liabilities		
Liabilities for expenses	48.56	3.15
Derivative Instruments - Payable	6.31	0.18
Total other current financial liabilities	413.42	424.38
22 Other current liabilities		
Statutory dues	233.66	185.12
Employee related	310.71	231.06
Advance received from customers	355.81	274.48
Deferred income - Government grants	48.45	14.17
Total other current liabilities	948.63	704.83

SUNDARAM-CLAYTON LIMITED**NOTES TO STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2023 (Rs.in Crores)**

	Year Ended 31.03.2023	Year Ended 31.03.2022

23 Revenue from operations

Sale of products	28,918.84	22,382.42
Sale of services	76.83	132.38
Interest income of financial enterprise	3,755.51	2,446.59
Other operating revenue	813.03	629.26

Total revenue	33,564.21	25,590.65

24 Other income

Dividend income	0.02	4.16
Interest income	12.63	9.32
Profit on sale of Investments	22.97	0.23
Profit on sale of property, plant and equipment	2.95	2.59
Increase in Fair value of Investments	61.69	0.57
Provision for debtors no longer required	-	4.45
Gain on foreign currency transactions and translation	8.89	-
Other non-operating income	16.97	13.18

Total other income	126.12	34.50

25 Cost of Materials consumed:

Opening stock of raw materials and components	897.34	773.14
Add: Purchases	20,863.63	16,553.80
	21,760.97	17,326.94
Less: Closing stock of raw materials and components	981.50	897.34

Consumption of raw materials and components	20,779.47	16,429.60

Purchases of stock-in-trade	894.62	579.04

Changes in inventories of finished goods, work-in-process and stock-in-trade:**Opening stock:**

Work-in-process	99.22	66.40
Stock-in-trade	276.78	85.49
Finished goods	539.74	430.14
Total (A)	915.74	582.03

Closing stock:

Work-in-process	103.81	99.22
Stock-in-trade	470.37	276.78
Finished goods	493.32	539.74
Total (B)	1,067.50	915.74

Changes in inventories (A)-(B)	(151.76)	(333.71)

SUNDARAM-CLAYTON LIMITED		
NOTES TO STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2023		
	Year Ended 31.03.2023	(Rs.in Crores) Year Ended 31.03.2022
26 Employee benefit expense (refer Note no: 38)		
Salaries, wages and bonus	2,746.91	1,998.98
Contribution to provident and other funds	189.13	147.53
Welfare expenses	232.94	183.65
Total employee benefit expense	3,168.98	2,330.16
27 Finance Costs		
Interest	1,370.21	889.81
Other borrowing cost	11.56	58.59
Interest on lease liabilities	42.48	36.99
Exchange differences	0.24	(0.26)
Total finance costs	1,424.49	985.13
28 Depreciation and amortisation expense		
Depreciation on Property, Plant and Equipment	785.72	730.32
Amortisation on Intangible assets	200.10	114.26
Total depreciation and amortisation expense	985.82	844.58
29 Other expenses *		
Consumption of stores, spares and tools	133.04	129.32
Power and fuel	262.47	234.29
Repairs - buildings	48.04	34.41
Repairs - plant and equipment	167.68	127.09
Insurance	48.60	43.79
Rates and taxes (excluding taxes on income)	22.50	25.32
Audit fees	3.44	3.56
Packing and freight charges	648.64	647.75
Advertisement and publicity	384.75	327.48
Other marketing expenses	377.66	227.64
Loss on sale of property, plant and equipment	-	3.89
Loss allowance for expected credit losses relating to loans	629.14	554.14
Corporate social responsibility expenditure	19.00	20.81
Contributions to electoral trust	5.00	5.00
Miscellaneous expenses (under this head there is no expenditure which is in excess of 1% of revenue from operations or Rs.10 lakh, whichever is higher)	1,874.55	1,213.16
Total other expenses	4,624.51	3,597.65
* Net of recoveries and claims made		

SUNDARAM-CLAYTON LIMITED		
NOTES TO STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2023 (Rs.in Crores)		
	Year Ended 31.03.2023	Year Ended 31.03.2022
29A Exceptional items		
Interest Income	111.87	47.92
Voluntary separation costs	(18.97)	(18.39)
Interest expenses of Bonus Non-convertible Redeemable Cumulative Preference Shares	(4.05)	-
Covid-19 expenses	-	(41.48)
Total exceptional items	88.85	(11.95)
30 Current tax		
Current tax on profits for the year	767.48	387.00
Adjustments for current tax of prior periods	(3.81)	0.06
Total current tax	763.67	387.06
31 Deferred tax		
Decrease / (increase) in deferred tax assets	(85.54)	(50.26)
(Decrease) / increase in deferred tax liabilities	2.02	22.91
Total deferred tax expense / (benefit)	(83.52)	(27.35)
Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
Profit before income tax expense	2,013.32	1,184.20
Tax at the Indian tax rate of 25.17%	506.75	298.06
Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
Capital Receipts	(1.63)	(16.38)
Timing difference on subsidiaries losses	157.88	56.53
Expenses wholly/partially not allowed for deductions	5.27	19.38
Others	11.88	2.12
Income tax expense	680.15	359.71
32 Earnings per share		
(a) Basic and diluted earnings per share		
Basic and diluted earnings per share attributable to the equity holders of the Company	321.10	217.84
(b) Earnings used in calculating earnings per share		
<i>Basic and diluted earnings per share</i>		
Profit attributable to equity holders of the company used in calculating basis earnings per share	649.65	440.74
(c) Weighted average number of equity shares used as the denominator in calculating basic earnings per share	2,02,32,085	2,02,32,085

SUNDARAM-CLAYTON LIMITED
NOTES TO FINANCIAL STATEMENTS
Financial instruments and risk management

33 Fair value measurements (Rs.in Crores)

Financial instruments by category	March 31, 2023			March 31, 2022		
	FVTPL*	FVOCI*	Amortised cost	FVTPL*	FVOCI*	Amortised cost
Financial assets						
Investments						
- Equity instruments	191.91	221.99	-	130.23	36.26	-
- Preference shares		16.33	-	-	14.79	-
- Others	60.77	65.07	52.99		52.38	39.66
Trade receivables	-	-	1,464.64	-	-	1,367.01
Loans (Receivable from financing activity)	-	-	20,546.58	-	-	14,015.69
Other Bank balances	-	-	3,928.65	-	-	3,934.17
Derivative financial assets	-	88.90		5.09	80.66	-
Security Deposits	-	-	83.51	-	-	22.95
Other Financial assets	-	-	275.91	-	-	163.67
Total financial assets	252.68	392.29	26,352.28	135.32	184.09	19,543.15
Financial liabilities						
Borrowings	-	-	25,013.00	-	-	16,029.92
Trade Payables	-	-	5,474.27	-	-	4,909.62
Derivative Financial Liability	-	6.31	-	-	0.18	-
Other Financial Liability	-	-	1,231.12	-	-	1,042.27
Total financial liabilities	-	6.31	31,718.39	-	0.18	21,981.81

* FVTPL - Fair Valued Through Profit and Loss FVOCI - Fair Valued Through Other Comprehensive Income

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

At 31 March 2023	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL	4	11.65	-	241.03	252.68
Financial Investments at FVOCI	4	1.00	65.07	237.32	303.39
Derivatives designated as hedges	12		88.90		88.90
Total financial assets		12.65	153.97	478.35	644.97
Financial Liabilities					
Derivatives	21	-	6.31	-	6.31
Total financial liabilities		-	6.31	-	6.31

SUNDARAM-CLAYTON LIMITED
NOTES TO FINANCIAL STATEMENTS
Financial instruments and risk management

33 Fair value measurements

(Rs.in Crores)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

At 31 March 2023	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
<i>Investments</i>					
Debt Instruments	4	-	-	52.99	52.99
Total financial assets		-	-	52.99	52.99
Financial Liabilities					
Borrowings	16 & 19	-	-	25,013.00	25,013.00
Total financial liabilities		-	-	25,013.00	25,013.00

Financial assets and liabilities measured at fair value - recurring fair value measurements

At 31 March 2022	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL	4	-	-	130.23	130.23
Financial Investments at FVOCI	4	1.03	66.94	35.46	103.43
Derivatives designated as hedges	12	-	85.75	-	85.75
Total financial assets		1.03	152.69	165.69	319.41
Financial liabilities					
Derivatives	21	-	0.18	-	0.18
Total financial liabilities		-	0.18	-	0.18

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

At 31 March 2022	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
<i>Investments</i>					
Debt Instruments	4	-	-	39.66	39.66
Total financial assets		-	-	39.66	39.66
Financial Liabilities					
Borrowings	16 & 19	-	-	16,029.92	16,029.92
Total financial liabilities		-	-	16,029.92	16,029.92

SUNDARAM-CLAYTON LIMITED
NOTES TO FINANCIAL STATEMENTS
Financial instruments and risk management

33 Fair value measurements

(Rs.in Crores)

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, preference shares and other non current investments included in level 3.

There are no transfers between levels 1 and 2 during the year.

(ii) Valuation technique used to determine fair value (Level 2)

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of interest rate swaps is calculated as the present value of estimated cash flows based on observable yield curves.
- the fair value of forward exchange contract and principle only swap is determined using forward exchange rate at the balance sheet date.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

(iii) Fair value measurement using significant unobservable inputs (Level 3)

Particulars	Unlisted Equity Shares	Preference shares	Debt instruments	Total
As at 31-03-2021	22.02	-	-	22.02
Additions / (deletions)	130.47	14.79	-	145.26
Reclassified from amortised cost	12.69	-	-	12.69
Gains/(losses) recognised in profit or loss	0.23	-	-	0.23
Gains/(losses) recognised in other comprehensive income	(14.51)	-	-	(14.51)
As at 31-03-2022	150.90	14.79	-	165.69
Additions / (deletions)	201.46	-	-	201.46
Gains/(losses) recognised in profit or loss	61.69	-	49.12	110.81
Gains/(losses) recognised in other comprehensive income	(1.15)	1.54	-	0.39
As at 31-03-2023	412.90	16.33	49.12	478.35

SUNDARAM-CLAYTON LIMITED
NOTES TO FINANCIAL STATEMENTS
Financial instruments and risk management

33 Fair value measurements

(Rs.in Crores)

(iv) Valuation inputs & relationships to fair value

Particulars	Fair value as at *		Significant unobservable	Probability weighted range	
	31-Mar-23	31-Mar-22		31-Mar-23	31-Mar-22
Unquoted Equity shares	412.90	150.90	a) Earnings growth rate	1-3%	1-3%
			b) Risk adjusted discount rate	8%	8%
Preference Share	16.33	14.79	a) Earnings growth rate	1-3%	1-3%
			b) Risk adjusted discount	8%	8%
Debt Instrument	49.12	-	a) Earnings growth rate	1-3%	1-3%
			b) Risk adjusted discount	8%	8%

*Sensitivity is not significant.

(v) Valuation processes

Discount rates are determined using a capital asset pricing model to calculate a pretax rate that reflects current market assessments of the time value of money and the risk specific to the asset. Earnings growth factor of preference shares are based on cash flow projections of future earnings of the Company and unlisted equity securities are estimated based on market information for similar types of companies.

Risk adjustments have been derived based on the market risk premium adjusted for companies relevant financial data

(vi) Fair value of financial assets and liabilities measured at amortised cost

	31-Mar-23		31-Mar-22	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
<i>Investments</i>				
Others	52.99	52.99	39.66	39.66
Total financial assets	52.99	52.99	39.66	39.66
Financial Liabilities				
Borrowings	25,013.00	25,013.00	16,029.92	16,029.92
Total financial liabilities	25,013.00	25,013.00	16,029.92	16,029.92

The carrying amounts of trade receivables, trade payables, cash and cash equivalents and other current financial assets and liabilities are considered to be the same as their fair values, due to their short-term nature.

The fair values for Preference shares and other debt instruments were calculated based on cash flows discounted using a current lending rate, which approximates the carrying value. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs, including counterparty credit risk

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate, which approximates the carrying value. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including own credit risk

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

SUNDARAM CLAYTON LIMITED
NOTES TO FINANCIAL STATEMENTS
34 Financial risk management

The group's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements

Risk	Exposure arising from	Risk Parameters and Mitigation
<u>Market Risk</u>	<u>Foreign exchange</u>	i) The Group operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions. ii) Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Group's functional currency (INR). iii) The risk is measured through a forecast of highly probable foreign currency cash flows. The Group has a forex management policy which is duly approved by the Board. iv) The objective of the hedges when taken is to minimise the volatility of the INR cash flows of highly probable forecast transactions.
<u>Market Risk - Interest rate</u>	Foreign currency denominated borrowings	i) The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. ii) Group's policy is to maintain most of its borrowings at fixed rate using interest rate swaps to achieve this when necessary. iii) The Group's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.
<u>Market Risk - Foreign Currency</u>	Export trade receivables and Import Payables	i) The Group has a forex management policy duly approved by the Board. The Group's policy is to hedge most of its net currency exposure. ii) Group reviews the forex exposure on a regular basis and also reports its adherence to the Board on a quarterly basis. The recording and reporting requirements under are strictly adhered.
<u>Market Risk - Foreign Currency</u>	Foreign currency denominated borrowings	The Group has hedged its borrowings by covering the principal repayments.
<u>Liquidity risk</u>	INR denominated borrowings [Other than soft loans given by Govt. Authorities)	i) The Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans. ii) The Group prepares a detailed annual operating plans to assess the fund requirements - both short term and long term. iii) Detailed month wise cash flow forecast is also carried out along with required sensitivities. Based on these factors adequate working capital credit limits are organised in advance. iv) Group has pre-approved credit lines with various banks and these are constantly reviewed and approved by the Board. v) For long term fund requirements, Group targets various options such as rupee term loan, external commercial borrowing, debentures etc. vi) The Group obtains a credit rating for the various borrowing facilities on annual basis. Group constantly monitors the free cash flow from operations to ensure that the borrowing is minimized.
<u>Credit Risk</u>		i) Credit risk primarily arises from cash and cash equivalents, trade receivables and investments carried at amortised cost. ii) The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. iii) To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. iv) It considers available reasonable and supportive forwarding-looking information (more specifically described below). In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due. v) A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.
	a. Cash and Cash Equivalents	Surplus cash is deposited only with banks / financial institutions with a high external credit rating.
	b. Domestic Trade Receivables	i) Domestic sales to the Dealers are based on advance payments received through banking channels or through inventory funding facilities availed by them from the banks. ii) The Group extends limited credit to the dealers and such extension of credit is based on dealers' credit worthiness, ability to repay and past track record. iii) The Group has extensive reporting systems and review to constantly monitor the outstandings.
	c. Export Trade Receivables	The Group's export business is mostly based on Letters of credit. Export receivables are also covered through Insurance with Export Credit Guarantee Corporation of India Limited.

SUNDARAM-CLAYTON LIMITED
NOTES TO FINANCIAL STATEMENTS

34 Financial risk management - (Continued)

(A) Credit risk (except Loans from financing activity covered under Note: 35)

Basis of recognition of expected credit loss provision

Basis of recognition of expected credit loss provision					
Rating	Category	Description of category	Investments	Loans and deposits	Trade receivables
1	High Quality assets, negligible credit risk	Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil	12 month expected credit losses		Life time expected credit losses (simplified approach)
2	Quality assets, low credit risk	Assets where there is low risk of default and where the counter-party has sufficient capacity to meet the obligations and where there has been low frequency of defaults in the past			
3	Standard Assets, moderate credit risk	Assets where the probability of default is considered moderate and where the counter-party's capacity to meet the obligations is not strong			
4	Substandard Assets, relatively high credit risk	Assets where there has been a significant increase in credit risk since initial recognition.	Life time expected credit losses		
5	Low quality assets, very high credit risk	Assets where there is a high probability of default. Also includes assets where the credit risk of counter-party has increased significantly though payments may not be more than 180 days past due			
6	Doubtful assets, credit impaired	Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the group. Where loans or receivables have been written off, the group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in statement of profit and loss.	Asset is written off		

SUNDARAM-CLAYTON LIMITED
NOTES TO FINANCIAL STATEMENTS

34 Financial risk management - (Continued)

31-Mar-23

a). Expected credit loss for investments and other financial assets

Particulars	Internal rating	Assets/Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	2	Investments at amortised cost	52.99	0%	-	52.99
	1	Other financial assets	359.42	0%	-	359.42

b). Expected credit loss for trade receivables under simplified approach

Particulars	0 to 180 days past due	More than 180 days past due	Total
Gross carrying amount	996.45	526.09	1,522.54
Expected loss rate	0.02%	10.98%	-
Expected credit losses	0.15	57.75	57.90
Carrying amount of trade receivables	996.30	468.34	1,464.64

31-Mar-22

a). Expected credit loss for investments and other financial assets

Particulars	Internal rating	Assets/Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	2	Investments at amortised cost	39.66	0%	-	39.66
	1	Other financial assets	186.62	0%	-	186.62

b). Expected credit loss for trade receivables under simplified approach

Particulars	0 to 180 days past due	More than 180 days past due	Total
Gross carrying amount	1,269.85	153.39	1,423.24
Expected loss rate	0.0%	37%	-
Expected credit losses	-	56.23	56.23
Carrying amount of trade receivables	1,269.85	97.16	1,367.01

SUNDARAM-CLAYTON LIMITED
NOTES TO FINANCIAL STATEMENTS

34 Financial risk management - (Continued)

Reconciliation of loss allowance provision - Trade receivables

Loss allowance April 31, 2021	52.11
Changes in loss allowance	4.12
Loss allowance March 31, 2022	56.23
Changes in loss allowance	1.67
Loss allowance March 31, 2023	57.90

(B) Liquidity risk

(i) Financing arrangements

The group had access to the following undrawn borrowing facilities at the end of the reporting period:

	31-Mar-23	31-Mar-22
Floating rate		
- Expiring within one year (bank overdraft and other facilities)	4,994.83	4,028.27
- Expiring beyond one year (bank loans)	-	-

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR and have an average maturity ranging 30 to 180 days.

(ii) Maturities of financial liabilities

The tables below analyse the group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- all non-derivative financial liabilities, and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

31-Mar-23

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings (Principal portion)	3,729.46	1,785.62	9,615.18	9,596.65	291.57	25,018.48
Trade payables	4,892.29	290.86	291.12	-	-	5,474.27
Lease Liabilities	52.60	50.09	97.41	615.21	75.28	890.59
Other financial liabilities	453.51	-	1.42	-	-	454.93
Derivatives	6.31	-	-	-	-	6.31

31-Mar-22

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings (Principal portion)	3,601.51	1,285.72	3,409.14	7,084.02	662.84	16,043.23
Trade payables	4,713.19	74.57	118.95	2.91	-	4,909.62
Lease Liabilities	37.81	37.61	72.71	439.92	79.18	667.23
Other financial liabilities	430.09	29.13	9.86	9.85	-	478.93
Derivatives	0.07	0.11	-	0.71	-	0.89

Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

SUNDARAM-CLAYTON LIMITED
NOTES TO FINANCIAL STATEMENTS

34 Financial risk management - (Continued)

(C) Market risk

i) Foreign Exchange Risk

The Group's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows

	31-Mar-23		31-Mar-22	
	USD	EUR	USD	EUR
<i>Financial assets</i>				
Trade receivables	1,481.68	125.72	1,049.77	119.91
Investments	137.10		67.17	-
<i>Hedges:</i>				
Derivatives- Forward contracts	(842.52)	(62.74)	(1,578.98)	(63.38)
<i>Financial liabilities</i>				
Foreign currency loan	3,087.00	-	2,914.63	-
Trade payables	564.64	10.23	298.29	7.38
<i>Hedges:</i>				
Derivatives- Forward contracts and principal swap	(2,669.96)	0.35	(2,494.33)	0.01

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and the impact on other components of equity arises from foreign forward exchange contracts designated as cash flow hedges.

Particulars	Impact on profit after tax *		Impact on other components of equity *	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
USD sensitivity				
INR/USD Increases by 10%	41.86	34.40	(54.90)	(103.92)
INR/USD Decreases by 10%	(41.86)	(34.40)	54.90	103.92
SGD/USD increases by 10%	3.40	-	6.28	-
SGD/USD decreases by 10%	(3.40)	-	(6.28)	-
IDR/USD increases by 10%	(10.38)	(12.19)	-	-
IDR/USD decreases by 10%	10.38	12.19	-	-
EURO sensitivity				
INR/EURO Increases by 10%	8.50	8.14	(4.25)	(4.35)
INR/EURO Decreases by 10%	(8.50)	(8.14)	4.25	4.35

* Holding all other variables constant

SUNDARAM-CLAYTON LIMITED
NOTES TO FINANCIAL STATEMENTS

34 Financial risk management - (Continued)

ii) Interest Rate risk

Domestic borrowings are based on fixed / variable rate of interest. Normally, for variable short term borrowings, respective geographies' bank lending rate plus margin is followed. Whenever the Group resorts to short term borrowing through Commercial Paper, the rate of interest is fixed in advance. In respect of long term foreign currency borrowings, the interest rates are covered through interest rate swaps (IRS).

	31-Mar-23	31-Mar-22
Variable rate borrowings	10,103.52	7,450.40
Fixed rate borrowings	14,910.01	8,579.52

Sensitivity	Impact on profit after tax	
	31-Mar-23	31-Mar-22
Increase in interest rates by 100 bps	(76.57)	(51.31)
Decrease in interest rates by 100 bps	76.57	51.31

iii) Price risk

The Group's exposure to equity securities price risk arises from investments held by the group and classified in the balance sheet either as fair value through OCI or at fair value through statement of profit and loss. To manage its price risk from investments in equity securities, the Group diversifies its portfolio. The impact of the changes in price risk is not material.

(D) Impact of hedging activities

i) Disclosure of effects of hedge accounting on financial position

a) Disclosure of effects of hedge accounting on financial position as at 31-03-2023

Type of hedge and risks	Nominal value		Carrying amount hedging instrument		Maturity date	Changes in fair value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Cash flow hedge							
(i) Foreign exchange forward contracts, PCFC	1172.35	4.14	3.35	0.37	Apr'23 to Jun'23	2.83	(2.83)
(ii) Principal only swaps & Interest rate swaps	-	2,710.70	173.47	-	Jun'23 to Dec'27	169.43	(169.43)

SUNDARAM-CLAYTON LIMITED
NOTES TO FINANCIAL STATEMENTS

34 Financial risk management - (Continued)

b) Disclosure of effects of hedge accounting on financial position as at 31-03-2022

Type of hedge and risks	Nominal value		Carrying amount hedging instrument		Maturity date	Changes in fair value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Cash flow hedge							
(i) Foreign exchange forward contracts, PCFC	1724.93	0.95	5.06	0.37	Apr'22 to Dec'22	4.54	(4.54)
(ii) Principal only swaps & Interest rate swaps	-	2,535.05	84.43	2.85	Apr'22 to Dec'24	77.54	(77.54)

ii) Disclosure of effects of hedge accounting on financial performance :

a) for the year ended 31-03-2023 :

Type of hedge	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedging reserve to statement of profit and loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge : Foreign exchange forward contracts, PCFC & Interest Rate Swap	(5.53)		(21.55)	Revenue and Borrowing Cost

b) for the year ended 31-03-2022 :

Type of hedge	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedging reserve to statement of profit and loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge : Foreign exchange forward contracts, PCFC & Interest Rate Swap	11.25	-	(18.90)	Revenue and Borrowing Cost

SUNDARAM-CLAYTON LIMITED
NOTES TO FINANCIAL STATEMENTS

35 Financial Risk Management relating to Loan receivable from Financing Activity

Credit Risk

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The exposure is continuously monitored to determine significant increase in credit risk. The Company monitors the credit assessment on a portfolio basis, assesses all credit exposures in excess of designated limits. The Company does a risk grading based upon the credit worthiness of the borrowers. All these factors are taken into consideration for computation of ECL.

Other financial assets

Credit risk with respect to other financial assets are extremely low. Based on the credit assessment the historical trend of low default is expected to continue. No provision for Expected Credit Loss (ECL) has been created for Other financial Assets.

Loans

The following table sets out information about credit quality of retail loan assets measured at amortised cost based on number of days past due information. The amount represents gross carrying amount.

(Rs.in Crores)

Particulars	As at 31-03-2023	As at 31-03-2022
Gross carrying value of loan assets:		
Stage-1 (less than 30 days)	19,693.40	12,778.25
Stage-2 (30-90 days) [#]	989.54	1,097.14
Stage-3 (more than 90 days) [*]	573.71	528.98
Total gross carrying value on reporting date	21,256.65	14,404.37

[#] Includes restructured contracts under one time resolution framework vide RBI circular dated August 6, 2020 and RBI/2 021- 22/31/DOR.STR.REC.11 /21.04.048/2021-22 dated 5 May 2021 irrespective of days past due on the reporting date.

^{*} Includes restructured contracts under Prudential Framework for Resolution of Stressed Assets vide circular RBI/2018-19/203 DBR.No.BP.BC.45/21.04.048/2018-19 dated 7th June 2019 irrespective of days past due on the reporting date.

SUNDARAM-CLAYTON LIMITED
NOTES TO FINANCIAL STATEMENTS

35 Financial Risk Management relating to Loan receivable from Financing Activity

Credit Quality

Financial services business has a comprehensive framework for monitoring credit quality of its retail and other loans based on days past due monitoring. Repayment by individual customers and portfolio is tracked regularly and required steps for recovery is taken through follow ups and legal recourse.

Inputs considered in the ECL model

In assessing the impairment of loans assets under Expected Credit Loss (ECL) Model, the loan assets have been segmented into three stages.

The three stages reflect the general pattern of credit deterioration of a financial instrument. The differences in accounting between stages relate to the recognition of expected credit losses and the calculation and presentation of interest revenue.

The company categorises loan assets into stages based on the days past due status:

- Stage 1: 30 days past due
- Stage 2: 31-90 days past due
- Stage 3: more than 90 days past due

Assumptions considered in the ECL model

The financial services business has made the following assumptions in the ECL Model:

- "Loss given default" (LGD) is common for all three stages and is based on loss in past portfolio. Actual cash flows are discounted with average rate for arriving loss rate. Effective Interest Rate (EIR) has been taken as discount rate for all loans.

Estimation Technique

The financial services business has applied the following estimation technique in its ECL model :

- "Probability of default" (PD) is applied on Stage 1 and Stage 2 on portfolio basis and for Stage 3 PD is 100%.
- Probability of default for Stage 1 loan assets is calculated as average of historical trend from Stage 1 to Stage 3 in next 12 months.
- Probability of default for Stage 2 loan assets is calculated based on the lifetime PD as average of historical trend from Stage 2 to Stage 3 for the remaining tenor.
- Loss given default is calculated based on discounted actual cash flow on past portfolio in default along with reversals.

SUNDARAM-CLAYTON LIMITED
NOTES TO FINANCIAL STATEMENTS

35 Financial Risk Management relating to Loan receivable from Financing Activity

The Company considers a broad range of forward looking information with reference to external forecasts of economic parameters such as GDP growth, government borrowing, private consumption expenditure, policy interest rates, etc., as considered relevant so as to determine the impact of macroeconomic factors on the Company's ECL estimates. The internal estimates of PD, LGD rates used in the ECL model may not always capture all the characteristics of the market / external environment as at the date of the financial statements. To reflect this, qualitative adjustments or overlays are made as temporary adjustments to reflect the emerging risks reasonably.

Assessment of significant increase in credit risk

When determining whether the risk of default has increased significantly since initial recognition, the financial services business considers both quantitative and qualitative information and analyses based on the business historical experience, including forward-looking information. The financial services business considers reasonable and supportable information that is relevant and available without undue cost and effort.

The financial services business uses the number of days past due to classify a financial instrument in low credit risk category and to determine significant increase in credit risk in retail. As a backstop, the financial services business considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due.

In accordance with the board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated March 27, 2020 and April 17, 2020 relating to 'COVID-19 – Regulatory Package', the Company has offered moratorium upto six months on the payment of installments falling due between March 1, 2020 and August 31, 2020 to all eligible borrowers. The Company has extended One-Time Resolution framework as for COVID-19-related Stress to eligible customers as per applicable RBI guidelines and as per the policy of the Company. The Company has classified all restructured accounts done under Prudential Framework for Resolution of Stressed Assets vide circular RBI/2018-19/203 DBR.No.BP.BC.45/21.04.048/2018-19 dated 7th June 2019 in Stage 3 and with regard to restructured contracts done under one time resolution framework vide RBI circular dated August 6, 2020 and RBI/2 021- 22/31/DOR.STR.REC.11 /21.04.048/2021-22 dated 5 May 2021 in Stage 2 irrespective of days past due status on the reporting date.

COVID-19 (including second wave) has severe impact on global as well as domestic macro and micro economies, businesses and consumers. Due to this uncertainty, Company's assessments of impairment loss allowance on its loans are subject to a number of management judgements and estimates. Since the Company's impairment loss allowance estimates are inherently uncertain, actual results may differ from these estimates

SUNDARAM-CLAYTON LIMITED
NOTES TO FINANCIAL STATEMENTS

35 Financial Risk Management relating to Loan receivable from Financing Activity

Definition of default

The definition of default used for internal credit risk management purposes is based on RBI Guidelines. Under Ind AS, financial asset to be in default when it is more than 90 days past due. The financial services business considers Loans under default as 'credit impaired' and classified as Stage-3 except for restructured contracts as disclosed above.

Impairment loss

The expected credit loss allowance provision is determined as follows:

(Rs.in Crores)				
Particulars	Stage 1	Stage 2	Stage 3	Total
Gross balance as at 31st March 2023	19,693.40	989.54	573.71	21,256.65
Expected Credit Loss	264.74	138.78	306.54	710.06
Expected Credit Loss Rate	1.34%	14.02%	53.43%	3.34%
Net of impairment provision	19,428.66	850.76	267.17	20,546.59

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross Balance as at 31st March 2022	12,778.25	1,097.14	528.98	14,404.37
Expected Credit Loss	87.82	33.25	267.61	388.68
Expected Credit Loss Rate	0.69%	3.03%	50.59%	2.70%
Net of impairment provision	12,690.43	1,063.89	261.37	14,015.69

SUNDARAM-CLAYTON LIMITED
NOTES TO FINANCIAL STATEMENTS

35 Financial Risk Management relating to Loan receivable from Financing Activity

Reconciliation of Expected Credit Loss

(Rs.in Crores)

Particulars	Stage-1	Stage-2	Stage-3	Grand Total
Balance as at 1st April 2021	81.90	42.35	165.43	289.68
Transfer to Stage 1	(29.74)	18.52	11.22	-
Transfer to Stage 2	2.12	(12.60)	10.48	-
Transfer to Stage 3	4.64	2.41	(7.05)	-
Loan that have derecognised during the period	(21.69)	(19.64)	(90.95)	(132.28)
New Loans originated during the year	60.76	2.65	17.14	80.55
Net Remeasurement of Loss Allowance	(10.17)	(0.44)	161.34	150.73
Balance as at 31st March 2022	87.82	33.25	267.61	388.68
Transfer to Stage 1	(6.38)	3.96	2.42	-
Transfer to Stage 2	2.16	(8.41)	6.25	-
Transfer to Stage 3	11.64	2.96	(14.60)	-
Loan that have derecognised during the period	(22.10)	(9.86)	(141.35)	(173.31)
New Loans originated during the year	118.95	46.44	48.07	213.46
Net Remeasurement of Loss Allowance	72.66	70.44	138.14	281.24
Balance as at 31st March 2023	264.75	138.78	306.54	710.07

Concentration of Credit Risk

The business manages concentration of risk primarily by geographical region. The following details show the geographical concentrations of the loans at the year end:

Concentration by geographical region in India

(Rs.in Crores)

Carrying Value	31-Mar-23	31-Mar-22
South	8,472.49	5,620.71
West	5,917.79	3,870.73
East	3,307.58	2,517.92
North	3,558.79	2,395.02
Total Loans as at reporting period	21,256.65	14,404.38

SUNDARAM-CLAYTON LIMITED
NOTES TO FINANCIAL STATEMENTS

(Rs in Crores)

36 Capital management

(a) Risk management

The Group's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents) divided by Total 'equity' (as shown in the balance sheet).

The group's strategy is to maintain an optimum gearing ratio. The gearing ratios were as follows:

Particulars	31-Mar-23	31-Mar-22
Net debt	20,786.59	14,579.05
Total equity	6,045.15	7,281.87
Net debt to equity ratio	3.44	2.00

The Group also monitors Interest coverage ratio :

Group's Earnings Before Interest and Taxes (EBIT) divided by interest.

The Group's strategy is to maintain a optimum interest coverage ratio. The interest coverage ratio were as follows:

Particulars	31-Mar-23	31-Mar-22
EBIT	3,437.81	2,169.33
Interest	1,424.49	985.13
Interest coverage ratio	2.41	2.20

(b) Dividends

Particulars	31-Mar-23	31-Mar-22
<i>(i) Equity shares</i>		
Dividend paid for the year ended 31 March 2023 of Rs.59 per fully paid share during 2022-23	119.37	
Dividend paid for the year ended 31 March 2022 of Rs.44 per fully paid share during 2021-22		89.02
<i>(ii) Dividends not recognised at the end of the reporting period</i>	-	-

37 Other Disclosures

(i) Contingent liabilities

Details	31-Mar-23	31-Mar-22
(i) Claims against the company not acknowledged as debt		
- Income tax	81.61	61.05
- Service tax	8.65	1.53
- Value added tax / Sales tax	2.93	2.19
- Excise	52.44	53.05
- Customs	39.67	40.63
- GST [#]	63.4	2.82
- Others	4.04	-
(ii) Guarantees excluding Financial Guarantees	-	0.59
(iii) Other money for which the company is contingently liable	151.38	252.27
Total	404.12	414.13

[#]The company is the process of filing the appeals with the respective

SUNDARAM-CLAYTON LIMITED
NOTES TO FINANCIAL STATEMENTS

37 Other Disclosures (contd.)

(Rs in Crores)

(ii) Capital commitments

Details	31-Mar-23	31-Mar-22
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	492.08	261.27
(ii) Investments	6.74	13.60
(iii) Undrawn Loans sanctioned to customers by financial enterprise	43.58	-

(iii) Borrowing Costs Capitalised :

Borrowing cost capitalised during the year Rs. 0.89 Cr (last year-Rs. 13.81 Cr)

The interest rate used for capitalisation :

- Interest rate of 8.20% for borrowing cost of Rs. 0.89 Crores

(iv) Composite scheme of arrangement :

On 9th February 2022, the board of directors of the Company approved a composite scheme of arrangement (the Scheme) of Sundaram-Clayton Limited ("Transferee Company" or "Demerged Company") and TVS Holdings Private Limited ("Transferor Company 1") and VS Investments Private Limited ("Transferor Company 2") and Sundaram-Clayton DCD Limited ("Resulting Company") subject to necessary approvals of shareholders, creditors, SEBI, Stock Exchanges, National Company Law Tribunal, Chennai, (NCLT), other governmental authorities and third parties as may be required.

During the year under review, NSE and BSE by their respective letter dated July 29, 2022, issued to the Company have conveyed their "No Objection" on the Scheme, and based on their No Objection, the Company filed an application with Hon'ble National Company Law Tribunal, Chennai Bench, ("Hon'ble NCLT") for approval of the Composite Scheme.

Hon'ble NCLT vide their Order dated November 9, 2022, directed to convene the meetings of the Equity Shareholders, Unsecured Creditors of the Company, and Secured Creditors of Transferor Company 2, on December 16, 2022 ("NCLT Convened Meeting") for their approval. Pursuant to the directions of Hon'ble NCLT, the NCLT Convened Meetings were held, and the resolutions were passed with requisite majority. Post the approval of the shareholders and creditors, the Company filed a petition with Hon'ble NCLT, and the Composite Scheme was sanctioned vide its Order dated March 6, 2023.

The Board at its meeting held on March 13, 2023, noted the Hon'ble NCLTs Order and the first part of the Composite Scheme was made effective on March 14, 2023. The Board also authorised the issuance of bonus NCRPS, by fixations of Record Date as March 24, 2023, for the purpose of determining the eligible shareholders of the Company. The Company has made an application for seeking listing and trading approvals for the above NCRPS to the Stock Exchanges, and the Company has received the in-principle approval of NSE vide its letter dated April 27, 2023 and the approval from BSE is awaited. Further, the listing and trading approvals will be provided, subject to the relaxation granted by SEBI under sub-rule (7) of Rule 19 of Securities Contract (Regulation) Rules, 1957.

(v) Leases

Group as a Lessee

The company has taken land, warehouses and sales offices across the country on lease for lease period ranging

from 6-99 years. Company also has other assets on leases, the lease term here ranges from 2-9 Years.

Wherever the lease includes extension option and it is reasonably certain to exercise that option, the same is considered for computing the lease term. In other cases, the term is limited to initial lease period. Lease term includes non-cancellable period and expected lease period.

Payment made towards short term leases during the year is Rs.97.52 Cr (Previous year: Rs.63.39 Cr)

Payment made towards low value asset leases during the year is Nil (Previous year: Nil)

Payment relating to leases are disclosed in Cash flow statement

Income from sub-leasing of Right of use asset Rs.7.47 Cr. (Previous year: Rs.7.08 Cr.)

SUNDARAM CLAYTON LIMITED
NOTES TO FINANCIAL STATEMENTS (Rs.in Crores)

38 Amount recognised in the balance sheet and the movements in the net defined benefit obligation / other employee benefits

Particulars	Defined Benefit Obligation						Other employee benefits		
	Gratuity			Pension			Leave Salary		
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2021	191.61	186.29	5.32	132.11	-	132.11	77.25	-	77.25
Balance from incumbent subsidiary			-			-			-
Current service cost	26.08	-	26.08	-	-	-	-	-	-
Interest expense/(income)	13.18	11.90	1.28	18.85	-	18.85	4.88	-	4.88
Experience (gains)/losses			-			-			-
Total amount recognised in statement of profit and loss	39.26	11.90	27.36	18.85	-	18.85	4.88	-	4.88
<i>Remeasurements</i>									
Return on plan assets, excluding amounts included in interest expense/(income)	-	(4.74)	(4.74)	-	-	-	-	-	-
(Gain)/loss from change in demographic assumptions	-	-	-	0.15	-	0.15	-	-	-
(Gain)/loss from change in financial assumptions	(6.18)	-	(6.18)	(5.96)	-	(5.96)	(2.06)	-	(2.06)
Experience (gains)/losses	29.33	-	29.33	81.26	-	81.26	35.70	-	35.70
Total amount recognised in other comprehensive income	23.15	(4.74)	18.41	75.45	-	75.45	33.64	-	33.64
Employer contribution	-	(44.99)	(44.99)	(1.64)	-	(1.64)	-	-	-
Benefit payments	(17.36)	17.36	-	(1.18)	-	(1.18)	(45.64)	-	(45.64)
March 31, 2022	236.66	165.82	6.10	223.59	-	223.59	70.13	-	70.13

SUNDARAM CLAYTON LIMITED
NOTES TO FINANCIAL STATEMENTS (Rs.in Crores)

38 Amount recognised in the balance sheet and the movements in the net defined benefit obligation / other employee benefits

Particulars	Defined Benefit Obligation						Other employee benefits		
	Gratuity			Pension			Leave Salary		
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2022	236.66	165.82	6.10	223.59	-	223.59	70.13	-	70.13
Balance from incumbent subsidiary			-			-			-
Current service cost	36.48	-	36.48	-		-		-	-
Interest expense/(income)	16.74	15.09	1.65	11.36		11.36	6.84	-	6.84
Experience (gains)/losses			-			-			-
Total amount recognised in statement of profit and loss	53.22	15.09	38.13	11.36	-	11.36	6.84	-	6.84
<i>Remeasurements</i>									
Return on plan assets, excluding amounts included in interest expense/(income)	-	3.41	3.41	-		-		-	-
(Gain)/loss from change in demographic assumptions	3.66	-	3.66	(20.25)		(20.25)	(0.74)	-	(0.74)
(Gain)/loss from change in financial assumptions	0.95		0.95	(1.24)		(1.24)	0.06	-	0.06
Experience (gains)/losses	1.00	-	1.00	(14.45)		(14.45)	72.19	-	72.19
Total amount recognised in other comprehensive income	5.61	3.41	9.02	(35.94)	-	(35.94)	71.51	-	71.51
Employer contribution	-	(62.22)	(62.22)	(4.02)		(4.02)		-	-
Benefit payments	(26.34)	26.63	0.29	(1.31)		(1.31)	(19.43)	-	(19.43)
March 31, 2023	269.15	148.73	(8.68)	193.69	-	193.69	129.05	-	129.05

SUNDARAM CLAYTON LIMITED
NOTES TO FINANCIAL STATEMENTS
(Rs.in Crores)
38 Amount recognised in the balance sheet and the movements in the net defined benefit obligation / other employee benefits
(i) Post-Employment benefits

Certain companies in the group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The company has created an Employees' Group Gratuity Fund which has taken a Group Gratuity Assurance Scheme with the Life Insurance Corporation of India. Company's contributions are based on actuarial valuation arrived at the end of each year and charged to Statement of Profit and Loss .

Significant estimates: actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

Details	Gratuity		Pension		Leave Salary	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Discount rate	6.76%	6.83%	6.53%	5.70%	6.73%	6.78%
Salary growth rate	6.63%	6.63%	6.63%	6.63%	6.63%	6.63%
Pre- Retirement Mortality rate	IALM (2006-08) Ultimate					
Post- Retirement Mortality rate	LIC Ann (1996-98)					
Attrition Rate	20%	20%	0%	0%		20%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at 58 years.

(ii) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Gratuity	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
Details	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Discount rate	0.50%	0.50%	218.66	211.91	236.10	229.18
Salary growth rate	0.50%	0.50%	236.19	229.39	218.50	211.86
Mortality rate	5.00%	5.00%	227.11	220.29	227.03	220.22

Pension	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
Details	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Discount rate	1.00%	1.00%	141.38	167.37	174.82	210.91
Salary growth rate	1.00%	1.00%	175.80	198.92	140.40	248.26
Mortality rate	5.00%	5.00%	155.42	185.24	157.98	189.15

SUNDARAM CLAYTON LIMITED

NOTES TO FINANCIAL STATEMENTS

(Rs.in Crores)

38 Amount recognised in the balance sheet and the movements in the net defined benefit obligation / other employee benefits

Leave Salary	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
Details	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Discount rate	0.50%	0.50%	125.62	91.55	133.36	98.05
Salary growth rate	0.50%	0.50%	133.41	98.10	125.54	91.49
Mortality rate	5.00%	5.00%	129.37	94.67	129.35	94.68

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied when calculating the defined benefit liability recognised in the balance sheet.

(iii) Risk exposure

Through its defined benefit plans, The Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility: The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments is in fixed income securities with high grades and in government securities. These are subject to interest rate risk and the fund manages interest rate risk with derivatives to minimise risk to an acceptable level. A portion of the funds are invested in equity securities and in alternative investments which have low correlation with equity securities. The equity securities are expected to earn a return in excess of the discount rate and contribute to the plan deficit. The group has a risk management strategy where the aggregate amount of risk exposure on a portfolio level is maintained at a fixed range. Any deviations from the range are corrected by rebalancing the portfolio. The group intends to maintain the above investment mix in the continuing years.

Changes in bond yield: A decrease in bond yields will increase plan liabilities, although this will be partially offset by an yields increase in the value of the plans' bond holdings.

Inflation risks: In the pension plans, the pensions in payment are not linked to inflation, so this is a less material risk.

Life expectancy: The pension plan obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

(iv) Defined contribution plans:

The Company's contribution to defined contribution plan i.e., provident fund of Rs.75.54 crores (previous year Rs.62.40 crores) has been recognised in the Statement of Profit and Loss.

SUNDARAM-CLAYTON LIMITED**Notes to Financial Statements - (continued)****39 - Related party disclosure****LIST OF RELATED PARTIES**

- a) Reporting entity: Sundaram-Clayton Limited, Chennai (SCL)
- b) Holding Company TVS Holdings Private Limited, Chennai
- c) Subsidiaries:
- (i) TVS Motor Company Limited, Chennai
 - (ii) Sundaram-Clayton (USA) Limited, USA
 - (iii) Sundaram-Clayton DCD Private Limited, Chennai
 - (iv) Sundaram Holding USA Inc, Delaware, USA
 - (v) Sundaram-Clayton Gmbh, Germany [From 8th February 2023]

Subsidiary companies of TVS Motor Company Limited

- (i) Sundaram Auto Components Limited, Chennai
- (ii) TVS Housing Limited, Chennai
- (iii) TVS Motor Services Limited, Chennai
- (iv) TVS Credit Services Limited, Chennai
- (v) TVS Motor (Singapore) Pte. Limited, Singapore
- (vi) TVS Motor Company (Europe) B.V, Amsterdam
- (vii) PT. TVS Motor Company Indonesia, Jakarta
- (viii) TVS Electric Mobility Limited, Chennai
- (ix) Intellicar Telematics Private Limited, Bengaluru (Intellicar) [upto 24th May 2022]

Associate companies :

- (i) Sundram Non-Conventional Energy Systems Limited, Chennai
- (ii) TVS Training and Services Limited, Chennai

Associate companies of TVS Motor Company Limited:

- (i) Ultraviolette Automotive Private Limited, Bengaluru
- (ii) Tagbox Solutions Private Limited, Bengaluru
- (iii) Emerald Haven Realty Limited, Chennai
- (iv) DriveX Mobility Private Limited, Coimbatore [From 15th Oct 2022] (Formerly known as Nkars Mobility Millennial Solutions Private Limited)

Subsidiary companies of TVS Credit Services Limited

- (i) Harita ARC Services Private Limited, Chennai
- (ii) Harita Two Wheeler Mall Private Limited, Chennai (Formerly known as TVS Two Wheeler Mall Private Limited, Chennai)
- (iii) TVS Housing Finance Private Limited, Chennai

SUNDARAM-CLAYTON LIMITED**Notes to Financial Statements - (continued)****39 - Related party disclosure****LIST OF RELATED PARTIES****Subsidiary companies of TVS Motor (Singapore) Pte Limited**

- (i) The Norton Motorcycle Co Limited, UK
- (ii) TVS Digital Pte Limited, Singapore
- (iii) The GO Corporation, Switzerland (GO AG),
- (iv) Swiss E-mobility (Group) Holding AG, Switzerland
- (v) EBCO Limited, UK [From 1st April 2022]
- (vi) Celerity Motor GmbH, Germany [From 06th December 2022]

Subsidiary companies of Sundaram Holding USA Inc

- (i) Green Hills Land Holding LLC, USA
- (ii) Component Equipment Leasing LLC, USA
- (iii) Sundaram-Clayton USA LLC, USA
- (iv) Premier Land Holding LLC, USA

Subsidiary company of Intellicar Telematics Private Limited, Bengaluru

- (i) Intellicar Telematics (Singapore) Pte Limited [upto 24th May 2022]

Subsidiary company of GO AG, Zurich

- (i) EGO Movement Stuttgart, GmbH (Subsidiary of GO AG)

Subsidiary company of Swiss E-mobility (Group) Holding AG, Switzerland

- (i) Swiss E-Mobility Group (Schweiz) AG Switzerland, Zurich
- (ii) Colag E-Mobility GmbH, Germany
- (iii) Alexand'Ro Edouard'O Passion Vélo Sàrl, Switzerland [From 12th April 2022]

Associate Companies of TVS Digital Pte Ltd, Singapore

- (i) Predictronics Corp, USA
- (ii) Tagbox Pte Ltd , Singapore
- (iii) Altizon Inc , USA
- (iv) Scienaptic Systems Inc , USA

Holding Company of Altizon Inc , USA

- (i) Altizon Systems Private Limited, Pune

Subsidiaries of Emerald Haven Realty Limited

- (i) Emerald Haven Projects Private Limited, Chennai
- (ii) Emerald Haven Property Development Limited, Chennai
- (iii) Happiness Harmony Property Developers Private Limited
- (iv) Emerald Haven Realty Developers (Paraniputhur) Private Limited, Chennai
- (v) Emerald Haven Towers Limited, Chennai
- (vi) Emerald Haven Development Limited, Chennai
- (vii) Emerald Haven Life Spaces (Radial Road) Limited, Chennai
- (viii) Emerald Haven Town & Country Limited, Chennai

SUNDARAM-CLAYTON LIMITED Notes to Financial Statements - (continued) 39 - Related party disclosure LIST OF RELATED PARTIES	
Other related parties and their relationship where transaction exists:	
Enterprises in which directors d) are interested	(i) Dua Associates, Delhi (ii) Dua Consulting Private Limited, Delhi (iii) Khaitan & Co, Mumbai [From 29th July 2022] (iv) Khaitan & Co LLP, Mumbai [From 29th July 2022] (v) VS Investments Private Limited, Chennai (vi) Harita Techserv Private Limited, Chennai (vii) TVS Organics Private Limited, Chennai (viii) McCann-Erickson (India) Private Limited, Delhi (ix) Lakshmi Energy and Environment Design Private Limited, Coimbatore (x) T.V Sundram Iyengar & Sons Private Limited, Madurai (xi) Trichur Sundaram Santhanam & Family Private Limited, Chennai
e) Key management personnel (KMP)	<u>Executive Directors:</u> (i) Mr . Venu Srinivasan, Chairman and Managing Director (ii) Dr . Lakshmi Venu, Joint Managing Director (iii) Mr. K Gopala Desikan, Director & Group CFO <u>Non Executive Directors :</u> <u>Independent Directors:</u> (i) Ms.Sasikala Varadachari (ii) Mr.C R Dua (iii) Mr. Anuj Shah[From 29th July 2022] (iv) Mr.R Gopalan [Upto 23rd July 2022] (v) Mr.S.Santhanakrishnan [Upto 20th August 2022] (vi) Mr.V.Subramanian [Upto 20th August 2022] (vii) Mr.R.Vijayaraghavan [Upto 20th August 2022] (viii) Mr.Kamlesh Gandhi [Upto 20th August 2022] (ix) Vice Admiral P.J.Jacob(Retd.)[Upto 22nd January 2023] <u>Non Independent Directors :</u> (i) Mr.Sudarshan Venu (ii) Mr. Rajesh Narasimhan (iii) Mr. R Gopalan [From 29th July 2022]
f) Relative of KMP	(i) Dr Malini Srinivasan
g) Post employment benefit plans	(i) Sundaram- Clayton Limited Employees Provident Fund, Chennai (ii) Sundaram- Clayton Limited Employees Gratuity Fund , Chennai (iii) TVS Motor Company Employees Provident Fund , Chennai (iv) TVS Motor Company Employees Gratuity Fund , Chennai

SUNDARAM-CLAYTON LIMITED Notes to Financial Statements - (continued) 39 - Related party transactions									
									(Rs.in Crores)
SI No	Nature of transactions	Name of the company	Holding Company	Associates	KMP	Relative of KMP	Enterprise in which directors are interested	Other related party	Total
1	Purchase of goods	TVS Organics Private Limited, Chennai T.V Sundram Iyengar & Sons Private Limited, Madurai Tagbox Solutions Private Limited, Bengaluru	-	-	-	-	0.19	-	0.19
			-	-	-	-	0.23	-	0.23
			-	1.43	-	-	-	-	1.43
			-	1.43	-	-	0.42	-	1.85
			-	(0.52)	-	-	(0.77)	-	(1.29)
2	Sale of goods (including sub contract charges)	TVS Holdings Private Limited, Chennai	420.09	-	-	-	-	-	420.09
			420.09	-	-	-	-	-	420.09
			(79.83)	(0.08)	-	-	(375.50)	-	(455.41)
3	Purchase of power	Sundram Non Conventional Energy Systems Limited, Chennai	-	0.74	-	-	-	-	0.74
			-	(0.65)	-	-	-	-	(0.65)
4	Purchase of asset	Ultraviolette Automotive Private Limited, Bengaluru Predictronic Corporation, USA	-	3.00	-	-	-	-	3.00
			-	0.07	-	-	-	-	0.07
			-	3.07	-	-	-	-	3.07
5	Sale of Assets	Key Management Personnel	-	(0.25)	(43.06)	-	-	-	(43.31)
			-	-	0.12	-	-	-	0.12
			-	-	0.12	-	-	-	0.12
6	Rendering of services	Emerald Haven Realty Limited, Chennai DriveX Mobility Private Limited, Coimbatore	-	-	-	-	-	-	-
			-	0.73	-	-	-	-	0.73
			-	0.66	-	-	-	-	0.66
7	Receiving of services	Scienaptic Systems Inc., USA TVS Training and Services Limited, Chennai Emerald Haven Realty Limited, Chennai McCann-Erickson (India) Private Limited, Delhi Harita Techserv Private Limited, Chennai Dua Associates, Delhi Lakshmi Energy and Environment Design Private Limited, Coimbatore Dua Consulting Private Limited, Delhi T. V Sundram Iyengar & Sons Private Limited, Madurai Tagbox Solutions Private Limited, Bengaluru Altizon Systems Private Limited, Pune Trichur Sundaram Santhanam & Family Private Limited, Madurai Khaitan & Co, Mumbai Khaitan & Co LLP, Mumbai	-	1.39	-	-	-	-	1.39
			-	(0.68)	-	-	-	-	(0.68)
			-	3.03	-	-	-	-	3.03
			-	0.12	-	-	-	-	0.12
			-	0.01	-	-	-	-	0.01
			-	-	-	-	3.47	-	3.47
			-	-	-	-	0.90	-	0.90
			-	-	-	-	0.70	-	0.70
			-	-	-	-	0.20	-	0.20
			-	-	-	-	4.33	-	4.33
			-	-	-	-	0.83	-	0.83
			-	0.48	-	-	-	-	0.48
			-	0.79	-	-	-	-	0.79
			-	-	-	-	0.17	-	0.17
			-	-	-	-	0.44	-	0.44
			-	-	-	-	0.30	-	0.30
8	Lease rent received	Sundram Non Conventional Energy Systems Limited, Chennai - Rs.40,000 (Associates)	-	4.42	-	-	11.34	-	15.76
			-	(0.03)	-	-	(16.92)	-	(16.95)

SUNDARAM-CLAYTON LIMITED Notes to Financial Statements - (continued) 39 - Related party transactions									
(Rs.in Crores)									
SI No	Nature of transactions	Name of the company	Holding Company	Associates	KMP	Relative of KMP	Enterprise in which directors are interested	Other related party	Total
9	Remuneration paid	Key Management Personnel	-	-	118.16 (81.56)	-	-	-	118.16 (81.56)
10	Loans and Advances given	Emerald Haven Realty Limited, Chennai	-	3.00	-	-	-	-	3.00
			-	3.00	-	-	-	-	3.00
			-	-	-	-	-	-	-
11	Loans and Advances repaid	Emerald Haven Realty Limited, Chennai	-	3.06	-	-	-	-	3.06
			-	3.06	-	-	-	-	3.06
			-	-	-	-	-	-	-
12	Investments	Dr Malini Srinivasan (Sale of shares of TVS Training and Services Limited, Chennai)	-	-	-	1.21	-	-	1.21
		VS Investments Private Limited (Purchase of Investments)	-	-	-	-	57.10	-	57.10
			-	-	-	1.21	57.10	-	58.31
			-	(75.00)	-	-	-	-	(75.00)
13	Dividend received	Sundram Non-Conventional Energy Systems Limited, Chennai	-	0.88	-	-	-	-	0.88
			-	0.88	-	-	-	-	0.88
			-	(0.35)	-	-	-	-	(0.35)
14	Contribution to post employment	Sundaram- Clayton Limited Employees Provident Fund, Chennai	-	-	-	-	-	12.18	12.18
		TVS Motor Company Employees Provident Fund , Chennai	-	-	-	-	-	92.25	92.25
		TVS Motor Company Employees Gratuity Fund , Chennai	-	-	-	-	-	43.71	43.71
		Sundaram- Clayton Limited Employees Gratuity Fund , Chennai	-	-	-	-	-	5.06	5.06
			-	-	-	-	-	153.20	153.20
			-	-	-	-	-	(124.19)	(124.19)
15	Outstanding as on 31st March 2023	TVS Holdings Private Limited, Chennai	17.36	-	-	-	-	-	17.36
	Receivables	Emerald Haven Realty Limited, Chennai	-	4.36	-	-	-	-	4.36
		Tagbox Solutions Private Limited, Bengaluru	-	0.16	-	-	-	-	0.16
		DriveX Mobility Private Limited, Coimbatore	-	0.44	-	-	-	-	0.44
		TVS Training and Services Limited, Chennai - (Associates)	-	0.00	-	-	-	-	0.00
		(Rs.11,800)	17.36	4.97	-	-	-	-	22.33
			(8.04)	(2.77)	-	-	(18.25)	-	(29.06)
16	Outstanding as on 31st March 2023	TVS Training and Services Limited, Chennai (Associates)	-	0.05	-	-	-	-	0.05
		Dua Consulting Private Limited, Delhi	-	-	-	-	0.32	-	0.32
	Payables	Sundram Non-Conventional Energy Systems Limited, Chennai	-	0.05	-	-	-	-	0.05
		Predictronic Corporation, USA	-	0.07	-	-	-	-	0.07
		Scienaptic Systems Inc., USA	-	0.45	-	-	-	-	0.45
		Lakshmi Energy and Environment Design Private Limited, Coimbatore	-	-	-	-	0.06	-	0.06
		T.V Sundram Iyengar & Sons Private Limited, Madurai	-	-	-	-	0.03	-	0.03
		McCann-Erickson (India) Private Limited, Delhi	-	-	-	-	0.32	-	0.32
			-	0.62	-	-	0.73	-	1.35
			-	(0.34)	-	-	(0.57)	-	(0.91)
Previous year's figures are furnished in brackets									

SUNDARAM-CLAYTON LIMITED
NOTES TO FINANCIAL STATEMENTS
40 Segment revenues, results and other information
(Rs.in Crores)
Information about primary business segments

Particulars	Business segments									
	Automotive components		Motor Vehicles		Financial Services		Others		Total	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
External sales - domestic	1,131.51	811.77	19,532.65	13,898.21	4,150.31	2,739.77	3.82	17.16	24,818.29	17,466.91
- exports	920.54	780.30	7,825.38	7,343.44	-	-	-	-	8,745.91	8,123.74
Inter segment sales	840.76	810.32	10.28	8.34	6.04	7.35	-	0.05	857.08	826.06
Total sales	2,892.81	2,402.39	27,368.31	21,249.99	4,156.35	2,747.12	3.82	17.21	34,421.29	26,416.71
Less: Inter segment sales	840.76	810.32	10.28	8.34	6.04	7.35	-	0.05	857.08	826.06
Net Revenue (excluding other operating revenue)	2,052.05	1,592.07	27,358.03	21,241.65	4,150.31	2,739.77	3.82	17.16	33,564.21	25,590.65
Segment results before interest and tax	117.50	98.12	1,679.47	1,139.55	508.99	148.23	3.30	(2.15)	2,309.26	1,383.75
Add: Share of Associate profit									(39.73)	3.45
Less: Interest									256.21	203.00
Profit before tax									2,013.32	1,184.20
Taxes									680.15	359.71
Profit after tax									1,333.17	824.49
Segment Assets	4,988.95	5,088.56	11,330.10	9,755.31	23,028.11	15,672.46	2.39	35.56	39,349.55	30,551.89
Segment Liabilities	4,282.73	1,898.37	9,018.20	7,749.13	20,001.98	13,609.43	1.49	13.09	33,304.40	23,270.02
Segment Depreciation	170.44	153.08	793.82	668.29	21.43	19.12	0.13	4.09	985.82	844.58

Notes :

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

SUNDARAM-CLAYTON LIMITED
NOTES TO FINANCIAL STATEMENTS

41 REVENUE FROM CONTRACT WITH CUSTOMERS

Rupees in crores

A Disaggregated revenue

Revenue from contracts with customers are disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Group identifies the product lines, amongst others to indicate the factors as mentioned above. The details of revenue from contracts with customers on the basis of various product lines are as under :

Sl.No	Particulars	For the year ended 31-03-2023	For the year ended 31-03-2022
A.	Type of goods or service		
1.	Motor Vehicles	24,232.76	18,846.96
2.	Parts and accessories	2,705.13	2,394.69
3.	Automotive components	2,001.44	1,134.48
4.	Services - IT Services	50.55	130.00
5.	Services - Royalty	8.01	8.67
6.	Others	3,753.29	2,446.59
		32,751.18	24,961.39
B.	Geographical markets		
1.	Domestic	24,369.53	16,096.62
2.	Exports	8,381.65	8,406.58
		32,751.18	24,961.39

B The Group operates in the segments of automotive vehicle and its parts, Automotive components and financial services. The information provided above is in line with the segmental information provided under Ind AS 108 in Note. 40

C Reconciliation of contracts with customers

Movement of contract liabilities for the reporting period given below:

Particulars	For the year ended 31-03-2023	For the year ended 31-03-2022
Contract Liabilities at the beginning of the period	274.48	189.99
Add / (Less) :		
Consideration received during the year as advance	355.81	274.48
Revenue recognized from contract liability	(274.48)	(189.99)
Contract Liabilities at the end of the period	355.81	274.48

Payment is received in advance towards contracts entered with customers, and is recognised as a contract liability. As and when the performance obligation is met the same is recognized as revenue.

D Transaction price allocated to the remaining performance obligations

The Group's contracts with customers are short term(i.e.,the performance obligations are expected to be met within one year or less). Therefore, taking the practical expedient, the details on transaction price allocated to the remaining performance obligations are not disclosed.

E Reconciliation of revenue with contract price

Sl. No.	Particulars	For the year ended 31-03-2023	For the year ended 31-03-2022
(i)	Contract price	33,615.96	25,621.99
(ii)	Adjustments :		
	Incentive schemes	450.97	335.25
	Transport cost	413.81	325.35
(iii)	Revenue from sale of products and services	32,751.18	24,961.39

SUNDARAM-CLAYTON LIMITED NOTES TO FINANCIAL STATEMENTS Note 42: Interests in other entities (Rs.in Crores)						
(a) Subsidiaries						
The Group's subsidiaries at 31 March 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.						
Name of entity	Place of business/ country of incorporation	Ownership interest held by the Group		Ownership interest held by non-controlling interests		Principal activities
		31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	
TVS Motor Company Limited	India	50.26%	50.26%	49.74%	49.74%	Motor vehicles manufacturing
Sundaram-Clayton (USA) Limited, USA	USA	100.00%	100.00%	0.00%	0.00%	Automotive components
Sundaram Holding USA Inc., Delaware,USA	USA	100.00%	74.96%	0.00%	25.04%	Automotive components
TVS Housing Limited	India	50.26%	50.26%	49.74%	49.74%	Housing
Sundaram Auto Components Limited (SACL)	India	50.26%	50.26%	49.74%	49.74%	Automotive components
TVS Motor Company (Europe) B.V., Amsterdam	Netherlands	50.26%	50.26%	49.74%	49.74%	Others
TVS Motor (Singapore) Pte. Limited, Singapore	Singapore	50.26%	50.26%	49.74%	49.74%	Others
PT.TVS Motor Company Indonesia, Jakarta	Indonesia	50.26%	50.26%	49.74%	49.74%	Motor vehicles manufacturing
The Norton Motorcycle Co. Ltd, UK	United Kingdom	50.26%	50.26%	49.74%	49.74%	Motor vehicles manufacturing
TVS Digital Pte Limited,Singapore	Singapore	50.26%	50.26%	49.74%	49.74%	Others
GO AG, Zurich	Switzerland	41.16%	40.21%	58.84%	59.79%	Others
Swiss E-Mobility (Group) Holding AG, Switzerland	Switzerland	37.70%	37.70%	62.30%	62.30%	Others
Green Hills Land Holding LLC, USA	USA	100.00%	74.96%	0.00%	25.04%	Others
Component Equipment Leasing LLC, USA	USA	100.00%	74.96%	0.00%	25.04%	Others
Sundaram-Clayton USA LLC, USA	USA	100.00%	74.96%	0.00%	25.04%	Others

SUNDARAM-CLAYTON LIMITED NOTES TO FINANCIAL STATEMENTS Note 42: Interests in other entities						
						(Rs.in Crores)
Name of entity	Place of business/ country of incorporation	Ownership interest held by the Group		Ownership interest held by non-controlling interests		Principal activities
		31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	
Premier Land Holding LLC, USA	USA	100.00%	74.96%	0.00%	25.04%	Others
EGO Movement Stuttgart, GmbH	Germany	41.16%	40.21%	58.84%	59.79%	Others
Swiss E-Mobility Group (Schweiz) AG Switzerland, Zurich	Switzerland	37.70%	37.70%	62.31%	62.30%	Others
Colag E-Mobility GmbH, Germany, Nuremberg	Germany	37.70%	37.70%	62.31%	62.30%	Others
Intellicar Telematics Private Limited, Bengaluru	India	NA	50.26%	NA	49.74%	Vehicular Telematics
Intellicar Telematics (Singapore) Pte Limited	Singapore	NA	50.26%	NA	49.74%	Vehicular Telematics
TVS Electric Mobility Ltd	India	50.26%	50.26%	49.74%	49.74%	Others
TVS Motor Services Limited	India	50.26%	50.26%	49.74%	49.74%	Financial Service
TVS Credit Services Limited	India	45.59%	43.42%	54.41%	56.58%	Financial Service
Harita ARC Private Limited	India	45.59%	43.42%	54.41%	56.58%	Financial Service
Sundaram-Clayton DCD Private Limited	India	100.00%	100.00%	0.00%	0.00%	Financial Service
TVS Housing Finance Private Limited	India	45.59%	43.42%	54.41%	56.58%	Financial Service
Harita Two Wheeler Mall Private Limited	India	45.59%	43.42%	54.41%	56.58%	Financial Service
EBCO Limited, UK	United Kingdom	35.18%	NA	64.82%	NA	Others
Alexand'Ro Edouard'O Passion Velo Sarl, Switzerland	Switzerland	37.70%	NA	62.31%	NA	Others
Celerity Motor GmbH, Germany	Germany	50.26%	NA	49.74%	NA	Others
Sundaram - Clayton GmbH, Germany	Germany	100%	NA	0%	NA	Others

SUNDARAM-CLAYTON LIMITED
NOTES TO FINANCIAL STATEMENTS
Note 42: Interests in other entities (contd)

(Rs.in Crores)

(b) Non-Controlling Interest

Set out below is summarised financial information for each subsidiary that has non controlling interest that are material to the Group. The amount disclosed for each subsidiary are before inter company eliminations.

Summarised balance sheet	TVS Motor Company Limited		Sundaram Auto Components Limited		TVS Credit Services Limited		The Norton Motorcycle Co, Limited		Sundaram Holding USA Inc.,	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
Current assets	3,667.49	3,362.28	173.28	182.89	11,967.12	8,390.02	146.73	79.74	111.97	88.33
Current liabilities	6,008.54	5,186.51	208.78	278.39	12,044.87	7,625.91	131.46	66.23	107.13	115.24
Net current assets / (liabilities)	(2,341.05)	(1,824.23)	(35.50)	(95.50)	(77.75)	764.11	15.27	13.51	4.84	(26.91)
Non-current assets	10,324.89	8,485.45	551.03	554.84	10,784.89	7,072.28	457.05	404.54	879.11	800.21
Non-current liabilities	1,936.00	1,839.19	77.17	37.50	7,946.28	5,970.59	209.03	12.84	384.48	173.62
Net non-current assets	8,388.89	6,646.26	473.86	517.34	2,838.61	1,101.69	248.02	391.70	494.63	626.59
Net assets	6,047.84	4,822.03	438.36	421.84	2,760.86	1,865.80	263.29	405.21	499.47	599.68
Accumulated NCI	3,008.20	2,398.48	218.04	209.82	1,502.18	1,055.67	130.96	201.55	-	150.16

Summarised Statement of profit and loss	TVS Motor Company Limited		Sundaram Auto Components Limited		TVS Credit Services Limited		The Norton Motorcycle Co, Limited		Sundaram Holding USA Inc.,	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
Revenue	26,378.09	20,799.65	776.77	607.82	4,156.35	2,756.06	0.01	1.05	112.81	52.73
Profit for the year	1,491.03	893.56	15.50	2.31	389.26	121.21	(277.28)	(119.43)	(182.35)	(83.04)
Other comprehensive income	(27.68)	(64.31)	3.25	1.05	5.80	29.22	(0.90)	(3.17)	47.86	19.12
Total comprehensive income	1,463.35	829.25	18.75	3.36	395.06	150.43	(278.18)	(122.60)	(134.49)	(63.92)
Profit allocated to NCI	741.64	412.47	7.71	1.67	211.80	85.11	(137.92)	(60.98)	(19.32)	(16.01)
Dividends paid to NCI	118.17	88.62	-	-	-	-				

SUNDARAM-CLAYTON LIMITED
NOTES TO FINANCIAL STATEMENTS
Note 42: Interests in other entities (contd)

(Rs.in Crores)

Summarised Cash Flow Statement	TVS Motor Company Limited		Sundaram Auto Components Limited		TVS Credit Services Limited		The Norton Motorcycle Co, Limited		Sundaram Holding USA Inc.,	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
Cash flow from operating activities	1,992.86	1,497.57	63.95	36.86	(5,708.07)	(2,572.00)	(377.55)	(137.00)	(154.18)	(83.00)
Cash flow from investing activities	(2,311.80)	(2,141.04)	(14.27)	2.37	(23.36)	(18.18)	(103.68)	(100.49)	(58.80)	(19.00)
Cash flow from financing activities	224.54	113.24	(36.78)	(45.08)	6,309.36	3,042.04	470.63	232.65	192.29	123.52
Net increase/ (decrease) in cash and cash equivalents	(94.40)	(530.23)	12.90	(5.85)	577.93	451.37	(10.60)	(4.84)	(20.70)	21.52

(c) Interests in associates and joint ventures

(i) Individually immaterial associates

The group has interests in 7 individually immaterial associates that are accounted using equity method.

	31-Mar-23	31-Mar-22
Aggregate carrying amount of individually immaterial associates	413.10	370.83

	31-Mar-23	31-Mar-22
Share of profits from associates	(39.73)	3.45
Other Comprehensive Income	(2.69)	(0.25)
Total Comprehensive Income	(42.42)	3.20

SUNDARAM-CLAYTON LIMITED
NOTES TO FINANCIAL STATEMENTS

43 Additional Information on net assets and share of profits as at 31st March 2023

Name of the entity	Net Assets (Total Assets - Total Liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount Rs. in crores	As % of consolidated profit or loss	Amount Rs. in crores	As % of other comprehensive income	Amount Rs. in crores	As % of total comprehensive income	Amount Rs. in crores
1	2	3	4	5	6	7	8	9
Parent								
Sundaram-Clayton Limited, Chennai	21.92%	710.52	42.04%	273.10	6.46%	3.38	39.39%	276.48
Subsidiaries - Indian								
TVS Motor Company Limited, Chennai	186.60%	6,047.84	229.51%	1,491.03	-52.95%	(27.68)	208.47%	1,463.35
TVS Credit Services Limited, Chennai	85.19%	2,760.86	59.92%	389.26	11.09%	5.80	56.28%	395.06
TVS Motor Services Limited, Chennai	4.96%	160.74	-0.35%	(2.25)	0.00%	-	-0.32%	(2.25)
Sundaram Auto Components Limited, Chennai	13.53%	438.36	2.39%	15.50	6.22%	3.25	2.67%	18.75
TVS Housing Limited, Chennai	0.03%	0.90	0.00%	0.02	0.00%	-	0.00%	0.02
Intellicar Telematics Private Limited, Bengaluru	0.00%	-	0.50%	3.24	0.00%	-	0.46%	3.24
TVS Electric Mobility Limited, Chennai	0.03%	1.00	0.00%	-	0.00%	-	0.00%	-
Subsidiaries - Foreign								
Sundaram-Clayton (USA) Limited, Illinois	0.00%	0.03	0.00%	0.00	0.00%		0.00%	0.00
TVS Motor (Singapore) Pte Limited, Singapore	60.33%	1,955.40	-3.70%	(24.05)	23.03%	12.04	-1.71%	(12.01)
TVS Motor Company Europe B.V., Amsterdam	-0.02%	(0.63)	-0.10%	(0.64)	14.12%	7.38	0.96%	6.74
PT. TVS Motor Company Indonesia, Jakarta	8.32%	269.70	6.14%	39.87	21.04%	11.00	7.25%	50.87
Sundaram Holding USA Inc., Delaware, USA	15.41%	499.47	-28.07%	(182.35)	91.55%	47.86	-19.16%	(134.49)
The Norton Motorcycle Co Limited, UK	8.12%	263.29	-42.68%	(277.28)	-1.72%	(0.90)	-39.63%	(278.18)
TVS Digital Pte Limited, Singapore	1.97%	63.72	-6.19%	(40.19)	0.00%		-5.73%	(40.19)
GO AG, Zurich	-1.50%	(48.74)	-8.44%	(54.85)	-2.03%	(1.06)	-7.97%	(55.91)
Swiss E- Mobility (Group) Holding AG, Switzerland	1.75%	56.74	-14.15%	(91.94)	12.82%	6.70	-12.14%	(85.24)
EBCO Limited, UK	-0.33%	(10.65)	-0.90%	(5.84)	-0.78%	(0.41)	-0.89%	(6.25)
Celerity Motor GmbH, Germany	-0.08%	(2.47)	-0.46%	(2.98)	0.55%	0.29	-0.38%	(2.69)
Sundaram - Clayton GmbH, Germany	-0.01%	(0.32)	-0.08%	(0.55)	0.00%	-	-0.08%	(0.55)
Sub-total		13,165.76		1,529.10		67.65		1,596.75
Non Controlling Interest in all subsidiaries	86.52%	2,804.16	-105.21%	(683.52)	25.96%	13.57	-95.44%	(669.95)
Sub-total		10,361.60		2,212.62		54.07		2,266.69

SUNDARAM-CLAYTON LIMITED
NOTES TO FINANCIAL STATEMENTS

43 Additional Information on net assets and share of profits as at 31st March 2023

Name of the entity	Net Assets (Total Assets - Total Liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount Rs. in crores	As % of consolidated profit or loss	Amount Rs. in crores	As % of other comprehensive income	Amount Rs. in crores	As % of total comprehensive income	Amount Rs. in crores
1	2	3	4	5	6	7	8	9
Add:								
Associates								
(Investment as per the equity method)								
Sundram Non-Conventional Energy Systems Limited , Chennai	0.03%	0.94	0.13%	0.85	0.00%	-	0.12%	0.85
TVS Training and Services Limited, Chennai	0.11%	3.63	0.02%	0.15	0.00%		0.02%	0.15
Emerald Haven Realty Limited, Chennai	2.68%	86.93	-4.48%	(29.12)	-3.42%	(1.79)	-4.40%	(30.91)
Tagbox Solutions Private Limited	0.32%	10.41	-0.15%	(0.95)	0.00%		-0.14%	(0.95)
Tagbox PTE Limited, Singapore	0.44%	14.22	-0.03%	(0.19)	0.00%		-0.03%	(0.19)
Ultraviolette Automotive Private Limited, Bengaluru	3.62%	117.29	-0.26%	(1.69)	0.00%		-0.24%	(1.69)
Predictronics Corp, USA	0.58%	18.89	-0.18%	(1.15)	0.00%	-	-0.16%	(1.15)
Scienaptic Systems Inc., USA	1.66%	53.83	-0.55%	(3.60)	0.00%	-	-0.51%	(3.60)
Altizon Inc., USA	0.72%	23.35	-0.07%	(0.47)	0.00%	-	-0.07%	(0.47)
DriveX Mobility Private Limited, Coimbatore	2.58%	83.61	-0.55%	(3.56)	0.00%	-	-0.51%	(3.56)
Sub-total	332.45%	10,774.70	334.47%	2,172.89	100.01%	52.28	317.01%	2,225.17
Less: Effect of intercompany eliminations	232.45%	7,533.71	234.47%	1,523.24	0.01%	0.01	217.01%	1,523.24
Total - Attributable to owners	100%	3,240.99	100%	649.65	100%	52.28	100%	701.93

Note

The above amounts / percentage of net assets and net profit or (loss) in respect of the parent company, its subsidiaries and associates are determined based on the standalone financial statements amounts of the respective entities included in consolidated financial statements before inter-company eliminations / consolidation adjustments

SUNDARAM-CLAYTON LIMITED
Notes to Financial Statements - (continued)

44 Business Combination

On 1st October 2015, our Subsidiary Sundaram Auto Components Limited (SACL) acquired an automobile seat manufacturing business at Nalagarh, Himachal Pradesh to expand its business

On 7th September 2017 TVS Motor Company acquired 16,20,000 (81%) equity shares of M/s. TVS Motor Services Limited, Chennai. This would further strengthen the retail financing for the customers of the Company through its subsidiaries.

During the year ended March 31, 2022 the Company acquired majority stake in two E-Mobility companies in Europe 80% of The GO corporation (the GO AG) on 16th September 2021 and 75% of Swiss E-Mobility Group (Holding) AG (SEMG) on 27th January 2022 to establish its strong presence in e-mobility space.

During the year ended March 31, 2023, our subsidiary TVS Motor (Singapore) Pte. Ltd. acquired majority stake in two E-Mobility companies in Europe to further strengthen its presence in e-personal mobility space.

On 1st April 2022, 70 (70%) equity shares of EBCO Limited, UK (The GO AG) were acquired. Further on 12th April 2022, (100%) equity shares of Alexand'Ro Edouard'O Passion Vélo Sàrl ("Passion Vélo"), Germany were acquired through its subsidiary Swiss E-Mobility Group (Holding) AG (SEMG).

Details of the purchase consideration and goodwill are follows:

The assets and liabilities recognised as a results of the acquisition are as follows:

Calculation of goodwill

Particulars	Business acquired by SACL	TVS Motor Services	GO AG	SEMG	EBCO	Passion Velo
Consideration transferred	9.00	1.62	131.46	488.60	11.64	23.96
Non-controlling interest in the acquired entity	-	136.05	(1.12)	55.52	(1.32)	-
Acquisition date fair value of previously held equity interest	-	0.38	-	-	-	-
Less : Net identifiable assets acquired	6.80	(48.06)	71.23	222.07	(4.40)	11.10
Goodwill on consolidation	2.20	186.11	59.11	322.05	14.72	12.86
Goodwill attributable to Minority Interest	-	93.54	29.71	161.87	7.40	-
Goodwill attributable to Parent Company	2.20	92.57	29.40	160.18	7.32	12.86
Goodwill attributable to merger effected prior to Ind AS transition						3.28
Overall Goodwill recognised in the books						307.82

The goodwill is attributable to the expected synergies on acquisition of the financial services business and e-personal mobility business.

Goodwill is tested for impairment on an annual basis and whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business is allocated to the Group's cash generating units (CGU) or groups of CGUs expected to benefit from the synergies arising from the business combination.

Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rate on the the basis of carrying amount of each asset in CGU.

An impairment loss on goodwill is recognized in net profit in the Consolidated Statement of Profit and Loss and is not reversed in the subsequent period.

Company assessed impairment of goodwill based on the expected earnings growth of the acquired business.

Revenue and profit contribution for year ended March 31, 2023

The acquired business contributed revenue of Rs.4.27 crores and profit before tax of Rs.(5.84) crores between acquisition date and March 31, 2023

R GOPALAN
Chairman

DR. LAKSHMI VENU
Managing Director

As per our report annexed
For Raghavan, Chaudhuri & Narayanan
Chartered Accountants
Firm Regn. No.007761S

K GOPALA DESIKAN
Director & Group Chief Financial Officer
Chennai
05th May 2023

VIVEK S JOSHI
President & CEO

R RAJA PRAKASH
Company Secretary

V SATHYANARAYANAN
Partner
Membership No.:027716
Bengaluru
05th May 2023

**Annexure
Form AOC-I**

Statement containing salient features of the financial statement of subsidiaries / associate companies
(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Part "A": Subsidiaries

Information in respect of each subsidiary

Rupees in crores

S.No	Particulars	Indian Subsidiaries									
		TVS Motor Company Limited	Sundaram-Clayton DCD Limited	Sundaram Auto Components Limited	TVS Housing Limited	TVS Motor Services Limited	TVS Credit Services Limited	Harita Two-Wheeler Mall Private Limited	Harita ARC Private Limited	TVS Housing Finance Private Limited	TVS Electric Mobility Limited
		(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)	(10)	(11)
1.	Date on which subsidiary was acquired	15-11-2001	07-09-2017	01-04-2003	21-06-2010	07-09-2017	07-09-2017	07-09-2017	07-09-2017	08-09-2017	13-12-2021
2.	Reporting period	01-04-2022 to 31-03-2023									
3.	Reporting currency	Indian Rupees									
	Closing Exchange rate	Not applicable.									
4.	Share capital	47.51	0.0025	44.57	0.05	149.63	228.23	0.00	0.00	12.00	1.00
5.	Reserves & Surplus	6,000.33	(0.01)	393.79	0.85	11.11	2,529.89	(0.01)	(0.01)	2.76	-
6.	Total assets	13,992.38	0.0024	724.31	2.39	218.11	22,749.91	0.00	0.00	14.95	1.00
7.	Total Liabilities	7,944.54	0.0112	285.95	1.49	57.37	19,991.80	0.01	0.01	0.19	-
8.	Investments	5,491.95	-	312.76	-	19.49	12.01	-	-	-	-
9.	Turnover	26,378.09	-	776.77	0.07	-	4,156.35	-	-	-	-
10.	Profit before taxation	2,003.37	(0.0012)	24.08	0.03	(3.06)	511.28	0.00	0.00	0.73	-
11.	Provision for taxation	512.34	-	8.58	0.01	(0.81)	122.61	-	-	0.18	-
12.	Profit after taxation	1,491.03	(0.0012)	15.50	0.02	(2.25)	388.67	0.00	0.00	0.55	-
13.	Proposed Dividend	-	-	-	-	-	-	-	-	-	-
14.	% of shareholding	50.26	100	50.26 [#]	50.26 [#]	50.26 [#]	45.59 [#]	45.59 [#]	45.59 [#]	45.59 [#]	50.26 [#]

Held through subsidiary

S.No	Particulars	Foreign Subsidiaries											
		Sundaram-Clayton (USA) Limited	PT TVS Motor Company Indonesia	TVS Motor Company (Europe) B.V.*	TVS Motor (Singapore) Pte. Ltd	Sundaram Holding USA Inc*	The Norton Motorcycle Co Ltd, UK (Formerly Project 303 Bidco Limited)	The GO AG, Switzerland*	Swiss E-Mobility Group (Holding) AG, Switzerland *	TVS Digital Pte Limited, Singapore	EBCO Ltd	Celerity Motor Gmbh*	Sundaram Clayton Gmbh
		(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(21)	(23)
1.	Date on which subsidiary was acquired	15-06-2012	05-09-2005	21-07-2005	21-10-2005	09-09-2015	03-04-2020	16-09-2021	27-01-2022	24-05-2021	01-04-2022	06-12-2022	08-02-2023
2.	Reporting period	01-04-2022 to 31-03-2023										06-12-2022 to 31-03-2023	08-02-2023 to 31-03-2023
3.	Reporting currency	USD	IDR	USD	SGD	USD	GBP	CHF	CHF	SGD	GBP	EUR	EUR
	Closing Exchange rate	INR 82.17/USD	INR 0.55/ IDR 100	INR 82.17/USD	INR 61.79/SGD	INR 82.17/USD	INR 101.65/GBP	INR 89.58/CHF	INR 89.58/CHF	INR 61.79/SGD	INR 101.65/GBP	INR 89.44/EUR	INR 89.44/EUR
4.	Share capital	0.0008	906.08	126.52	2,134.10	685.02	725.65	1.05	1.23	138.78	^	0.22	0.23
5.	Reserves & Surplus	0.0268	(636.38)	(127.15)	(178.70)	(185.55)	(462.36)	(49.79)	55.51	(75.06)	(10.65)	(2.69)	(0.55)
6.	Total assets	0.12	996.64	0.10	2,630.56	991.08	603.78	86.71	687.73	141.32	12.11	31.52	0.31
7.	Total Liabilities	0.10	726.94	0.73	675.16	491.61	340.49	135.45	630.99	77.60	22.76	33.99	0.63
8.	Investments	-	-	-	1880.04	-	-	-	-	127.93	-	-	-
9.	Turnover	0.0535	839.70	-	55.95	112.81	0.01	40.04	515.12	3.46	4.27	-	-
10.	Profit before taxation	0.004	39.14	(0.64)	(24.05)	(182.35)	(280.47)	(54.82)	(99.52)	(40.19)	(5.84)	(2.98)	(0.55)
11.	Provision for taxation	-	(0.73)	-	-	-	(3.19)	0.03	(7.58)	-	-	-	-
12.	Profit after taxation	0.004	39.87	(0.64)	(24.05)	(182.35)	(277.28)	(54.85)	(91.94)	(40.19)	(5.84)	(2.98)	(0.55)
13.	Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-
14.	% of shareholding	100	50.26 [#]	50.26 [#]	50.26 [#]	100	50.26 [#]	41.16 [#]	37.70 [#]	50.26 [#]	50.26 [#]	50.26 [#]	100

* Unaudited financial statement.

** Share capital of SGD 1.

Held through subsidiary

\$ Share Capital of USD 100

Notes:

1. Sundaram Holding USA Inc. include the consolidation of its subsidiaries viz, Green Hills Land Holding LLC, Component Equipment Leasing LLC, Sundaram-Clayton USA LLC (Formerly known as Workspace Project LLC) and Premier Land Holding LLC, all located at South Carolina, USA. (2) The GO AG,Switzerland include the consolidation of its subsidiary viz, EGO Movement Stuttgart, GmbH.(3) Swiss E-Mobility Group include the consolidation of its subsidiaries viz, Swiss E-Mobility Group (Schweiz) AG Switzerland, Zurich and Colag E-Mobility GmbH, Germany, Nuremberg.
2. Subsidiaries which are yet to commence operations:(1) TVS Two Wheeler Mall Private Ltd, (2) Harita ARC Private Ltd, (3) TVS Housing Finance Private Ltd TVS Electric Mobility Ltd (7) Sundaram- Clayton DCD Limited
3. Subsidiaries which have been liquidated or sold during the year – (1) Intellicar Telematics Private Limited and its subsidiary Intellicar Singapore Pte. Limited, Singapore.,

Part “B”: Associates
Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies

Rupees in crores											
S.No	Name of Associate	Emerald Haven Realty Limited	DriveX Mobility Pvt Ltd	Tagbox Solutions Private Limited *	Ultraviolette Automotive Private Limited *	Predictronics Corp*	Tagbox Pte Limited*	Altizon Inc*	Scienaptic Systems Inc*	Sundaram Non-Conventional Energy Systems Limited	TVS Training and Services Limited
1.	Latest audited Balance Sheet Date	31-03-2023	31-03-2023	31-03-2022	31-03-2022	31-03-2020	31-03-2022	**	**	31-03-2023	31-03-2023
2.	Date on which the Associate was acquired	26-03-2012	12-10-2022	08-05-2019	09-08-2018	17-08-2019	08-05-2019	08-05-2019	28-09-2021	24-03-1995	20-02-2013
3.	Shares of Associate held by the company on the year end										
(i)	No. of shares	11,12,19,512	9,766	4,29,693	27,166	24,827	2,43,243	8,06,429	28,05,357	1,17,650	19,06,709
(ii)	Amount of investment in Associates/Joint Venture	111.22	87.17	11.18	121.00	22.36	15.42	25.34	64.81	0.12	1.90
(iii)	Extent of holding %	21.88 [#]	24.25 [#]	21.19 [#]	15.75 [#]	11.81 [#]	21.19 [#]	10.05 [#]	10.92 [#]	23.53	21.70
4.	Description of how there is significant influence	Holding more than 20% of share capital through subsidiary								Holding more than 20% of share capital	
5.	Reason why the associate/joint venture is not consolidated	NOT APPLICABLE									
6.	Net worth attributable to Shareholding as per latest audited Balance Sheet	86.93 ^{\$}	83.61 ^{\$}	10.41 ^{\$}	117.29 ^{\$}	18.89 ^{\$}	14.22 ^{\$}	23.35 ^{\$}	53.83 ^{\$s}	0.94	3.63
7.	Profit / (Loss) for the year:										
(i)	Considered in consolidation	(29.12)	(3.56)	(0.95)	(1.69)	(1.15)	(0.19)	(0.47)	(3.60)	0.85	0.15
(ii)	Not considered in consolidation	NOT APPLICABLE									

Held through subsidiary \$ Attributable to subsidiary shareholding * Unaudited financial statements upto 31.03.2023 has been consolidated. ** Audit of financial statements are not mandated by the regulations of the respective country in which the Company is incorporated

Note :

1. Associates which have been liquidated or sold during the year – Nil.

R GOPALAN
Chairman

DR.LAKSHMI VENU
Managing Director

As per our report annexed
For Raghavan, Chaudhuri & Narayanan
Chartered Accountants
Firm Regn.No.007761S

K GOPALA DESIKAN
Director & Group Chief Financial Officer

VIVEK S JOSHI
President & CEO

R RAJA PRAKASH
Company Secretary

V SATHYANARAYANAN
Partner
Membership No : 027716
Chennai
5th May 2023

Chennai
5th May 2023

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

Independent Auditor's Report for the year ended 31st March 2022

To the Members of

Sundaram-Clayton Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Sundaram-Clayton Limited ("the Company"), having its registered office at "Chaitanya", No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai-600 006, Tamil Nadu which comprise the Balance Sheet as at 31st March 2022, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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 Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act, of the state of affairs of the Company as at 31st March 2022, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in *the Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the Standalone financial statements under the provisions of the Act, and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	Auditor's Response
Overseas Equity Investments Equity Investments in overseas subsidiaries, account for a significant percentage of the Company's total equity investments. To assess annually,	Principal Audit Procedures Management has obtained a valuation of the equity investment in the overseas subsidiary from a valuer, that is based on projected annual cash flows of the overseas

Key Audit Matter	Auditor's Response
whether there are indications of impairment requires significant management judgment in determining the recoverable amount of these equity investments.	subsidiary. We gained an understanding of the key assumptions used to forecast the cash flows and the discount rates applied (WACC) in arriving at the fair value. We consider that the management conclusions concerning the absence of impairment in the equity investment are adequately supported and consistent with the information currently available.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in Annual Report to the Shareholders but does not include the standalone financial statements and our auditor's report thereon. The Annual Report to the Shareholders is expected to be made available to us after the date of this Auditor's Report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those charged with governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance) changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone

financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance, a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter, or when in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in 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 purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with Ind AS specified under Section 133 of the Act;
 - (e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022 from

being appointed as a director in terms of Section 164(2) of the Act;

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

- (i) The Company has disclosed the impact of pending litigations on the financial position in its standalone financial statements - refer Note 36 (i) to the Standalone financial statements;

- (ii) The company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses as at 31 March, 2022.

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

- (iv) (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly

or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

- (v) As stated in Note No. 35(b) to the standalone financial statements dividend paid and declared during the year by the company is in compliance with Section 123 of the Companies Act, 2013.

For RAGHAVAN, CHAUDHURI & NARAYANAN
Chartered Accountants
Firm Regn. No. 007761S

V. SATHYANARAYANAN
Partner

Place : Bengaluru
Date : 06th May 2022

Membership No. 027716
UDIN : 22027716AIMPTE5972

Annexure 'A' to Independent Auditors' Report - 31st March 2022 (Referred to in our report of even date)

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:

- (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets;
- (B) The Company has maintained proper records showing full particulars of intangible assets;
- (b) The Property, Plant and Equipment and right-of-use assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets;
- (c) Based on our examination of the property tax receipts and lease agreement for land on which building is constructed, registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title in respect of self-constructed buildings and title deeds of all other immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee), disclosed in the standalone financial statements included under Property, Plant and Equipment are held in the name of the Company as at the balance sheet date;
- (d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year;
- (e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder;

- ii. (a) The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion the coverage and the procedure of such verification by the management is appropriate. Discrepancies noticed on such physical verification, were less than 10% in aggregate for each class of inventory and have been properly dealt with in the books of account;

In respect of inventories with third parties, which have not been physically verified, there is a process of obtaining confirmation from such parties;

- (b) The Company has been sanctioned working capital limits in excess of ₹ 5 crore during the year, from banks on the basis of security of current assets and in our opinion, the quarterly returns or statements filed by the company are in agreement with the books of the accounts;

- iii. The Company has made investments in, companies and not in firms, Limited Liability Partnerships, and granted unsecured loans to other parties, during the year, in respect of which:

- (a) The Company has not provided any loans or advances in the nature of loans or stood guarantee, or provided security to any other entity during the year, and hence reporting under clause 3(iii)(a) of the Order is not applicable;

- (b) In our opinion, the investments made during the year are, prima facie, not prejudicial to the Company's interest.
- (c) The company has not granted any loans or advances in the nature of loans hence reporting under clause 3(iii)(c) of the Order is not applicable;
- (d) The company has not granted any loan or advances in the nature of loans hence reporting under clause 3(iii)(d) of the Order is not applicable;
- (e) No loan granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.
- (f) The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause 3(iii)(f) is not applicable;

- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of grant of loans, making investments, as applicable. The company has not provided any guarantees or securities;

- v. The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable;

- vi. The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013 in respect of the products manufactured by the Company. We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Companies Act, 2013 in respect of manufacture of products and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete;

- vii. In respect of statutory dues:

- (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, Goods and service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable;

- (b) There are no dues in respect of income-tax, sales-tax, Goods and service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute except the following:

Nature of Duty / Tax under Dispute	Amount Involved (Rs. in Cr)	Forum where dispute is pending
Service Tax	0.58	Central Excise and Service Tax Appellate Tribunal

Sundaram-Clayton Limited

- viii. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (Section 43 of 1961);
- ix. (a) The Company has not defaulted in repayment of loans or borrowings to any lender during the year;
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority;
- (c) In our opinion and according to the information and explanations given to us, the company has utilized the money obtained by way of term loans during the year for the purposes for which they were obtained;
- (d) On an overall examination of the standalone financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company;
- (e) On an overall examination of the standalone financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries and hence reporting on clause 3(ix)(e) of the order is not applicable;
- (f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies and hence reporting on clause 3(ix)(f) of the Order is not applicable;
- x. (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable;
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable;
- xi. (a) No fraud by the Company and no material fraud on the Company has been noticed or reported during the year;
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report;
- (c) As represented to us by the management, there are no whistle blower complaints received by the company during the year;
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable;
- xiii. In our opinion, all transactions with the related parties are in compliance with Section 188 of the Act, where applicable, and the requisite details have been disclosed in the standalone financial statements, as required by the applicable Ind AS;
- xiv. (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures;
- xv. In our opinion during the year the Company has not entered into any non-cash transactions with its Directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company;
- xvi. (a) In our opinion, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable;
- (b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable;
- xvii. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year;
- xviii. There has been no resignation of the statutory auditors of the Company during the year;
- xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due;
- xx. (a) According to the information and explanations given to us in respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub Section 5 of Section 135 of the Act. This matter has been disclosed in note no. 36(iv) to the Standalone financial statements;
- (b) According to the information and explanations given to us and based on the records, there are no unspent amounts in respect of ongoing projects that are required to be transferred to a special account in compliance of provision of sub section (6) of Section 135 of Companies Act. This matter has been disclosed in note no. 36(iv) to the Standalone financial statements.

For RAGHAVAN, CHAUDHURI & NARAYANAN
Chartered Accountants
Firm Regn. No. 007761S

V. SATHYANARAYANAN
Partner

Place : Bengaluru
Date : 06th May 2022

Membership No. 027716
UDIN : 22027716AIMPT5972

Annexure 'B' to the Independent Auditors' Report for the year ended 31st March 2022

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Sundaram-Clayton Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 (the "Act")

We have audited the internal financial controls over financial reporting of Sundaram-Clayton Limited (the "Company") as of March 31, 2022 in conjunction with our audit of the Ind AS standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Management of the Company is 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 (the "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting 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 standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone 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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the criteria for internal financial control over financial reporting 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 ICAI.

For RAGHAVAN, CHAUDHURI & NARAYANAN
Chartered Accountants
Firm Regn. No. 007761S

V. SATHYANARAYANAN
Partner

Place : Bengaluru
Date : 06th May 2022

Membership No. 027716
UDIN : 22027716AIMPTE5972

Sundaram-Clayton Limited

BALANCE SHEET AS AT 31st MARCH 2022

(Rupees in crores)

Particulars	Note No.	As at 31.03.2022	As at 31.03.2021
ASSETS			
Non-current assets			
Property, plant and equipment	2	670.54	713.00
Capital work in progress	2	8.93	11.61
Other intangible assets	3	0.62	0.35
Financial assets			
i. Investments	4	404.32	385.61
ii. Other financial assets	5	13.41	16.39
Other non-current assets	7	18.77	17.35
Total non-current assets		1,116.59	1,144.31
Current assets			
Inventories	8	371.35	301.07
Financial assets			
i. Trade receivables	9	288.30	228.96
ii. Cash and cash equivalents	10	2,308.15	25.20
iii. Bank balances other than (ii) above	11	90.29	23.65
iv. Other financial assets	5	16.85	49.46
Current tax assets (Net)		11.29	9.88
Other current assets	12	24.90	25.84
Total current assets		3,111.13	664.06
Total Assets		4,227.72	1,808.37
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13	10.12	10.12
Other equity	14	2,890.24	705.76
Total equity		2,900.36	715.88
Liabilities			
Non-current liabilities			
Financial liabilities			
i. Borrowings	15	434.86	354.61
ii. Lease liability		18.44	28.72
iii. Other financial liabilities	19	0.71	5.18
Provisions	16	27.96	19.65
Deferred tax liabilities (Net)	6	23.64	23.39
Total non-current liabilities		505.61	431.55
Current liabilities			
Financial liabilities			
i. Borrowings	17	297.78	276.62
ii. Lease liability		14.26	14.17
iii. Trade payables	18	356.10	272.89
iv. Other financial liabilities	19	116.51	53.58
Other current liabilities	20	16.72	23.74
Provisions	16	20.38	19.94
Total current liabilities		821.75	660.94
Total liabilities		1,327.36	1,092.49
Total equity and liabilities		4,227.72	1,808.37
Significant Accounting Policies	1		
The accompanying notes are an integral part of these financial statements			

R GOPALAN
Chairman

Dr. LAKSHMI VENU
Managing Director

K GOPALA DESIKAN
Director & Group
Chief Financial Officer

As per our report annexed
For RAGHAVAN, CHAUDHURI & NARAYANAN
Chartered Accountants
Firm Regn. No. 007761S
V SATHYANARAYANAN
Partner
Membership No. 027716
Bengaluru
6th May 2022

Place : Chennai
Date : 6th May 2022

VIVEK S JOSHI
President & CEO

R RAJA PRAKASH
Company Secretary

Sundaram-Clayton Limited

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2022

(Rupees in crores)			
Particulars	Note No.	Year ended 31.03.2022	Year ended 31.03.2021
I INCOME			
Revenue from operations	21	1,743.27	1,176.91
Other income	22	93.59	111.17
Total income		1,836.86	1,288.08
II EXPENSES			
Cost of materials consumed	23	942.43	573.37
Changes in inventories of finished goods, work-in-process and Stock-in-Trade	24	(76.51)	(22.57)
Employee benefit expenses	25	206.13	189.68
Finance costs	26	44.91	47.62
Depreciation and amortisation expense	27	101.74	77.90
Other expenses	28	440.27	285.98
Total expenses		1,658.97	1,151.98
III Profit before exceptional items and tax (I - II)		177.89	136.10
IV Exceptional items - income / (expense)	28A	2,122.60	(13.00)
V Profit before tax (III + IV)		2,300.49	123.10
VI Income tax expense			
i) Current tax	29	22.51	7.70
ii) Deferred tax charge/(credit)	30	1.29	39.56
VII Profit for the year (V - VI)		2,276.69	75.84
VIII Other comprehensive income			
A. Items that will not be reclassified to profit and loss:			
Remeasurement of post employment benefit obligations		(12.25)	(5.82)
Change in fair value of equity instruments		3.32	101.28
Income tax relating to these items		3.57	(0.69)
B. Items that will be reclassified and profit and loss:			
Transactions relating to Derivative instruments		4.78	7.53
Income tax relating to these items		(2.54)	(4.10)
Other comprehensive income for the year, net of tax		(3.12)	98.20
IX Total comprehensive income for the year (VII + VIII)		2,273.57	174.04
X Earnings per equity share			
Basic & Diluted earnings per share	31	1,125.29	37.49

The accompanying notes are an integral part of these financial statements

R GOPALAN
Chairman

Dr. LAKSHMI VENU
Managing Director

K GOPALA DESIKAN
Director & Group
Chief Financial Officer

As per our report annexed
For RAGHAVAN, CHAUDHURI & NARAYANAN
Chartered Accountants
Firm Regn. No. 007761S
V SATHYANARAYANAN
Partner
Membership No. 027716
Bengaluru
6th May 2022

Place : Chennai
Date : 6th May 2022

VIVEK S JOSHI
President & CEO

R RAJA PRAKASH
Company Secretary

Sundaram-Clayton Limited

STATEMENT OF CHANGES IN EQUITY

(Rupees in crores)

A. Equity Share Capital (refer Note No. 13)

As at 01-04-2020	10.12
Changes in Equity Share capital due to prior period errors	—
Restated balance as at 01-04-2020	10.12
Changes in equity share capital during the year	—
As at 31-03-2021	10.12
Changes in Equity Share capital due to prior period errors	—
Restated balance as at 01-04-2021	10.12
Changes in equity share capital during the year	—
As at 31-03-2022	10.12

B. Other Equity

Particulars	Reserves & Surplus				Other Reserves		
	General reserve	Securities Premium reserve	Retained earnings	Total	Fair value through other Comprehensive income	Hedging reserve	Total
Balance as at March 31, 2020	224.84	36.42	266.70	527.96	65.69	(9.33)	56.36
Add : Profit for the period	—	—	75.84	75.84	—	—	—
Other comprehensive income	—	—	(5.04)	(5.04)	99.82	3.43	103.25
Total Comprehensive Income for the year	—	—	70.80	70.80	99.82	3.43	103.25
Add/ (Less) : Change in fair value of equity instruments	—	—	—	—	—	—	—
Less : 1 st interim dividend paid for the year ended 31 st March 2021 (₹ 15 / share)	—	—	(30.35)	(30.35)	—	—	—
Less: 2 nd interim dividend declared for the year ended 31 st March 2021 (₹ 11 / share)	—	—	(22.26)	(22.26)	—	—	—
Balance as at March 31, 2021	224.84	36.42	284.89	546.15	165.51	(5.90)	159.61
Add: Profit for the period	—	—	2,276.69	2,276.69	—	—	—
Add : Other comprehensive income	—	—	(11.67)	(11.67)	6.31	2.24	8.55
Add / (Less) : Reclassified to retained earnings	—	—	161.39	161.39	(161.46)	—	(161.46)
Total Comprehensive Income for the year	—	—	2,426.41	2,426.41	(155.15)	2.24	(152.91)
Add/ (Less) : Change in fair value of equity instruments	—	—	—	—	—	—	—
Less : Interim Dividend declared for the year ended 31 st March 2022 (₹ 44 / share)	—	—	(89.02)	(89.02)	—	—	—
Balance as at March 31, 2022	224.84	36.42	2,622.28	2,883.54	10.36	(3.66)	6.70

Nature and purpose of reserves:

Securities premium reserve: This consist of premium realised on issue of shares and will be applicable / utilised in accordance with the provisions of the Companies Act, 2013

General reserve: General reserve is part of retained earnings. This is available for distribution to shareholders as dividend and capitalisation.

Hedging Reserve - refer Note No. 34 (D)

R GOPALAN
Chairman

Dr. LAKSHMI VENU
Managing Director

K GOPALA DESIKAN
Director & Group
Chief Financial Officer

As per our report annexed
For RAGHAVAN, CHAUDHURI & NARAYANAN
Chartered Accountants
Firm Regn. No. 007761S
V SATHYANARAYANAN
Partner
Membership No. 027716
Bengaluru
6th May 2022

Place : Chennai
Date : 6th May 2022

VIVEK S JOSHI
President & CEO

R RAJA PRAKASH
Company Secretary

Sundaram-Clayton Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2022

		(Rupees in crores)
	Year ended 31.03.2022	Year ended 31.03.2021
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	2,300.49	123.10
Add: Depreciation and amortisation for the year	101.74	77.90
Loss on sale/scraping of property, plant and equipment	3.89	0.72
Profit on sale of property, plant and equipment	(0.12)	(0.30)
Unrealised exchange (gain) / loss	1.14	(8.89)
Dividend income	(89.89)	(96.80)
Interest income	(49.08)	(3.15)
Fair value of financial assets & financial liabilities	0.40	(1.28)
Interest expense	44.91	47.62
Profit on sale of investments	(2,094.43)	—
	(2,081.44)	15.82
Operating profit before working capital changes	219.05	138.92
Adjustments for:		
Inventories	(70.28)	(29.75)
Trade Receivables	(58.79)	(72.51)
Other financial assets	(69.07)	(18.71)
Other non-current assets	(1.42)	2.35
Other current assets	0.94	10.14
Trade Payables	83.11	92.81
Provisions	(3.50)	(19.73)
Other financial liabilities (excluding current maturities of debt)	(3.28)	29.48
Other current liabilities	(7.02)	0.12
	(129.31)	(5.80)
Cash generated from operations	89.74	133.12
Direct taxes paid	(24.26)	(8.40)
Net cash from operating activities (A)	65.48	124.72
B CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment (including Capital work-in-progress)	(59.69)	(55.41)
Sale of property, plant and equipment	0.49	0.90
Purchase of investments	(182.34)	(52.06)
Sale of investments	2,261.01	—
Investment in Term deposits	(2,303.08)	—
Interest received	49.08	3.15
Dividend received	128.07	58.62
Net Cash from / (used in) investing activities (B)	(106.46)	(44.80)

Sundaram-Clayton Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2022 - (continued)

(Rupees in crores)

		Year ended 31.03.2022	Year ended 31.03.2021
C CASH FLOW FROM FINANCING ACTIVITIES			
Net Borrowings:			
Term loans availed / (repaid)		57.35	91.38
Short term borrowings availed / (repaid)		42.31	(107.78)
Interest paid		(41.92)	(43.90)
Dividend and dividend tax paid		(22.26)	(30.35)
Repayment of lease liabilities		(14.63)	(14.85)
Net cash inflow / (outflow) from financing activities	(C)	20.85	(105.50)
D NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(A+B+C)	(20.13)	(25.58)
Cash and cash equivalents at the beginning of the year			
Cash and Bank balances	25.20		50.78
Cash credit balance	—	25.20	—
Cash and cash equivalents at the end of the year			
Cash and Bank balances	5.07		25.20
Cash credit balance	—	5.07	—

Change in liability arising from financing activities						
Particulars	Notes	01/04/2021	Cash flow	Non-cash changes		31/03/2022
				Fair value change	Foreign exchange movement	
Long term borrowings (including current maturities)	15	483.01	57.35	—	1.75	542.11
Short term borrowings	17	148.22	42.31	—	—	190.53

Notes:

- 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.
- Cash and cash equivalents include cash and bank balances excluding term deposits.

R GOPALAN
Chairman

Dr. LAKSHMI VENU
Managing Director

K GOPALA DESIKAN
Director & Group
Chief Financial Officer

As per our report annexed
For RAGHAVAN, CHAUDHURI & NARAYANAN
Chartered Accountants
Firm Regn. No. 007761S
V SATHYANARAYANAN
Partner
Membership No. 027716
Bengaluru
6th May 2022

Place : Chennai
Date : 6th May 2022

VIVEK S JOSHI
President & CEO

R RAJA PRAKASH
Company Secretary

1 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies mentioned herein are relating to the standalone financial statements of the Company.

a) Brief description of the Company

Sundaram-Clayton Limited ('the Company') is a public limited company incorporated in India whose shares are publicly traded. The registered office is located at Chaitanya, No.12, Khader Nawaz Khan Road, Chennai - 600 006, Tamil Nadu, India.

The Company manufactures non-ferrous gravity and pressure die castings. The Company has four manufacturing plants located in Tamil Nadu.

b) Basis of preparation

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

The financial statements have been prepared on the historical cost convention under accrual basis of accounting except for certain financial assets and liabilities (as per the accounting policy below), which have been measured at fair value.

These financial statements for the year ended 31st March 2022 have been approved and authorised for issue by the Board of Directors at its meeting held on 6th May 2022.

c) Use of estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future period.

This note provides an overview of the areas that involved a higher degree of judgment or complexity. It also provides an overview of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in the relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

d) Significant Estimates and judgments

The areas involving significant estimates or judgments are:

- i) Estimation of defined benefit obligation - (refer Note 32)
- ii) Estimation of useful life of Property, Plant and Equipment (refer Note 1(f) and 1(g))

e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and net of returns, trade allowances and rebates and amounts collected on behalf of third parties.

- i) Sale of products:
Revenue from sale of products is recognised when significant risk and rewards of ownership pass to the customers, as per the terms of the contract and it is probable that the economic benefits associated with the transaction will flow to the Company.
- ii) Revenue from Services:
Revenue from Services is recognised in the accounting period in which the services are rendered and when invoices are raised.
- iii) Dividend income:
Dividends are recognised in the Statement of Profit and Loss only when the right to receive payment is established and it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of dividend can be reliably measured.

f) Property, Plant and Equipment

Freehold Land is stated at historical cost. All other items of Property, Plant and Equipment are stated at cost of acquisition/construction less accumulated depreciation / amortization and impairment, if any. Cost includes:

- (i) purchase price,
- (ii) taxes and duties,

SIGNIFICANT ACCOUNTING POLICIES - (continued)

- (iii) labour cost
- (iv) directly attributable overheads incurred upto the date the asset is ready for its intended use, and
- (v) Government grants that are directly attributable to the assets acquired.

However, cost excludes excise duty, value added tax, service tax and GST, and to the extent credit of the duty or tax is availed of.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Government grants relating to the purchase of property, plant and equipment are capitalized and included as cost to fixed assets.

Gains or losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Statement of Profit and Loss within Other gains / (losses).

g) Depreciation

- i) Depreciation on tangible fixed assets is charged over the estimated useful life of the asset or part of the asset (after considering double/triple shifts) as evaluated by a Chartered Engineer and in accordance with Ind AS 16, taking into consideration both usage, useful life and legal limitations on the use of assets, on straight line method, in accordance with Part A of Schedule II to the Companies Act, 2013. Depreciation is adjusted for the proportionate usage with reference to the asset's expected capacity or physical output during the reporting period
- ii) The estimated useful life of the tangible fixed assets as assessed by the Chartered Engineer and followed by the Company is furnished below:

Description	Years
Factory building and other buildings	30 to 64
Plant and Equipment	8 to 21
Electrical Equipment	15
Furniture and Fixtures	10
Computers	3
Mobile phones	1
Vehicles	6

- iii) The residual value for all the above assets is retained at 5% of the cost except for Mobile phones for which nil residual value is considered. Residual values and useful lives are reviewed, and adjusted, if appropriate, for each reporting period.
- iv) On tangible fixed assets added / disposed off during the year, depreciation is charged on pro-rata basis for the period for which the asset was purchased and used.
- v) Depreciation in respect of tangible assets costing individually less than ₹ 5,000/- is provided at 100%.

h) Amortization of Intangible assets

Intangible assets acquired are accounted at their acquisition cost and are amortised over their useful lives, viz., 2 years in the case of software.

i) Impairment

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

SIGNIFICANT ACCOUNTING POLICIES - (continued)

j) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). i.e in Indian rupees (INR) and all values are rounded off to nearest crores except where otherwise indicated.

(ii) Transactions and balances

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction.

- (a) Foreign currency monetary assets and liabilities such as cash, receivables, payables, etc., are translated at year end exchange rates.
- (b) Non-monetary items denominated in foreign currency such as investments, fixed assets, etc., are valued at the exchange rate prevailing on the date of transaction.
- (c) Exchange differences arising on settlement of transactions and translation of monetary items are recognised as income or expense in the year in which they arise.

k) Hedge accounting

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges)
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

The Company documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 33. Movements in the hedging reserve in shareholders' equity are shown in Note 34 (D). The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit and Loss, within other gains/(losses).

When forward contracts are used to hedge forecast transactions, the company generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in other comprehensive income in cash flow hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains and losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedging reserve within equity.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects the Statement of Profit and Loss (for example, when the forecast sale that is hedged takes place).

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to the Statement of Profit and Loss within other gains / (losses).

SIGNIFICANT ACCOUNTING POLICIES - (continued)

l) Inventories

Inventories are valued at the lower of cost and net realisable value.

- i) Cost of raw materials, components, stores, spares, work-in-process and finished goods are determined on a moving average basis.
- ii) Cost of finished goods and work-in-process comprises of Direct materials, Direct labour and an applicable proportion of Variable and Fixed overhead expenditure, Fixed Overhead Expenditure absorbed on the basis of normal operating capacity.
- iii) Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.
- iv) Materials and supplies held for use in production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost. Slow and non-moving material, obsolescence, defective inventories are duly provided for.

m) Employee benefits

i) Short term obligations:

Short term obligations are those that are expected to be settled fully within 12 months after the end of the reporting period. They are recognized upto the end of the reporting period at the amounts expected to be paid at the time of settlement.

ii) Other long term employee benefit obligations:

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are, therefore, recognized and provided for at the present value of the expected future payments to be made in respect of services provided by employee upto the end of reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in Other Comprehensive Income.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for atleast twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

iii) Post-employment obligation:

The Company operates the following post-employment schemes:

- a) Defined benefit plans such as gratuity for its eligible employees, pension plan for eligible senior managers; and
- b) Defined contribution plan such as provident fund.

Pension and gratuity obligation:

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on the government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income (net of deferred tax). They are included in retained earnings in the statement of changes in equity and in the balance sheet.

SIGNIFICANT ACCOUNTING POLICIES - (continued)

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the Statement of Profit or Loss as past service cost.

Provident fund:

The eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company makes monthly contributions at a specified percentage of the covered employees' salary. The provident fund contributions are made to an irrevocable trust set up by the Company. The Company is generally liable for annual contributions and any shortfall in the fund assets based on the Government specified minimum rates of return and recognises such contributions and shortfall, if any, as an expense in the year in which it is incurred.

iv) Bonus plans:

The Company recognises a liability and an expense for bonus. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

n) **Taxes on income**

Tax expense comprises of (i) current tax and (ii) deferred tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

o) **Provisions and contingent liabilities**

i) Provision:

A provision is recorded when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated. The estimated liability for product warranties is accounted based on technical evaluation, when the products are sold.

SIGNIFICANT ACCOUNTING POLICIES - (continued)

Provisions are evaluated at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expenses.

ii) Contingent liabilities:

Wherever there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) the amount of the obligation cannot be measured with sufficient reliability are considered as contingent liability. Show cause notices are not considered as Contingent Liabilities unless converted into demand.

p) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

q) Leases

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to
- reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company
- which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

SIGNIFICANT ACCOUNTING POLICIES - (continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

r) Cash and Cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

s) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

t) Investments and Other financial assets

i) Classification:

The Company classifies its financial assets in the following categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through statement of profit and loss), and
- Those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flow.

ii) Measurement:

At initial recognition, the Company measures a financial asset at its fair value plus (in the case of a financial asset not a fair value through profit or loss) transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit and Loss.

Debt Instruments:

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments.

(i) Amortised Cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the Statement of Profit and Loss when the asset is de-recognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

(ii) Fair Value through profit or loss:

Assets that do not meet the criteria for amortised cost or Fair Value through Other Comprehensive Income (FVOCI) are measured at Fair Value through Profit or Loss (FVTPL). A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the statement of profit and loss within other gains / (losses) in the period in which it arises. Interest income from these financial assets is included in other income.

SIGNIFICANT ACCOUNTING POLICIES - (continued)

(iii) Equity instruments:

Subsequent to initial recognition, the Company measures all investments in equity (except of the subsidiaries / associates) at fair value. Where the company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there will be no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in the Statement of Profit and Loss as other income when the Company's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately. Where the Company elects to measure fair value through profit or loss, changes in the fair value of such financial assets are recognised in the statement of profit and loss.

Investment in subsidiaries / associates:

Investment in subsidiaries / associates are measured at cost less provision for impairment.

iv) Impairment of financial assets:

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been significant increase in credit risk. Note 34(A) details how the company determines whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected credit losses to be recognised from initial recognition of the receivables.

v) De-recognition of financial assets:

A financial asset is derecognised only when:

- a) the Company has transferred the rights to receive cash flows from the financial asset or
- b) the Company retains the contractual rights to receive the cash flows of the financial asset, but expects a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised, if the Company has not retained control of the financial asset. Where the company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

u) **Borrowings**

Borrowings are initially recognised at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction cost) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings, using the effective interest method. Fees paid on the established loan facilities are recognised as transaction cost of the loan, to the extent that it is probable that some or all the facility will be drawn down.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the Statement of Profit and Loss as other gain / (loss).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for over or at least 12 months after the reporting period.

v) **Borrowing cost**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

SIGNIFICANT ACCOUNTING POLICIES - (continued)

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

w) Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants receivable as compensation for expenses or financial support are recognized in profit or loss of the period in which it becomes available.

Government grants relating to the purchase of property, plant and equipment are included in current / non-current liabilities as deferred income and are credited to profit or loss as and when the obligations are fulfilled.

x) Current and Non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

Cash or cash equivalent is treated as current, unless restricted from being exchanged or used to settle a liability for atleast twelve months after the reporting period. In respect of other assets, it is treated as current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle
- held primarily for the purpose of trading
- expected to be realised within twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when:

- it is expected to be settled in the normal operating cycle
- it is held primarily for the purpose of trading
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for atleast twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. In Company's considered view, twelve months is its operating cycle.

Sundaram-Clayton Limited

Notes to Financial Statements

2. PROPERTY, PLANT & EQUIPMENT

(Rupees in crores)

Description	Property, Plant & Equipment								Total
	Freehold land	Lease hold land	Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Vehicles	ROU	
	1	2	3	4	5	6	7	8	9
Gross block									
As at 01-04-2020	14.87	11.42	157.04	805.06	8.12	13.28	2.19	48.67	1,060.65
Additions	–	34.05	0.15	20.63	0.01	0.60	1.13	2.47	59.04
Sub-total	14.87	45.47	157.19	825.69	8.13	13.88	3.32	51.14	1,119.69
Sales / deletion	–	(0.03)	–	(6.10)	–	(0.35)	(1.11)	(0.04)	(7.63)
Total	14.87	45.44	157.19	819.59	8.13	13.53	2.21	51.10	1,112.06
Depreciation									
Upto 31-03-2020	–	0.51	20.99	294.65	3.45	8.22	0.65	–	328.47
For the year	–	–	5.51	61.74	0.77	1.65	0.46	6.78	76.91
Amortisation	–	0.13	–	–	–	–	–	–	0.13
Sub-total	–	0.64	26.50	356.39	4.22	9.87	1.11	6.78	405.51
Withdrawn on assets sold / deleted	–	–	–	(5.57)	–	(0.33)	(0.55)	–	(6.45)
Total	–	0.64	26.50	350.82	4.22	9.54	0.56	6.78	399.06
Net Carrying amount									
As at 31-03-2021	14.87	44.80	130.69	468.77	3.91	3.99	1.65	44.32	713.00

CAPITAL WORK-IN-PROGRESS (AT COST)

	2020-21	2019-20
(a) Building	0.10	0.14
(b) Plant & equipment	9.43	12.29
(c) Others	2.08	0.71
Total	11.61	13.14

Ageing of Capital work-in- progress as on 31st March 2021:

Particulars	Amount of Capital work-in-progress for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	10.96	0.20	0.13	0.32	11.61

Description	Property, Plant & Equipment								Total
	Freehold land	Lease hold land	Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Vehicles	ROU	
	1	2	3	4	5	6	7	8	9
Gross block									
As at 01-04-2021	14.87	45.44	157.19	819.59	8.13	13.53	2.21	51.10	1,112.06
Additions	–	–	0.96	56.09	0.10	3.79	0.51	1.45	62.90
Sub-total	14.87	45.44	158.15	875.68	8.23	17.32	2.72	52.55	1,174.96
Sales / deletion	–	–	–	(14.10)	–	(0.16)	(0.16)	–	(14.42)
Total	14.87	45.44	158.15	861.58	8.23	17.16	2.56	52.55	1,160.54
Depreciation									
Upto 31-03-2021	–	0.64	26.50	350.82	4.22	9.54	0.56	6.78	399.06
For the year	–	–	5.52	85.26	0.72	1.94	0.45	6.71	100.60
Amortisation	–	0.50	–	–	–	–	–	–	0.50
Sub-total	–	1.14	32.02	436.08	4.94	11.48	1.01	13.49	500.16
Withdrawn on assets sold / deleted	–	–	–	(9.86)	–	(0.15)	(0.15)	–	(10.16)
Total	–	1.14	32.02	426.22	4.94	11.33	0.86	13.49	490.00
Net Carrying amount									
As at 31-03-2022	14.87	44.30	126.13	435.36	3.29	5.83	1.70	39.06	670.54

CAPITAL WORK-IN-PROGRESS (AT COST)

	2021-22	2020-21
(a) Building	0.14	0.10
(b) Plant & equipment	7.21	9.43
(c) Others	1.58	2.08
Total	8.93	11.61

Ageing of Capital work-in- progress as on 31st March 2021:

Particulars	Amount of Capital work-in-progress for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	8.08	0.53	–	0.32	8.93

Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

3 INTANGIBLE ASSETS:

(Rupees in crores)

Description	Software
Gross block	
As at 01-04-2020	7.87
Additions	0.37
Sub-total	8.24
Sales / deletion	(0.17)
Total	8.07
Depreciation	
Upto 31-03-2020	7.04
For the year	
Amortisation	0.85
Sub-total	7.89
Withdrawn on assets sold / deleted	(0.17)
Total	7.72
Net Carrying amount	
As at 31-03-2021	0.35

Description	Software
Gross block	
As at 01-04-2021	8.07
Additions	0.91
Sub-total	8.98
Sales / deletion	—
Total	8.98
Depreciation	
Upto 31-03-2021	7.72
For the year	
Amortisation	0.64
Sub-total	8.36
Withdrawn on assets sold / deleted	—
Total	8.36
Net Carrying amount	
As at 31-03-2022	0.62

Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

4 INVESTMENTS

Sl No.	Name of the body corporate	Subsidiary / associate	No. of shares / units		Face Value (in ₹)	Currency	Partly paid / fully paid	Rupees in crores	
			As at 31-03-2022	As at 31-03-2021				As at 31-03-2022	As at 31-03-2021
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
(a)	Investment in Equity Instruments fair valued through OCI								
	Quoted :								
(i)	Suprajit Engineering Limited, Bengaluru		–	57,72,000	1.00	INR	Fully paid	–	159.02
(ii)	Harita Seating Systems Limited, Chennai		–	7,280	10.00	INR	Fully paid	–	0.54
	Unquoted :								
(iii)	Green Infra BTV Limited, New Delhi [@]		45,00,000	45,00,000	10.00	INR	Fully paid	4.50	4.50
(iv)	Sai Regency Power Corporation Private Limited, Chennai [@]		3,75,000	3,75,000	10.00	INR	Fully paid	0.38	0.38
(v)	Adyar Property Holding Company Limited, Chennai (Cost ₹ 6,825) [@]		105	105		INR	Partly paid	–	–
	Private equity instruments [#]:								
(vi)	TVS Shriram Growth fund Scheme 1B of TVS Capital Funds Limited, Chennai (₹ 1,000)		–	1	1,000.00	INR		–	4.38
(vii)	TVS Shriram Growth fund 3 of TVS Capital Funds Limited, Chennai		100,000	66,000	1,000.00	INR		14.56	8.04
	Investments in Equity Instruments at Cost								
	Quoted:								
(viii)	TVS Motor Company Limited, Chennai	Subsidiary	23,87,82,786	27,26,82,786	1.00	INR	Fully paid	17.16	19.59
	Unquoted:								
(ix)	Sundaram-Clayton (USA) Limited, Illinois, USA (Cost ₹ 5,572)	Subsidiary	100	100	1.00	USD	Fully paid	–	–
(x)	Sundaram Holding USA Inc., Delaware, USA	Subsidiary	4,63,50,000	2,24,00,000	1.00	USD	Fully paid	333.69	154.88
(xi)	TVS Training and Services Limited, Chennai	Associate	27,63,359	27,63,359	10.00	INR	Fully paid	2.76	2.76
(xii)	Sundram Non Conventional Energy Systems Limited, Chennai	Associate	117,650	117,650	10.00	INR	Fully paid	0.12	0.12
(xiii)	TVS Credit Services Limited, Chennai	Subsidiary	21,80,250	21,80,250	10.00	INR	Fully paid	17.01	17.01
(xiv)	Sundaram-Clayton DCD Limited (Cost ₹ 25,000)	Subsidiary	2,500	–	10.00	INR	Fully paid	–	–
	Total value of Equity Instruments (a)							390.18	371.22
(b)	Other non-current Investments								
(i)	ICICI Prudential Life Insurance Group Superannuation Fund, Mumbai					INR	Fully paid	2.56	2.58
(ii)	Life Insurance Corporation Pension Policy, Chennai					INR	Fully paid	10.95	11.31
(iii)	5 Years National Savings Certificates VIII Issue (in the name of nominee) - Face Value - ₹ 10,000					INR	Fully paid	–	–
(iv)	Tulsyan NEC Limited, Chennai [@]		163,125	1,63,125	10.00	INR	Fully paid	0.50	0.50
(v)	Nagai Power Private Limited,		133,010	–	10.00	INR	Fully paid	0.13	–
	Total value of Other non-current Investments (b)							14.14	14.39
	Total (a) + (b)							404.32	385.61
	Aggregate amount of quoted investments and market value thereof							14,939.45	16,112.87
	Aggregate amount of unquoted investments							387.16	206.46
	Aggregate amount of impairment in value of investments							–	–
	Total							15,326.61	16,319.33

[#] The values have been arrived using the management's best estimate of the fair value of the fund. These values may not materially differ from the actuals.

[@] Cost treated as Fair value

Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

(Rupees in crores)

	As at 31-03-2022	As at 31-03-2021
5 OTHER FINANCIAL ASSETS		
Non-current		
Rental deposits	9.87	9.49
Derivatives (Forwards, POS, Call spread, IRS)	3.54	6.90
Total	13.41	16.39
Current		
<u>Unsecured, Considered Good :</u>		
Employee Advances	3.16	1.85
Interest accrued on deposits/investments	8.61	–
Claims receivable	1.65	0.82
Derivatives (Forwards, POS, Call spread, IRS)	1.55	5.19
Duty Drawback receivable	1.88	3.42
Dividend receivable	–	38.18
Total	16.85	49.46
6 DEFERRED TAX LIABILITIES / (ASSETS)		
The balance comprises temporary differences attributable to:		
Depreciation	40.24	47.69
Employee benefits	(10.84)	(8.17)
Financial assets & Financial liabilities	(4.93)	0.77
Others (Including Carried forward loss)	(0.83)	(16.90)
Total deferred tax liabilities / (assets)	23.64	23.39

Movement in deferred tax liabilities / (assets)

Particulars	Depreciation	Employee benefits	Financial assets & Financial liabilities	Others (Including Carried forward loss)	Total
At April 1, 2021	47.69	(8.17)	0.77	(16.90)	23.39
(Charged) / credited:					
- to statement of profit and loss	(7.45)	0.58	(7.91)	16.07	1.29
- to tax relating to earlier years	–	–	–	–	–
- to other comprehensive income	–	(3.25)	2.21	–	(1.04)
- to disputed tax provided for	–	–	–	–	–
At March 31, 2022	40.24	(10.84)	(4.93)	(0.83)	23.64

	As at 31-03-2022	As at 31-03-2021
7 OTHER NON-CURRENT ASSETS		
Capital advances	0.13	0.63
Advances - other than capital advances:		
Statutory and other deposits	9.34	8.65
Prepaid expenses	9.30	8.07
Total other non-current assets	18.77	17.35

Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

(Rupees in crores)

	As at 31-03-2022	As at 31-03-2021
8 INVENTORIES (at weighted average cost or net realisable value whichever is less)		
Raw materials and components	22.76	24.66
Goods-in-transit - Raw materials and components	0.20	2.77
Work-in-process	34.05	22.44
Finished goods	194.42	129.52
Stores and spares	119.92	121.68
Total Inventories	371.35	301.07
9 TRADE RECEIVABLES (Refer Note 36(vii))		
Unsecured, considered good	291.90	234.73
Less: Loss Allowance	3.60	5.77
Total	288.30	228.96

Ageing for trade receivables as on 31.03.2022

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
(i) Undisputed trade receivables - Considered good	291.25	0.65	-	-	-	291.90
(ii) Undisputed trade receivables - Which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed trade receivables - Credit impaired	-	-	-	-	-	-
(iv) Disputed trade receivables - Considered good	-	-	-	-	-	-
(v) Disputed trade receivables - Which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed trade receivables - Credit impaired	-	-	-	-	-	-
Total	291.25	0.65	-	-	-	291.90

Ageing for trade receivables as on 31.03.2021

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
(i) Undisputed trade receivables - Considered good	232.85	1.88	-	-	-	234.73
(ii) Undisputed trade receivables - Which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed trade receivables - Credit impaired	-	-	-	-	-	-
(iv) Disputed trade receivables - Considered good	-	-	-	-	-	-
(v) Disputed trade receivables - Which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed trade receivables - Credit impaired	-	-	-	-	-	-
Total	232.85	1.88	-	-	-	234.73

Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

(Rupees in crores)

	As at 31-03-2022	As at 31-03-2021
10 CASH AND CASH EQUIVALENTS		
Balances with banks	4.96	25.10
Balance with term deposits	2,303.08	—
Cash on hand	0.11	0.10
Total cash and cash equivalents	2,308.15	25.20
11 OTHER BANK BALANCES		
Earmarked balances with banks (including unpaid dividend)	90.29	23.65
Total Other Bank balances	90.29	23.65
12 OTHER CURRENT ASSETS		
Indirect taxes receivable	0.29	0.43
Prepaid expenses	7.62	9.30
Vendor advances	7.15	6.37
Export incentives receivable	9.84	9.74
Total other current assets	24.90	25.84

13 SHARE CAPITAL

(a) **Details of authorised, issued and subscribed share capital**

Particulars	As at 31-03-2022		As at 31-03-2021	
	Number	Rupees in crores	Number	Rupees in crores
<u>Authorised Capital</u>				
Equity Shares of ₹ 5/- each	5,00,00,000	25.00	5,00,00,000	25.00
<u>Issued, Subscribed & Paid up Capital</u>				
Equity Shares of ₹ 5/- each fully paid	2,02,32,085	10.12	2,02,32,085	10.12
	2,02,32,085	10.12	2,02,32,085	10.12

(b) **Reconciliation of equity shares outstanding at the beginning and at the end of the year**

Particulars	As at 31-03-2022		As at 31-03-2021	
	Number	Rupees in crores	Number	Rupees in crores
Shares outstanding at the beginning of the year	2,02,32,085	10.12	2,02,32,085	10.12
Shares Issued during the year	—	—	—	—
Shares outstanding at the end of the year	2,02,32,085	10.12	2,02,32,085	10.12

(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 31st March 2022**

Name of Shareholder	Relationship	Class of share	As at 31-03-2022		As at 31-03-2021	
			Number of Shares held	% of Holding	Number of Shares held	% of Holding
TVS Holdings Private Limited - Chennai	Holding company	Equity	1,30,94,460	64.72	—	—
T V Sundram Iyengar & Sons Pvt Ltd- Madurai	Holding company	Equity	—	—	38,07,330	18.82
Sundaram Industries Pvt Ltd - Madurai	Fellow Subsidiary	Equity	—	—	60,62,522	29.96
Southern Roadways Private Limited - Madurai	Fellow Subsidiary	Equity	—	—	30,31,127	14.98

Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

(Rupees in crores)

(e) **Details of shareholders holding more than five percent at the end of 31st March 2022 (other than 13 (d)) above**

Name of Shareholder	Class of share	As at 31-03-2022		As at 31-03-2021	
		Number of Shares held	% of Holding	Number of Shares held	% of Holding
Sundaram Finance Holdings Limited- Chennai	Equity	19,69,600	9.74	22,73,081	11.24

(f) **Details of shares held by promoters as at 31st March 2022**

Name of the Promoters	Class of share	As at 31-03-2022		As at 31-03-2021		% Change during the year
		Number of Shares held	% of Holding	Number of Shares held	% of Holding	
TVS Holdings Private Limited - Chennai	Equity	1,30,94,460	64.72	–	–	100%
T V Sundram Iyengar & Sons Pvt Ltd- Madurai	Equity	–	–	38,07,330	18.82	(100%)

14 OTHER EQUITY

Reserves and surplus	As at March 31, 2022	As at March 31, 2021
General reserve	224.84	224.84
Securities Premium reserve	36.42	36.42
Retained earnings	2,622.28	284.89
Other reserves	6.70	159.61
Total reserves and surplus	2,890.24	705.76

15 LONG TERM BORROWINGS

Description	No. of instalments due	Frequency	Maturity	As at 31-03-2022	As at 31-03-2021
<u>Secured:</u>					
Rupee Term loan I	3	Quarterly	Dec-22	24.92	58.25
Foreign Currency Non-resident Borrowings (FCNR(B)) I	1	Half yearly	Sep-22	15.16	43.87
Foreign Currency Non-resident Borrowings (FCNR(B)) III	23	Quarterly	Dec-27	134.25	141.05
External Commercial Borrowing I (ECB I)	–	Half yearly	Mar-22	–	24.24
External Commercial Borrowing II (ECB II)	8	Quarterly	Feb-24	75.43	109.10
State owned corporation	1	Bullet payment	Apr-31	7.51	6.95
<u>Unsecured:</u>					
Non Convertible Debentures	2	Yearly	Aug-25	99.70	99.55
Rupee Term loan II	20	Quarterly	Sep-27	185.14	–
Total Borrowings :				542.11	483.01
Less : Current Maturities of long-term borrowings (Refer Note No. 17)				107.25	128.40
Total Long-term Borrowings				434.86	354.61

Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

15 LONG TERM BORROWINGS - (continued)

(Rupees in crores)

Details of securities offered against charge:

All loans (except FCNRB III) are secured by first and exclusive charge on specific plant and equipments of the Company.

FCNRB III is secured by way of hypothecation of all current assets

Amount payable in each instalment other than bullet repayments:

Description	Currency	Amount	Interest
Rupee Term loan I	INR	8.34 Crores	MCLR plus Margin
Rupee Term loan II	INR	Structured instalments	MCLR plus Margin
Foreign Currency Non-resident Borrowings (FCNR(B)) I	USD	2 Million	Overnight LIBOR plus Margin
Foreign Currency Non-resident Borrowings (FCNR(B)) III	USD	Structured instalments	1 year LIBOR plus margin
External Commercial Borrowing II (ECB II)	USD	1.25 Million	3 Month LIBOR plus Margin
Non Convertible Debentures	INR	50 Crores	7.65%

16 PROVISIONS

Particulars	March 31, 2022		March 31, 2021	
	Current	Non-current	Current	Non-current
Employee benefits (Refer Note 32)				
(a) Pension	13.99	14.66	11.83	13.07
(b) Leave salary	1.17	7.82	1.01	6.61
(c) Gratuity	–	5.48	–	(0.03)
	15.16	27.96	12.84	19.65
Others				
(a) Warranty	3.21	–	3.59	–
(b) Disputed tax provided for	2.01	–	3.51	–
Total	20.38	27.96	19.94	19.65

Particulars	Warranty	Disputed tax provided for
Opening balance as on 01.04.2021	3.59	3.51
Additional provisions made during the year	–	–
Amounts utilised	(0.38)	(1.50)
Closing balance as on 31.03.2022	3.21	2.01

As at
31-03-2022 As at
31-03-2021

17 FINANCIAL LIABILITIES - BORROWINGS (CURRENT)

Repayable on demand from banks

Secured	66.97	48.11
Unsecured	123.56	100.11

Current maturities of Long term borrowings

107.25 128.40

Total Borrowings under Current Liabilities

297.78 276.62

Details of securities created for loans repayable on demand:

First charge by way of hypothecation and / or pledge of all current assets viz., inventories of raw materials, semi finished and finished goods, stores and spares, bills receivable, book debts and all other current assets

Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

(Rupees in crores)

As at
31-03-2022 As at
31-03-2021

18 TRADE PAYABLES

Current

Dues to Micro and Small Enterprises **	10.11	43.66
Dues to enterprises other than Micro and Small Enterprises	345.99	229.23
Total Trade payables	356.10	272.89

** Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. The entire closing balance represents the principal amount payable to these enterprises. There are no interests due or outstanding on the same. Refer Note - 36(vi)

Ageing for Trade Payables as on 31.03.2022

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
MSME	10.11	–	–	–	10.11
Others	343.08	0.89	2.02	–	345.99
Disputed Dues - MSME	–	–	–	–	–
Disputed Dues - Others	–	–	–	–	–
Total	353.19	0.89	2.02	–	356.10

Ageing for Trade Payables as on 31.03.2021

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
MSME	43.44	0.08	0.09	0.05	43.66
Others	225.81	1.30	0.31	1.81	229.23
Disputed Dues - MSME	–	–	–	–	–
Disputed Dues - Others	–	–	–	–	–
Total	269.25	1.38	0.40	1.86	272.89

19 OTHER FINANCIAL LIABILITIES

March 31, 2022 March 31, 2021

Non current

Derivatives	0.71	5.18

Current

Interest accrued but not due on loans	7.09	7.55
Unpaid Dividends	1.27	1.39
Dividend declared but not paid (Due for payment in subsequent year)	89.02	22.26
Employee related liabilities	17.89	15.23
Liabilities for expenses	1.06	6.45
Derivatives	0.18	0.70
Total other current financial liabilities	116.51	53.58

20 OTHER CURRENT LIABILITIES

Statutory dues	2.20	4.44
Advance received from customers	13.35	17.82
Government Grant - Deferred income	1.17	1.48
Total other current liabilities	16.72	23.74

Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

	Year ended 31.03.2022	(Rupees in crores) Year ended 31.03.2021
21 REVENUE FROM OPERATIONS		
Sale of products	1,648.67	1,113.32
Sale of services	57.72	50.91
Other operating revenue	36.88	12.68
Total revenue	1,743.27	1,176.91
22 OTHER INCOME		
Dividend income		
(i) From subsidiary	89.54	95.44
(ii) From others	0.35	1.36
Interest income	1.16	3.15
Increase in Fair value of Financial Assets	—	1.28
Gain on foreign currency transactions and translation	2.42	9.59
Net gain on sale of Investments	—	0.05
Profit on sale of Property, Plant & Equipment	0.12	0.30
Total other income	93.59	111.17
23 COST OF MATERIALS CONSUMED		
Opening stock of raw materials and components	24.66	21.81
Add: Purchases	940.53	576.22
	965.19	598.03
Less: Closing stock of raw materials and components	22.76	24.66
Consumption of raw materials and components	942.43	573.37
24 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK-IN-TRADE		
Opening stock:		
Work-in-process	22.44	20.54
Finished goods	129.52	108.85
Total - (A)	151.96	129.39
Closing stock:		
Work-in-process	34.05	22.44
Finished goods	194.42	129.52
Total - (B)	228.47	151.96
Total (A)-(B)	(76.51)	(22.57)
25 EMPLOYEE BENEFIT EXPENSE * (REFER NOTE 32)		
Salaries, wages and bonus	159.29	153.52
Contribution to provident and other funds	10.94	9.21
Welfare expenses	35.90	26.95
Total employee benefit expense	206.13	189.68

Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

	Year ended 31.03.2022	(Rupees in crores) Year ended 31.03.2021
26 FINANCE COSTS		
Interest	41.53	43.54
Interest on lease liabilities	2.99	3.72
Other borrowing costs	0.39	0.36
Total finance costs	44.91	47.62
27 DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation on Property, Plant and Equipment	100.60	76.92
Amortisation on Intangible assets	0.64	0.85
Amortisation on others	0.50	0.13
Total depreciation and amortisation expense	101.74	77.90
28 OTHER EXPENSES*		
(a) Consumption of stores, spares and tools	69.62	53.79
(b) Power and fuel	107.48	82.07
(c) Repairs - buildings	16.44	16.46
(d) Repairs - plant and equipment	43.39	22.69
(e) Repairs - others	0.66	0.45
(f) Insurance	7.69	5.92
(g) Rates and taxes (excluding taxes on income)	2.91	3.62
(h) Audit fees (Refer note 36(iii))	0.65	0.65
(i) Packing and freight charges	109.97	49.53
(j) Warehousing charges	16.08	11.89
(k) Loss on sale of Property, plant & equipment	3.89	0.72
(l) Decrease in Fair value of Financial Assets	0.40	—
(m) Corporate social responsibility expenditure (Refer Note 36(iv))	0.20	0.05
(n) Miscellaneous expenses (under this head there is no expenditure which is in excess of 1% of revenue from operations or ₹ 10 lakh, whichever is higher)	60.89	38.14
Total other expenses	440.27	285.98
* Net of recoveries and claims made		
28A EXCEPTIONAL ITEMS		
Share sale proceeds	2,094.43	—
Interest income on share sale proceeds re-invested	47.92	—
Covid expenditure	(6.32)	—
One time voluntary separation costs	(13.43)	(13.00)
Total exceptional items	2,122.60	(13.00)

Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

	Year ended 31.03.2022	(Rupees in crores) Year ended 31.03.2021
29 CURRENT TAX		
Current tax on profits for the year	22.55	7.70
Adjustments for current tax of prior periods	(0.04)	–
Total current tax	22.51	7.70
30 DEFERRED TAX		
Decrease (increase) in deferred tax assets	14.42	37.67
(Decrease) increase in deferred tax liabilities	(13.13)	(23.04)
Minimum Alternate Tax (MAT) (credit) / utilisation (net)	–	24.93
Total deferred tax expense / (benefit)	1.29	39.56
Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
Profit before tax expense	2,300.49	123.10
Tax at the Indian tax rate of 25.17% (2020-2021 – 25.17%)	579.03	30.98
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Dividend Income	(22.63)	(17.25)
Profit on sale of investment with no tax outflow	(527.17)	–
Other items	(6.72)	(0.89)
Tax credits availed in books / (entitlement)	–	(5.14)
Deferred Tax Liability	1.29	39.56
Tax expense / (benefit)	23.80	47.26
31 EARNINGS PER SHARE		
(a) Basic and diluted earnings per share		
Basic and diluted earnings per share attributable to the equity holders of the Company (₹)	1,125.29	37.49
(b) Earnings used in calculating earnings per share		
Basic and diluted earnings per share		
Profit attributable to equity holders of the company used in calculating basic earnings per share	2,276.69	75.84
(c) Weighted average number of equity shares used as the denominator in calculating basic earnings per share	2,02,32,085	2,02,32,085
Earnings Per Share (EPS) of ₹ 1,125.29 for the year ended 31.03.2022 as given above is after including the exceptional income of ₹ 2,142.35 Crores. Excluding the exceptional income, EPS for the year ended 31.03.2022 is ₹ 66.39.		

Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

(Rupees in crores)

32 EMPLOYEE BENEFIT OBLIGATIONS

Particulars	March 31, 2022			March 31, 2021		
	Current	Non-current	Total	Current	Non-current	Total
Pension	13.99	14.66	28.65	11.83	13.07	24.90
Leave Salary	1.17	7.82	8.99	1.01	6.61	7.62
Gratuity	–	5.48	5.48	–	(0.03)	(0.03)
Total employee benefit obligations	15.16	27.96	43.12	12.84	19.65	32.49

Amount recognised in the Balance sheet and the movements in the net defined benefit obligation / other employee benefits over the years are as follows:

Particulars	Gratuity			Pension			Leave Salary		
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2020	23.96	20.44	3.52	20.92	–	20.92	7.04	–	7.04
Current service cost	1.65	–	1.65	–	–	–	–	–	–
Interest expense / (income)	1.52	1.33	0.19	1.12	–	1.12	0.49	–	0.49
Experience (gains) / losses	–	–	–	–	–	–	–	–	–
(Gain) / loss from change in financial assumptions	–	–	–	–	–	–	–	–	–
Total amount recognised in statement of profit and loss	3.17	1.33	1.84	1.12	–	1.12	0.49	–	0.49
<i>Remeasurements:</i>									
Return on plan assets, excluding amounts included in interest expense / (income)	–	–	–	–	–	–	–	–	–
(Gain) / loss from change in demographic assumptions	–	–	–	–	–	–	–	–	–
(Gain) / loss from change in financial assumptions	(0.89)	–	(0.89)	1.43	–	1.43	(0.23)	–	(0.23)
Experience (gains) / losses	(0.33)	–	(0.33)	2.55	–	2.55	3.29	–	3.29
Total amount recognised in other comprehensive income	(1.22)	–	(1.22)	3.98	–	3.98	3.06	–	3.06
Employer contribution	–	4.17	(4.17)	–	–	–	–	–	–
Benefit payments	(2.99)	(2.99)	–	(1.12)	–	(1.12)	(2.97)	–	(2.97)
March 31, 2021	22.92	22.95	(0.03)	24.90	–	24.90	7.62	–	7.62

Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

(Rupees in crores)

32 EMPLOYEE BENEFIT OBLIGATIONS – (continued)

Amount recognised in the Balance sheet and the movements in the net defined benefit obligation / other employee benefits over the years are as follows:

Particulars	Gratuity			Pension			Leave Salary		
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2021	22.92	22.95	(0.03)	24.90	–	24.90	7.62	–	7.62
Current service cost	1.83	–	1.83	–	–	–	–	–	–
Interest expense / (income)	1.73	1.53	0.20	1.36	–	1.36	0.49	–	0.49
Experience (gains) / losses	–	–	–	–	–	–	–	–	–
(Gain) / loss from change in financial assumptions	–	–	–	–	–	–	–	–	–
Total amount recognised in statement of profit and loss	3.56	1.53	2.03	1.36	–	1.36	0.49	–	0.49
<i>Remeasurements:</i>									
Return on plan assets, excluding amounts included in interest expense / (income)	–	(1.44)	1.44	–	–	–	–	–	–
(Gain) / loss from change in demographic assumptions	–	–	–	–	–	–	–	–	–
(Gain) / loss from change in financial assumptions	(0.85)	–	(0.85)	(2.53)	–	(2.53)	(0.24)	–	(0.24)
Experience (gains) / losses	2.89	–	2.89	6.10	–	6.10	5.45	–	5.45
Total amount recognised in other comprehensive income	2.04	(1.44)	3.48	3.57	–	3.57	5.21	–	5.21
Employer contribution	–	–	–	–	–	–	–	–	–
Benefit payments	(3.13)	(3.13)	–	(1.18)	–	(1.18)	(4.33)	–	(4.33)
March 31, 2022	25.39	19.91	5.48	28.65	–	28.65	8.99	–	8.99

(i) Post-Employment benefits

Significant estimates: actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

Details	Gratuity		Pension		Leave salary	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Discount rate	7.36%	7.03%	5.50%	4.75%	7.31%	7.00%
Salary growth rate	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Mortality rate	IALM (2006-08) Ultimate					

Assumptions regarding future mortality for pension and medical benefits are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at 58 years.

Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

(Rupees in crores)

32 EMPLOYEE BENEFIT OBLIGATIONS – (continued)

(ii) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Gratuity	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
Details	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Discount rate	0.50%	0.50%	24.19	21.78	26.68	24.15
Salary growth rate	0.50%	0.50%	26.69	24.16	24.17	21.76
Mortality rate	5.00%	5.00%	25.38	22.92	25.38	22.91

Pension	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
Details	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Discount rate	1.00%	1.00%	26.34	22.87	31.36	27.29
Salary growth rate	1.00%	1.00%	31.47	27.38	26.22	22.77
Mortality rate	5.00%	5.00%	28.18	24.47	29.14	25.36

Leave Salary	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
Details	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Discount rate	0.50%	0.50%	8.62	7.30	9.38	7.96
Salary growth rate	0.50%	0.50%	9.39	7.96	8.62	7.30
Mortality rate	5.00%	5.00%	8.99	7.62	8.99	7.62

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied when calculating the defined benefit liability recognised in the balance sheet.

(iii) Risk exposure

Through its defined benefit plans, the company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility: The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments are in fixed income securities with high grades and in government securities. These are subject to interest rate risk and the fund manages interest rate risk with derivatives to minimise risk to an acceptable level. A portion of the funds are invested in equity securities and in alternative investments which have low correlation with equity securities. The equity securities are expected to earn a return in excess of the discount rate and contribute to the plan deficit. The company has a risk management strategy where the aggregate amount of risk exposure on a portfolio level is maintained at a fixed range. Any deviations from the range are corrected by rebalancing the portfolio. The company intends to maintain the above investment mix in the continuing years.

Changes in bond yield: A decrease in bond yields will increase plan liabilities, although this will be partially offset by an yields increase in the value of the plans' bond holdings.

Inflation risks: In the pension plans, the pensions in payment are not linked to inflation, so this is a less material risk.

Life expectancy: The pension plan obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

Defined contribution plans: The Company's contribution to defined contribution plan i.e., provident fund of ₹ 4.25 crores (previous year ₹ 3.08 crores) has been recognised in the Statement of Profit and Loss.

Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

33 FAIR VALUE MEASUREMENTS

Financial instruments by category

(Rupees in crores)

Particulars	March 31, 2022			March 31, 2021		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments						
- Equity instruments	–	19.44	370.74	–	176.86	194.36
- Preference shares	–	–	–	–	–	–
- Others	–	–	14.14	–	–	14.39
Trade receivables	–	–	288.30	–	–	228.96
Balances with Banks	–	–	2,398.33	–	–	48.75
Derivative financial assets	5.09	–	–	12.09	–	–
Security deposits	–	–	9.87	–	–	9.49
Other financial assets	–	–	15.41	–	–	44.37
Total financial assets	5.09	19.44	3,096.79	12.09	176.86	540.32
Financial liabilities						
Trade payables	–	–	356.10	–	–	272.89
Borrowings – Current	–	–	190.53	–	–	148.22
Borrowings – Non Current	–	–	434.86	–	–	354.61
Current Maturities of long term borrowings	–	–	107.25	–	–	128.40
Derivative financial liabilities	–	0.89	–	–	5.88	–
Lease Liabilities	–	–	32.70	–	–	42.89
Other financial liabilities	–	–	116.33	–	–	52.88
Total financial liabilities	–	0.89	1,130.52	–	5.88	999.89

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value – recurring fair value measurements

At 31 March 2022	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at FVTPL:					
Derivative financial asset	5	–	5.09	–	5.09
Financial assets at FVOCI:					
Investments					
- Equity instruments	4	–	14.56	4.88	19.44
- Others	–	–	–	–	–
Derivative financial asset	5	–	–	–	–
Total financial assets		–	19.65	4.88	24.53
Financial liabilities					
Financial liabilities at FVTPL:					
Derivative financial liability	19	–	–	–	–
Financial liabilities at FVOCI:					
Derivative financial liability	19	–	0.89	–	0.89
Total financial liabilities		–	0.89	–	0.89

Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

33 FAIR VALUE MEASUREMENTS – (continued)

(Rupees in crores)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

At 31 March 2022	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
- Equity instruments	4	17.16	–	353.58	370.74
- Others	4	–	–	14.14	14.14
Total financial assets		17.16	–	367.72	384.88
Financial Liabilities					
Borrowings	15, 17	–	–	732.64	732.64
Total financial liabilities		–	–	732.64	732.64

Financial assets and liabilities measured at fair value - recurring fair value measurements

At 31 March 2021	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at FVTPL:					
Derivative financial asset	5	–	12.09	–	12.09
Financial Investments at FVOCI:					
Investments					
- Equity instruments	4	159.56	12.42	4.88	176.86
- Others		–	–	–	–
Derivative financial asset	5	–	–	–	–
Total financial assets		159.56	24.51	4.88	188.95
Financial liabilities					
Financial Investments at FVTPL:					
Derivative financial liability	19	–	–	–	–
Financial Investments at FVOCI:					
Derivative financial liability	19	–	5.88	–	5.88
Total financial liabilities		–	5.88	–	5.88

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

At 31 March 2021	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
- Equity instruments	4	19.59	–	174.77	194.36
- Others	4	–	–	14.39	14.39
Total financial assets		19.59	–	189.16	208.75
Financial Liabilities					
Borrowings	15, 17	–	–	631.23	631.23
Total financial liabilities		–	–	631.23	631.23

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There are no transfers between levels 1 and 2 during the year.

The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of interest rate swaps is calculated as the present value of estimated cash flows based on observable yield curves.
- the fair value of forward exchange contract and principle only swap is determined using forward exchange rate at the balance sheet date.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

FVTPL - Fair value through statement of Profit and Loss; FVOCI - Fair value through Other Comprehensive Income

Notes to Financial Statements - (continued)

34 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements.

Risk	Exposure arising from	Risk Parameters and Mitigation
Market Risk - Foreign exchange		i) The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions. ii) Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). iii) The risk is measured through a forecast of highly probable foreign currency cash flows. The Company has a forex management policy which is duly approved by the Board. iv) The objective of the hedge when taken is to minimise the volatility of the INR cash flows of highly probable forecast transactions.
Market Risk - Interest rate	Foreign currency denominated borrowings	i) The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow risk. ii) Company's policy is to maintain most of its borrowings at fixed rate using interest rate swaps. The Company's fixed rate borrowings are carried at amortised cost. iii) Foreign currency borrowings are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.
Liquidity Risk	Borrowings [Other than soft loans given by Govt. Authorities)	i) The company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans. ii) The Company prepares a detailed annual operating plan to assess the fund requirements - both short term and long term. iii) Detailed month wise cash flow forecast is also carried out along with required sensitivities. Based on these factors adequate working capital credit limits are organised in advance. iv) Company has pre-approved credit lines with various banks and these are constantly reviewed and approved by the Board. v) For long term fund requirements, Company targets various options such as rupee term loan, external commercial borrowing, debentures etc. vi) The Company obtains a credit rating for the various borrowing facilities on annual basis. Company constantly monitors the free cashflow from operations to ensure that the borrowings are minimized.
Credit Risk		i) Credit risk primarily arises from cash and cash equivalents, trade receivables and investments carried at amortised cost. ii) The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. iii) To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. iv) It considers available reasonable and supportive forward-looking information (more specifically described below). v) A default on a financial asset is when the counterparty fails to make contractual payments within 180 days of when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.
a.	Cash and Cash Equivalents	Surplus cash is deposited only with banks / financial institutions with a high external credit rating.
b.	Domestic Trade Receivables	i) The Company extends credit to the customers and such extension of credit is based on customers' credit worthiness, ability to repay and past track record. ii) The Company has extensive reporting systems and review to constantly monitor the receivables.
c.	Export Trade Receivables	The Company's export customers are Original Equipment Manufacturers with high credit rating. Export receivables are also covered through Insurance with Export Credit Guarantee Corporation of India Limited.

Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

34 FINANCIAL RISK MANAGEMENT – (continued)

Risk	Exposure arising from	Risk Parameters and Mitigation
Export trade receivables and Import Payables		i) The Company has a forex management policy duly approved by the Board. The Company's policy is to hedge most of its net currency exposure. ii) Company reviews the forex exposure on a regular basis and also reports its adherence to the Board on a quarterly basis. The recording and reporting requirements are strictly adhered.
Foreign currency denominated borrowings		The company has hedged its borrowings by covering the principal repayments using Principal Only Swaps and cost reduction structure viz., Call Spread under the approved Forex management policy.

(A) Credit risk

Basis of recognition of expected credit loss & providing for such loss

Rating	Category	Description of category	Investments	Loans and deposits	Trade receivables
1	High Quality assets, negligible credit risk	Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil.	12 month expected credit losses		Life time expected credit losses (simplified approach)
2	Quality assets, low credit risk	Assets where there is low risk of default and where the counter-party has sufficient capacity to meet the obligations and where there has been low frequency of defaults in the past.			
3	Standard Assets, moderate credit risk	Assets where the probability of default is considered moderate and where the counter-party's capacity to meet the obligations is not strong.			
4	Substandard Assets, relatively high credit risk	Assets where there has been a significant increase in credit risk since initial recognition.	Life time expected credit losses		
5	Low quality assets, very high credit risk	Assets where there is a high probability of default. Also includes assets where the credit risk of counter-party has increased significantly though payments may not be more than 180 days past due.			
6	Doubtful assets, credit impaired	Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in statement of profit and loss.	Asset is written off		

31-Mar-22

a) Expected credit loss for investments, loans and other financial assets

(Rupees in crores)

Particulars	Internal rating	Asset/Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	1	Investments at amortised cost	14.14	–	–	14.14
	1	Other financial assets	25.28	–	–	25.28

b) Expected credit loss for trade receivables under simplified approach

Particulars	0 to 180 days past due	More than 180 days past due	Total
Gross carrying amount	291.25	0.65	291.90
Expected loss rate	1%	100%	–
Expected credit losses	2.95	0.65	3.60
Carrying amount of trade receivables	288.30	–	288.30

Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

(Rupees in crores)

34 FINANCIAL RISK MANAGEMENT – (continued)

31-Mar-21

a) Expected credit loss for investments, loans and other financial assets

Particulars	Internal rating	Asset/Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	1	Investments at amortised cost	14.39	–	–	14.39
	1	Other financial assets	53.86	–	–	53.86

b) Expected credit loss for trade receivables under simplified approach

Particulars	0 to 180 days past due	More than 180 days past due	Total
Gross carrying amount	232.85	1.88	234.73
Expected loss rate	2%	100%	–
Expected credit losses	3.89	1.88	5.77
Carrying amount of trade receivables	228.96	–	228.96

Reconciliation of loss allowance provision - Trade receivables

Loss allowance March 31, 2020	2.89
Changes in loss allowance	2.88
Loss allowance March 31, 2021	5.77
Changes in loss allowance	(2.17)
Loss allowance March 31, 2022	3.60

(B) Liquidity risk

(i) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

	31 March, 2022	31 March, 2021
Floating rate		
- Expiring within one year (bank overdraft and other facilities)	568.22	712.78

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR and have an average maturity ranging from 30 to 180 days.

(ii) Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- all non-derivative financial liabilities, and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

31-Mar-22

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	86.03	172.03	46.78	341.07	93.70	739.61
Trade payables	353.19	–	–	2.91	–	356.10
Lease liabilities	3.80	3.67	6.79	18.44	–	32.70
Other financial liabilities	18.95	–	1.27	–	–	20.22
Derivatives	0.07	0.11	–	0.71	–	0.89

Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

(Rupees in crores)

34 FINANCIAL RISK MANAGEMENT – (continued)

31-Mar-21

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	80.76	136.71	66.70	319.62	35.00	638.79
Trade payables	269.25	–	–	3.64	–	272.89
Lease liabilities	3.64	3.59	6.94	24.51	4.21	42.89
Other financial liabilities	21.80	–	1.27	–	–	23.07
Derivatives	0.18	–	0.52	5.18	–	5.88

(C) Market risk

i) Foreign exchange risk

The Company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows

Particulars	31-03-2022		31-03-2021	
	USD	EUR	USD	EUR
Financial assets				
Trade receivables	148.46	59.91	69.48	32.74
Derivatives	5.01	0.08	10.94	1.15
Exposure to foreign currency risk (assets)	153.47	59.99	80.42	33.89
Financial liabilities				
Foreign currency loan	224.84	–	318.26	–
Trade payables	23.91	0.86	23.63	2.55
Derivatives	0.88	0.01	5.88	–
Exposure to foreign currency risk (liabilities)	249.63	0.87	347.77	2.55
Net Exposure to foreign currency risk assets / (liabilities)	(96.16)	59.13	(267.35)	31.34

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments

Particulars	Impact on profit after tax*		Impact on other components of equity*	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
USD sensitivity				
INR / USD Increases by 10%	(7.35)	(20.43)	0.06	0.43
INR / USD Decreases by 10%	7.35	20.43	(0.06)	(0.43)
EURO sensitivity				
INR / EURO Increases by 10%	4.48	2.33	–	0.01
INR / EURO Decreases by 10%	(4.48)	(2.33)	–	(0.01)

* Holding all other variables constant

ii) Interest Rate risk

For short term borrowings the marginal cost of lending rate of the bank is followed. In respect of foreign currency borrowings for longer period, the interest rates are covered through interest rate swaps (IRS).

Particulars	31-Mar-22	31-Mar-21
Variable rate borrowings	400.59	206.47
Fixed rate borrowings	332.05	424.76

Sensitivity	Impact on profit after tax	
	31-Mar-22	31-Mar-21
Increase in interest rates by 100 bps	(3.04)	(1.55)
Decrease in interest rates by 100 bps	3.04	1.55

Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

(Rupees in crores)

34 FINANCIAL RISK MANAGEMENT – (continued)

iii) Price risk

The company's exposure to equity securities price risk arises from investments held by the Company and classified in the balance sheet either as fair value through other comprehensive income or at fair value through statement of profit and loss. To manage its price risk from investments in equity securities, the Company diversifies its portfolio. The impact of the changes in price risk is not material.

(D) Impact of hedging activities

i) Disclosure of effects of hedge accounting on financial position

a) Disclosure of effects of hedge accounting on financial position as at 31-03-2022

Type of hedge and risks	Nominal value		Carrying amount of hedging instrument		Maturity Date	Changes in fair value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Foreign exchange forward contracts	77.48	–	0.17	0.02	Apr'22 to May'22	(1.10)	1.10
Principal only swaps, interest rate swaps (IRS) & Call Spread	–	224.74	4.91	0.87	Apr'22 to Feb'24	(0.92)	0.92

b) Disclosure of effects of hedge accounting on financial position as at 31-03-2021

Type of hedge and risks	Nominal value		Carrying amount of hedging instrument		Maturity Date	Changes in fair value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Foreign exchange forward contracts	138.55	–	1.43	0.18	Apr'21 to Jun'21	5.48	(5.48)
Principal only swaps, interest rate swaps (IRS) & Call spread	–	318.26	10.66	5.70	Apr'21 to Feb'24	(7.05)	7.05

ii) Disclosure of effects of hedge accounting on financial performance :

a) for the year ended 31-03-2022

Type of hedge	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedging reserve to statement of profit and loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge : Foreign exchange forward contracts & IRS	(3.66)	–	(5.90)	–

b) for the year ended 31-03-2021

Type of hedge	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedging reserve to statement of profit and loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge : Foreign exchange forward contracts & IRS	(5.90)	–	(9.33)	–

Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

(Rupees in crores)

34 FINANCIAL RISK MANAGEMENT – (continued)

Movements in Cash flow hedging reserve

Particulars	Forward contracts	Interest rate swap	Total
Opening balance as at March 31, 2020	(0.33)	(9.00)	(9.33)
Change in fair value of hedging instruments	0.05	7.48	7.53
Reclassification to statement of profit and loss	–	–	–
Deferred tax on the above	(0.01)	(4.09)	(4.10)
Closing balance as at March 31, 2021	(0.29)	(5.61)	(5.90)
Change in fair value of hedging instruments	–	4.78	4.78
Reclassification to statement of profit and loss	–	–	–
Deferred tax on the above	–	(2.54)	(2.54)
Closing balance as at March 31, 2022	(0.29)	(3.37)	(3.66)

35 CAPITAL MANAGEMENT

(a) Risk management

The Company's objectives in regard to managing capital are

- safeguard its status as a going concern
- to ensure returns to shareholders
- to ensure benefits to stakeholders

In order to maintain optimum capital structure, the board may

- increase the capital by fresh issue of shares or
- reduce the same by return to equity holders
- vary the equity by increasing or reducing the quantum of dividend

Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:

Net debt divided by total equity

Gearing ratio refers to the level of a company's debt compared to its total equity.

The Company's strategy is to maintain an optimum gearing ratio. The gearing ratios were as follows:

Particulars	31-Mar-22	31-Mar-21
Net debt	728	606
Total equity	645	716
Net debt to equity ratio	113%	85%

(b) Dividends

Particulars	31-Mar-22	31-Mar-21
Equity shares:		
Dividend declared for the year ended 31.03.2022 (₹ 44 / share)	89.02	–
First Interim dividend paid for the year ended 31.03.2021 (₹ 15 / share)	–	30.35
Second Interim dividend paid for the year ended 31.03.2021 (₹ 11 / share)	–	22.26

Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

(Rupees in crores)

36 OTHER DISCLOSURES

(i) Contingent liabilities

Details	31-Mar-22	31-Mar-21
(i) Claims against the company not acknowledged as debt		
- Income tax	4.35	4.35
- Service tax / Excise	0.58	0.61
- Value Added Tax	0.19	0.22
(ii) Guarantees excluding Financial Guarantees	0.59	0.59
(iii) Other money for which the Company is contingently liable	6.03	11.50
Total	11.74	17.27

(ii) Capital commitments

Details	31-Mar-22	31-Mar-21
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	10.89	22.21
(ii) Investments (On commitment for capital contribution to TVS Shriram Growth Fund 3 of TVS Capital Funds Limited, Chennai)	10.00	13.40
Total	20.89	35.61

(iii) Audit Fees

Details	31-Mar-22	31-Mar-21
As statutory auditors	0.48	0.48
Taxation matters	0.10	0.10
Certification matters	0.07	0.07
Total	0.65	0.65

(iv) Expenditure incurred on Corporate Social Responsibility activities:

Details	31-Mar-22	31-Mar-21
(a) Gross amount required to be spent by the Company during the year	0.20	—
(b) Amount spent during the year in cash:		
(i) Construction / acquisition of any asset	—	—
(ii) On purposes other than (i) above	0.20	0.05
Total	0.20	0.05
(c) Shortfall at the end of the year	—	—
(d) Total of previous years shortfall	—	—
(e) Reason for shortfall	NA	NA
(f) Nature of CSR activities	Economic development, Education, Environment, Health, Infrastructure & Water Conservation	
(g) Details of related party transactions, e.g., contribution to a trust controlled by the Company in relation to CSR expenditure as per relevant Accounting Standard	NA	NA
(h) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year	NA	NA

(v) Segment Reporting:

This disclosure is given as part of consolidated accounts. (refer Note 40 in consolidated accounts)

Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

(Rupees in crores)

36 OTHER DISCLOSURES – (continued)

(vi)	Trade payables	31-Mar-22	31-Mar-21
	Trade payables include amount due to micro and small scale industrial units	10.11	43.66
	Disclosure under Micro, Small and Medium Enterprises Development Act, 2006	31-Mar-22	31-Mar-21
	(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)	10.11	43.66
	b) Interest (as no amount is overdue)	Nil	Nil
	(ii) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of payment made to the supplier beyond the appointed day during each accounting year.	Nil	Nil
	(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
	(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	Nil	Nil
	(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
(vii)	Trade receivables	31-Mar-22	31-Mar-21
	Considered good - Unsecured	291.90	234.73
	Having significant increase in credit risk	–	–
	Credit impaired	–	–
	Total	291.90	234.73
	Loss allowance	3.60	5.77
	Total trade receivables	288.30	228.96
(viii)	Leases:		
	Lease obligations		
	Details	31-Mar-22	
	Net Debt as at 31st March 2021		42.89
	Cash flows		(13.18)
	Deletions(preclosures)		–
	Interest expenses		2.99
	Net debt as at 31 March 2022		32.70
	Current lease obligation		14.26
	Non current lease obligation		18.44
	Details	2021-22	2020-21
	Payment towards short term leases	2.40	2.13
	Payment towards low value asset leases	–	–

Notes to Financial Statements - (continued)

(Rupees in crores)

36 OTHER DISCLOSURES – (continued)

(ix) **Borrowing costs capitalised :**

Borrowing cost capitalised during the year ₹ 0.50 Crores (Previous year: ₹ 0.43 Cr)

The capitalisation rate used to determine borrowing costs to be capitalised is weighted average interest rate of 7.0%

(x) **Composite scheme of arrangement:**

On 9th February 2022, the Board of directors of the Company approved a composite scheme of arrangement (the Scheme) of Sundaram-Clayton Limited ("Transferee Company" or "Demerged Company") and TVS Holdings Private Limited ("Transferor Company 1") and VS Investments Private Limited ("Transferor Company 2") and Sundaram-Clayton DCD Limited ("Resulting Company") subject to necessary approvals of shareholders, creditors, SEBI, Stock Exchanges, National Company Law Tribunal, Chennai, (NCLT), other governmental authorities and third parties as may be required.

The scheme provides for :

- (1) The Transferee Company shall issue 116 NCRPS of face value of INR 10 each fully paid up, for every 1 equity share of INR 5 each fully paid up held by equity shareholder of the Company by way of bonus, which will be listed on both the Stock Exchanges viz., BSE Limited and National Stock Exchange of India Limited.
- (2) The Transferor Company 1, the holding company will merge with the Transferee Company. The Transferee Company shall issue equivalent equity shares of INR 5 each fully paid up and corresponding number of NCRPS of INR 10 each fully paid up to the shareholders of the Transferor Company 1, on respective record dates as mentioned in the Scheme. Both equity shares and NCRPS will be listed on both the Stock Exchanges.
- (3) The Transferee Company shall issue 19 equity shares of INR 5 each fully paid up, to the shareholders of the Transferor Company 2, in the proportion of the number of equity shares held by the shareholders in Transferor Company 2.
- (4) The demerger, transfer and vesting of the Die Cast Division from the Demerged Company into the Resulting Company. The shareholders of the Demerged Company will get 1 equity share of INR 5 each fully paid up of the Resulting Company, for every 1 equity share of INR 5 each held by such shareholder; and 1 NCRPS of INR 10 each fully paid up of Resulting Company, for every 1,000 NCRPS held by such shareholder.

During the year, the Company filed an Application with both the stock exchanges viz., BSE Limited and National Stock Exchange of India Limited for obtaining no objection. Post receipt of no objection, the Company will file necessary application with NCLT, Chennai. Appropriate accounting treatment of the Scheme will be done post receipt of NCLT approval.

Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

37 RELATED PARTY DISCLOSURES

LIST OF RELATED PARTIES

a) Reporting entity	Sundaram-Clayton Limited, Chennai (SCL)
b) Holding Company	(i) T V Sundram Iyengar & Sons Private Limited, Madurai [#] (ii) TVS Holdings Private Limited*
c) Subsidiary companies	(i) TVS Motor Company Limited, Chennai (ii) Sundaram-Clayton (USA) Limited, USA (iii) Sundaram-Clayton DCD Limited, Chennai
	Subsidiary companies of TVS Motor Company Limited
	(i) Sundaram Auto Components Limited, Chennai (ii) TVS Housing Limited, Chennai (iii) TVS Motor Services Limited, Chennai (iv) TVS Credit Services Limited, Chennai (v) TVS Motor (Singapore) Pte. Limited, Singapore (vi) TVS Motor Company (Europe) B.V, Amsterdam (vii) PT. TVS Motor Company Indonesia, Jakarta (viii) TVS Electric Mobility Limited, Chennai (with effect from 13 th December 2021) (ix) Intellicar Telematics Private Limited, Bengaluru
	Associate companies :
	(i) Sundram Non-Conventional Energy Systems Limited (ii) TVS Training and Services Limited, Chennai
	Associate companies of TVS Motor Company Limited:
	(i) Ultraviolette Automotive Private Limited, Bengaluru (ii) Tagbox Solutions Private Limited, Bengaluru (iii) Emerald Haven Realty Limited, Chennai
	Subsidiary company of Sundaram Auto Components Limited
	Sundaram Holding USA Inc, USA
	Subsidiary companies of TVS Credit Services Limited
	(i) Harita ARC Services Private Limited, Chennai (ii) TVS Housing Finance Private Limited, Chennai (iii) TVS Two Wheeler Mall Private Limited, Chennai
	Subsidiary companies of TVS Motor (Singapore) Pte Limited
	(i) The Norton Motorcycle Co Limited, UK (ii) TVS Digital Pte Limited, Singapore (with effect from 24 th May 2021) (iii) The GO Corporation, Switzerland (GO AG) (with effect from 16 th September 2021)

[#] upto 4th February, 2022. Hence, transactions upto that period is reported below

* with effect from 4th February, 2022

Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

37 RELATED PARTY DISCLOSURES - (continued)

- (iv) Swiss E-mobility (Group) Holding AG, Switzerland (with effect from 27th January 2022)

- c) Subsidiary companies - (continued)
 - Subsidiary companies of Sundaram Holding USA Inc
 - (i) Green Hills Land Holding LLC, USA
 - (ii) Component Equipment Leasing LLC, USA
 - (iii) Sundaram-Clayton USA LLC, USA
 - (iv) Premier Land Holding LLC, USA

 - Subsidiary company of Intellicar Telematics Private Limited, Bengaluru
Intellicar (Singapore) Pte Limited (with effect from 10th November 2021)

 - Subsidiary company of GO AG
 - (i) EGO Movement Stuttgart, GmbH, Germany (with effect from 16th September 2021)

 - Subsidiary company of Swiss E-mobility (Group) Holding AG, Switzerland
 - (i) Swiss E-Mobility Group (Schweiz) AG Switzerland
(with effect from 27th January 2022)
 - (ii) Colag E-Mobility GmbH, Germany (with effect from 27th January 2022)

 - Associate Companies of TVS Digital Pte Ltd, Singapore
 - (i) Predictronics Corp, USA
 - (ii) Tagbox Pte Ltd, Singapore
 - (iii) Altizon Inc, USA
 - (iv) Scienaptic Systems Inc, USA

 - Subsidiaries of Emerald Haven Realty Limited
 - (i) Emerald Haven Projects Private Limited, Chennai
 - (ii) Emerald Haven Property Development Limited, Chennai
 - (iii) Happiness Harmony Property Developers Private Limited
 - (iv) Emerald Haven Realty Developers (Paraniputhur) Private Limited, Chennai
 - (v) Emerald Haven Towers Limited, Chennai
 - (vi) Emerald Haven Development Limited, Chennai
 - (vii) Emerald Haven Life Spaces (Radial Road) Limited, Chennai
 - (viii) Emerald Haven Town & Country Limited, Chennai

 - Other related parties and their relationship where transaction exists:
- d) Fellow Subsidiaries
 - (i) TVS Electronics Limited, Chennai #
 - (ii) TVS Investments Private Limited, Chennai
 - (iii) Lucas TVS Limited, Chennai #

- e) Group member
 - (i) Sundram Fasteners Limited, Chennai #
 - (ii) Delphi TVS -Technologies Limited, Chennai #
 - (iii) India Nippon Electricals Limited, Chennai #

upto 4th February, 2022. Hence, transactions upto that period is reported below

* with effect from 4th February, 2022

Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

37 RELATED PARTY DISCLOSURES - (continued)

e) Group member - (continued)	(iv) TVS Supply Chains Solutions Limited, Chennai #
	(v) Sundaram Brake Linings Limited, Chennai #
	(vi) TVS Autoserv GmbH, Germany #
	(vii) TVS Dynamic Global Freight Services Limited, Chennai #
	(viii) Brakes India Private Limited, Chennai #
	(ix) Wheels India Limited, Chennai #
f) Enterprises in which directors are interested	(i) Dua Associates, Delhi
	(ii) Harita Techserv Private Limited, Chennai
g) Key management personnel(KMP)	Executive Directors:
	(i) Mr. Venu Srinivasan, Chairman Emeritus and Managing Director
	(ii) Dr . Lakshmi Venu, Managing Director
	(iii) Mr. K Gopala Desikan, Director & Group CFO
	Non-Executive Directors:
	Independent Directors:
	(i) Mr. Kamlesh Gandhi
	(ii) Mr. R.Gopalan
	(iii) Vice Admiral P.J.Jacob (Retd.)
	(iv) Mr. S.Santhanakrishnan
	(v) Mr. V.Subramanian
	(vi) Ms. Sasikala Varadachari
	(vii) Mr. R.Vijayaraghavan
	Non-Independent Directors:
	(i) Mr. Sudarshan Venu
	(ii) Mr. Rajesh Narasimhan
	(iii) Mr. T K Balaji (upto 4 th February 2022)
	(iv) Mr. Gopal Srinivasan (upto 4 th February 2022)
h) Relative of KMP	(i) Mrs. Mallika Srinivasan
i) Post employment benefit plans	(i) Sundaram- Clayton Limited Employees Provident Fund, Chennai
	(ii) Sundaram- Clayton Limited Employees Gratuity Fund, Chennai

upto 4th February, 2022. Hence, transactions upto that period is reported below

* with effect from 4th February, 2022

Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

37 RELATED PARTY DISCLOSURES - (continued)

(Rupees in crores)

Sl. No.	Nature of transactions	Name of the Company	Holding Company	Subsidiaries	Fellow Subsidiaries	Associates	Group member	KMP- Significant Influence	KMP	Relative of KMP	Other related party	Total
1	Purchase of goods	T V Sundram Iyengar & Sons Pvt Ltd., Madurai	0.24	-	-	-	-	-	-	-	-	0.24
		Sundram Fasteners Limited, Chennai	-	-	0.38	-	-	-	-	-	-	0.38
			0.24	-	0.38	-	-	-	-	-	-	0.62
			(0.18)	-	-	-	(0.71)	(2.65)	-	-	-	(3.54)
2	Sale of goods (including sub contract charges)	TVS Motor Company Limited, Chennai	-	404.09	-	-	-	-	-	-	-	404.09
		Sundaram-Clayton USA LLC, South Carolina, USA	-	44.28	-	-	-	-	-	-	-	44.28
		Sundram Fasteners Limited, Chennai	-	-	1.96	-	-	-	-	-	-	1.96
		Delphi -TVS Technologies Limited, Chennai	-	-	6.86	-	-	-	-	-	-	6.86
			-	448.37	8.82	-	-	-	-	-	-	457.19
			-	(248.85)	-	-	(13.44)	-	-	-	-	(262.29)
3	Purchase of power	Sundram Non Conventional Energy Systems Limited, Chennai	-	-	-	0.65	-	-	-	-	-	0.65
			-	-	-	(0.66)	-	-	-	-	-	(0.66)
4	Rendering of services	TVS Motor Company Limited, Chennai	-	53.24	-	-	-	-	-	-	-	53.24
		Sundaram Auto Components Limited, Chennai	-	3.94	-	-	-	-	-	-	-	3.94
		TVS Credit Services Limited, Chennai	-	2.43	-	-	-	-	-	-	-	2.43
		Sundaram-Clayton USA LLC, South Carolina, USA	-	0.26	-	-	-	-	-	-	-	0.26
		TVS Motor Services Limited, Chennai - (Subsidiary) - (₹ 7000)	-	-	-	-	-	-	-	-	-	-
		TVS Investments Private Limited, Chennai - (Fellow Subsidiary) - (₹ 5000)	-	-	-	-	-	-	-	-	-	-
		Emerald Haven Realty Developers (Paraniputhur) Pvt Ltd., Chennai - (Group member)- (₹ 5000)	-	-	-	-	-	-	-	-	-	-
		Emerald Haven Town and Country Pvt Ltd., Chennai- (Group member) - (₹ 5000)	-	-	-	-	-	-	-	-	-	-
		Emerald Haven Life Spaces (Radial Road) Limited, Chennai- (Group Member) (₹ 5000)	-	-	-	-	-	-	-	-	-	-
		TVS Training and Services Limited, Chennai - (Associates)	-	-	-	0.12	-	-	-	-	-	0.12
		Emerald Haven Realty Limited, Chennai	-	-	-	0.49	-	-	-	-	-	0.49
		Emerald Haven Estates Limited, Chennai - (KMP) - (₹ 5000)	-	-	-	-	-	-	-	-	-	-
		Sundram Services Limited, Chennai - (KMP) - (₹ 24000)	-	-	-	-	-	-	-	-	-	-
		Sundram Fasteners Limited, Chennai	-	-	0.07	-	-	-	-	-	-	0.07
		Sundaram Brake Linings Limited, Chennai	-	-	-	-	0.06	-	-	-	-	0.06
		Brakes India Private Limited, Chennai	-	-	-	-	0.06	-	-	-	-	0.06
		Wheels India Limited, Chennai	-	-	-	-	0.04	-	-	-	-	0.04
			-	59.87	0.07	0.61	0.16	-	-	-	-	60.71
			-	(52.68)	(0.15)	(0.26)	(0.11)	(0.32)	-	-	-	(53.52)
5	Receiving of services	Sundaram Auto Components Limited, Chennai	-	6.09	-	-	-	-	-	-	-	6.09
		Sundaram-Clayton (USA) Limited, Illinois, USA	-	0.05	-	-	-	-	-	-	-	0.05
		TVS Motor Company Limited, Chennai	-	2.82	-	-	-	-	-	-	-	2.82
		TVS Electronics Limited, Chennai	-	-	0.86	-	-	-	-	-	-	0.86
		TVS Supply Chain Solutions Limited, Chennai	-	-	-	-	1.20	-	-	-	-	1.20
		Sundaram Brake Linings Limited, Chennai	-	-	-	-	0.05	-	-	-	-	0.05
		TVS Dynamic Global Freight Services Limited, Chennai	-	-	-	-	21.51	-	-	-	-	21.51
		TVS Autoserv GmbH, Germany	-	-	-	-	6.39	-	-	-	-	6.39
		Sundaram-Clayton USA LLC, South Carolina, USA	-	1.45	-	-	-	-	-	-	-	1.45
			-	10.41	0.86	-	29.15	-	-	-	-	40.42
			(0.36)	(7.71)	(0.61)	(0.05)	(14.61)	-	-	-	-	(23.34)

Previous year's figures are furnished in brackets

Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

37 RELATED PARTY DISCLOSURES - (continued)

(Rupees in crores)

Sl. No.	Nature of transactions	Name of the Company	Holding Company	Subsidiaries	Fellow Subsidiaries	Associates	Group member	KMP- Significant Influence	KMP	Relative of KMP	Other related party	Total
6	Lease rent received	Sundram Non Conventional Energy Systems Limited, Chennai - ₹ 48,000 (Associates)	-	-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-	-
7	Remuneration paid	Key Management Personnel	-	-	-	-	-	-	8.74	-	-	8.74
			-	-	-	-	-	-	(6.48)	-	-	(6.48)
8	Investments	Sundaram Holding USA Inc., USA	-	178.81	-	-	-	-	-	-	-	178.81
			-	(54.51)	-	-	-	-	-	-	-	(54.51)
9	Contribution to post employment benefit plan	Sundaram- Clayton Limited Employees Provident Fund, Chennai	-	-	-	-	-	-	-	-	12.37	12.37
		Sundaram- Clayton Limited Employees Gratuity Fund , Chennai	-	-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	12.37	12.37
			-	-	-	-	-	-	-	-	(14.20)	(14.20)
10	Dividend received	Sundram Non-Conventional Energy Systems Limited, Chennai	-	-	-	0.35	-	-	-	-	-	0.35
		TVS Motor Company Limited, Chennai	-	89.54	-	-	-	-	-	-	-	89.54
			-	89.54	-	0.35	-	-	-	-	-	89.89
			-	(95.44)	-	(0.35)	-	-	-	-	-	(95.79)
11	Outstanding as on 31 st March 2022 Receivables	TVS Motor Company Limited, Chennai	-	42.71	-	-	-	-	-	-	-	42.71
		Sundaram Auto Components Limited, Chennai	-	2.40	-	-	-	-	-	-	-	2.40
		TVS Credit Services Ltd, Chennai	-	0.67	-	-	-	-	-	-	-	0.67
		Sundaram-Clayton USA LLC, South Carolina, USA	-	28.59	-	-	-	-	-	-	-	28.59
		Delphi- TVS Technologies Limited, Chennai	-	-	-	-	1.55	-	-	-	-	1.55
		Emerald Haven Realty Limited, Chennai	-	-	-	0.12	-	-	-	-	-	0.12
		Sundram Fasteners Limited, Chennai	-	-	-	-	0.79	-	-	-	-	0.79
		TVS Training and Services Limited, Chennai - (Associates) (₹ 11,800)	-	-	-	-	-	-	-	-	-	-
		Lucas TVS Limited, Chennai	-	-	-	-	0.02	-	-	-	-	0.02
		Brakes India Private Limited, Chennai	-	-	-	-	0.01	-	-	-	-	0.01
		Wheels India Limited, Chennai (₹ 29,752)	-	-	-	-	-	-	-	-	-	-
		Emerald Haven Estates Limited, Chennai (₹ 17,700)	-	-	-	-	-	-	-	-	-	-
			-	74.37	-	0.12	2.37	-	-	-	-	76.86
			-	(57.79)	(0.06)	(0.17)	(4.52)	(0.13)	-	-	-	(62.67)
12	Outstanding as on 31 st March 2022 Payables	TVS Motor Company Limited, Chennai	-	0.01	-	-	-	-	-	-	-	0.01
		Sundaram Auto Components Limited, Chennai	-	0.61	-	-	-	-	-	-	-	0.61
		T V Sundram Iyengar & Sons Private Limited, Madurai (₹ 6998)	-	-	-	-	-	-	-	-	-	-
		TVS Training and Services Limited, Chennai - (Associates)	-	-	-	0.01	-	-	-	-	-	0.01
		TVS Supply Chain Solutions Limited, Chennai	-	-	-	-	0.03	-	-	-	-	0.03
		TVS Autoserv GmbH, Germany	-	-	-	-	1.09	-	-	-	-	1.09
		TVS Dynamic Global Freight Services Limited, Chennai	-	-	-	-	0.18	-	-	-	-	0.18
		Sundaram Brake Linings Limited, Chennai	-	-	-	-	0.02	-	-	-	-	0.02
		Sundram Fasteners Limited, Chennai	-	-	-	-	0.09	-	-	-	-	0.09
		Sundaram Holding USA Inc., USA	-	1.45	-	-	-	-	-	-	-	1.45
		Sundaram-Clayton USA LLC, South Carolina, USA	-	0.08	-	-	-	-	-	-	-	0.08
		TVS Electronics Limited, Chennai	-	-	-	-	0.04	-	-	-	-	0.04
			-	2.15	-	0.01	1.45	-	-	-	-	3.61
			(0.03)	(1.86)	(0.21)	-	(2.77)	(0.49)	-	-	-	(5.36)

Previous year's figures are furnished in brackets

Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

(Rupees in crores)

38 DISCLOSURE MADE IN TERMS OF REGULATION 34(3) OF SEBI (LODR) REGULATIONS, 2015

	Particulars	Name of the Company		Amount outstanding as on 31-03-2022	Amount outstanding as on 31-03-2021
b)	Investments by the Company				
(i)	In subsidiary companies	TVS Motor Company Limited, Chennai (23,87,82,786 equity shares of ₹1/- each fully paid up) Maximum amount held at any time During the year During the previous year	17.16 17.16 19.59	17.16	19.59
		Sundaram-Clayton (USA) Limited, Chicago, Illinois, USA (100 equity shares of USD 1 each fully paid up) Maximum amount held at any time During the year During the previous year	0.001 0.001 0.001	0.001	0.001
		Sundaram Holding USA Inc., Delaware USA (4,63,50,000 (last year - 2,24,00,000) Equity Shares of USD-1 each fully paid-up) Maximum amount held at any time During the year During the previous year	333.69 333.69 154.88	333.69	154.88
		TVS Credit Services Limited, Chennai (21,80,250 equity shares of ₹ 10/- each fully paid up) Maximum amount held at any time During the year During the previous year	17.01 17.01 17.01	17.01	17.01
		Sundaram-Clayton DCD Limited (2,500 equity shares of Re.10/- each fully paid up) (₹25,000) Maximum amount held at any time During the year During the previous year	- - -		
(ii)	In associate companies	Sundram Non-conventional Energy Systems Limited, Chennai (1,17,650 Equity shares of ₹10/- each fully paid-up) Maximum amount held at any time During the year During the previous year	0.12 0.12 0.12	0.12	0.12
		TVS Training & Services Limited, Chennai (27,63,359 Equity shares of ₹10/- each fully paid-up) Maximum amount held at any time During the year During the previous year	2.76 2.76 2.76	2.76	2.76

Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

39 - KEY FINANCIAL RATIOS:

S.No.	Details	31-Mar-22	31-Mar-21	Variance
1	Current Ratio (Times) (Current Assets/ Current liabilities)	0.98	1.00	(2.13%)
2	Net Debt / Equity Ratio (Times) [Total borrowings - Cash and cash equivalents excluding term deposits) / Equity (including profit from exceptional item) *]	0.25	0.85	70.36%
3	Debt Service Coverage Ratio (Times) (Earnings before Tax , Exceptional item, Depreciation and Interest on non current borrowings) / (Interest on non current repayment of Long term borrowings made during the period excluding prepayments) *	1.97	1.28	53.27%
4	Return on Equity (%) (Net Profit after Tax / Average equity) *	23.91	12.41	92.65%
5	Inventory Turnover Ratio (Times) (Annualised Cost of Goods Sold / Average Inventory) *	2.58	1.92	33.82%
6	Debtors Turnover Ratio (Times) (Annualised turnover / Average Debtors) *	6.74	6.05	11.40%
7	Trade Payables Turnover Ratio (Times) [(Purchases & Other Expenses) / Average Trade Payables] *	4.34	3.76	15.39%
8	Net Capital Turnover Ratio (Times) [Net Sales/ (Current Assets (-) Current Liabilities excluding current maturities of long term debt)] *	18.63	8.95	108.24%
9	Net Profit Ratio (%) (Profit after tax / Turnover) *	8.84	7.55	17.10%
10	Return on Capital Employed (%) [Earnings before interest, tax, depreciation, other income and exceptional items / (Average Capital employed) *	16.95	11.53	47.05%
11	Return on Investment (%) [Income generated from invested funds / Average invested funds] #	NA	NA	NA

Significant investments held by the Company is for strategic purposes. Benchmarking the return on annual basis will not reflect yield from such investments.

* Reflects better operational performance.

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

R GOPALAN
Chairman

Dr. LAKSHMI VENU
Managing Director

K GOPALA DESIKAN
Director & Group
Chief Financial Officer

As per our report annexed
For RAGHAVAN, CHAUDHURI & NARAYANAN
Chartered Accountants
Firm Regn. No. 007761S
V SATHYANARAYANAN
Partner
Membership No. 027716
Bengaluru
6th May 2022

Place : Chennai
Date : 6th May 2022

VIVEK S JOSHI
President & CEO

R RAJA PRAKASH
Company Secretary

Consolidated Financial Statements
of
Sundaram-Clayton Limited

Consolidated Financial Statements of Sundaram-Clayton Limited

Report on the Audit of the Consolidated Financial Statements for the year ended 31st March 2022

To the Members of
Sundaram-Clayton Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Sundaram-Clayton Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), and its associates, which comprise the consolidated Balance Sheet as at 31st March, 2022, and the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act 2013, ('the Act') in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at 31st March, 2022, the consolidated profit, the consolidated total comprehensive Income, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *Code of Ethics issued by Institute of Chartered Accountants of India (ICAI)*, together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of the most significant in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report:

S.No.	Key Audit Matter	Auditor's Response
1	Carrying Value of Goodwill: The group has recognized a 'goodwill on consolidation' in its Consolidated Financial Statements, pursuant to a business combination. The goodwill has to be tested for impairment annually, which requires significant judgment on the part of the management in identifying and valuing the relevant Cash Generating Unit that contains goodwill.	Principal Audit Procedures Management has obtained a valuation of the Cash Generating Unit wherein valuers have arrived at a fair value, based on weighted average of the Discounted Cash Flow Method and Comparable Companies" Multiples Method. We gained an understanding of the key assumptions used to forecast the cash flows and the discount rates applied Weighted Average Cost of Capital (WACC) as well as the Comparable Companies considered in arriving at the fair value. We consider that the management conclusions concerning the absence of impairment in the goodwill are adequately supported and consistent with the information currently available.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors and management are responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors, for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 that gives a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its associates, in accordance with the Ind AS and

Consolidated Financial Statements of Sundaram-Clayton Limited

other accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the respective consolidated 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.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and its associates are responsible for assessing the ability of the each of the companies in the Group and its associates, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and its associates or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and its associates, are responsible for overseeing the financial reporting process of each of the companies in the Group and its associates.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher, than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are

also responsible for expressing our opinion on whether the Company, its subsidiary companies and its associates which are companies incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the companies in the Group and its associates, to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Group and its associates, to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine

Consolidated Financial Statements of Sundaram-Clayton Limited

that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements/consolidated financial statements of 15 subsidiaries, whose financial statements reflect of total assets (before consolidation adjustments) of ₹ 32,156.36 crores as at 31 March 2022, total revenue (before consolidation adjustments) of ₹ 24,877.22 crores, total net profit after tax (before consolidation adjustments) of ₹ 765.27 crores, and the total comprehensive income (before consolidation adjustments) of ₹ 766.60 crores for year ended 31 March 2022, and total net cash inflows (before consolidation adjustments) of ₹ 148.47 crores for the year ended on that date, as considered in the consolidated annual financial statements. The consolidated annual financial statements also include the net profit (before consolidation adjustments) of ₹ 11.76 crores, and other comprehensive income (before consolidation adjustments) of ₹ 10.61 crores for the year ended 31 March 2022, as considered in the consolidated annual financial statements, in respect of 3 associates. These financial statements / consolidated financial statements have been audited by other auditors whose independent auditors' reports on financial statements 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, is based solely on the reports of the other auditors.

We did not audit the financial statements / financial information of 5 subsidiary included in the consolidated financial statement, whose financial statement / financial information reflects total assets (before consolidation adjustments) of ₹ 587.03 crores as at 31 March 2022, total revenue (before consolidation adjustments) of ₹ 115.06, total net loss after tax (before consolidation adjustments) of ₹ 17.98 crores for the year ended 31 March 2022, as considered in the consolidated annual financial statements. The consolidated financial statement also include financial statements, the Group's Share of net loss of ₹ 7.74 crores for the year ended 31 March 2022, as considered in the consolidated financial statement, in respect of 5 associates, whose financial statements / financial information have not been audited by us or by other auditors. This financial statements / financial information 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 subsidiary and associates, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to these subsidiaries and associates, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, this financial statements/ financial information are not material to the Group.

The subsidiaries and associates located outside India whose financial information and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries. The Holding Company's Management has converted these financial information from accounting principles generally accepted in their respective countries, to Indian accounting

standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India. We have reviewed these conversion adjustments made by the Holding Company's Management. Our conclusion in so far as it relates to such subsidiaries and associates located outside India, is based on the conversion adjustments prepared by the Holding Company's Management and reviewed by us.

Our opinion on the consolidated annual financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. 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 Ind AS specified under section 133 of the Act and read with relevant rules made thereunder;
 - (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2022 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, its associate companies incorporated in India, is disqualified as on 31st March, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure";
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act;
 - (h) With respect to 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:

Consolidated Financial Statements of Sundaram-Clayton Limited

- (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. - refer Note 37(i) to the consolidated financial statements;
 - (ii) Provision has been made in the consolidated financial statements, as required under the applicable law or accounting Standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts. refer Note 35 to the consolidated financial statements in respect of such items as it relates to the Group;
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the investor Education and Protection Fund by the Holding Company, its subsidiary companies and associate companies incorporated in India;
 - (iv) (a) The respective Managements of the Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or any of such subsidiaries to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (b) The respective Managements of the Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company or any of such subsidiaries from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement;
 - (v) As stated in Note 36(b) to the consolidated financial statements dividend paid and declared during the year by the company is in compliance with section 123 of the Companies Act, 2013;
2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and its subsidiaries included in the consolidated financial statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

For RAGHAVAN, CHAUDHURI & NARAYANAN
Chartered Accountants
Firm Regn. No. 007761S

V. SATHYANARAYANAN
Partner

Place : Bengaluru
Date : 06th May 2022

Membership No. 027716
UDIN : 22027716AIMQAT8919

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Sundaram-Clayton Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March 2022, we have audited the internal financial controls over financial reporting of Sundaram-Clayton Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries and its associate companies which are incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Boards of Directors of the Company and its subsidiary 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 respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "ICAI"). These responsibilities include the

Consolidated Financial Statements of Sundaram-Clayton Limited

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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company and its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI") and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the company, its subsidiaries and its associate companies, which are companies incorporated in India.

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:

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in

accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial 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 and to the best of our information and according to the explanations given to us, the Company its subsidiary companies and its associate companies which are incorporated in India, have, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2022, based on internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by Institute of Chartered Accountants of India.

Other matters

Our aforesaid report under Section 143 (3) (i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to its subsidiary companies and associate companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For RAGHAVAN, CHAUDHURI & NARAYANAN
Chartered Accountants
Firm Regn. No. 007761S

V. SATHYANARAYANAN
Partner

Place : Bengaluru
Date : 06th May 2022

Membership No. 027716
UDIN : 22027716AIMQAT8919

Consolidated Financial Statements of Sundaram-Clayton Limited

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2022

(Rupees in crores)			
Particulars	Note No.	As at 31.03.2022	As at 31.03.2021
ASSETS			
Non-current assets			
Property, plant and equipment	2	5,040.12	4,071.25
Capital work in progress	2	329.11	883.37
Investment Properties		137.71	137.71
Goodwill	2	290.59	112.61
Other intangible assets	3	870.91	528.77
Intangible assets under development		231.35	166.88
Financial assets			
i. Investments	4A	143.09	371.63
ii. Loans (Receivable from financing activity)	9	6,716.45	5,361.97
iii. Others	12	137.55	30.06
Investments accounted using equity method	5	370.83	301.27
Deferred Tax Assets	18A	217.88	127.62
Non-Current tax assets (Net)		49.60	39.72
Other non-current assets	6	134.20	199.14
Total non-current assets		14,669.39	12,332.00
Current assets			
Inventories	7	2,013.42	1,668.30
Financial assets			
i. Trade receivables	8	1,367.01	1,206.55
ii. Loans (Receivable from financing activity)	9	7,299.24	5,794.23
iii. Cash and cash equivalents	10	3,753.95	1,599.08
iv. Investments	4B	130.23	—
v. Bank balances other than (iii) above	11	180.22	106.74
vi. Others	12	134.82	96.92
Current tax assets (Net)		12.71	14.71
Other current assets	13	990.90	617.73
Total current assets		15,882.50	11,104.26
Total Assets		30,551.89	23,436.26
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14	10.12	10.12
Other equity	15	5,069.12	2,894.47
Equity attributable to owners		5,079.24	2,904.59
Non controlling interest	15	2,202.63	1,758.73
Total equity		7,281.87	4,663.32
Liabilities			
Non-current liabilities			
Financial liabilities			
i. Borrowings	16	7,740.63	6,634.88
ii. Lease Liabilities		421.49	213.48
iii. Others	21	55.44	31.29
Provisions	17	224.20	179.09
Deferred tax liabilities	18B	231.20	242.29
Total non-current liabilities		8,672.96	7,301.03
Current liabilities			
Financial liabilities			
i. Borrowings	19	8,289.29	5,927.10
ii. Trade payables	20	4,909.62	4,535.70
iii. Lease liabilities		141.14	77.83
iv. Other financial liabilities	21	424.38	303.51
Other current liabilities	22	704.83	522.49
Provisions	17	127.80	105.28
Total current liabilities		14,597.06	11,471.91
Total liabilities		23,270.02	18,772.94
Total equity and liabilities		30,551.89	23,436.26
Significant accounting policies	1		
The accompanying notes are an integral part of these financial statements			

R GOPALAN Chairman	Dr. LAKSHMI VENU Managing Director	K GOPALA DESIKAN Director & Group Chief Financial Officer	As per our report annexed For RAGHAVAN, CHAUDHURI & NARAYANAN Chartered Accountants Firm Regn. No. 007761S V SATHYANARAYANAN Partner Membership No. 027716 Bengaluru 6 th May 2022
Place : Chennai Date : 6 th May 2022	VIVEK S JOSHI President & CEO	R RAJA PRAKASH Company Secretary	

Consolidated Financial Statements of Sundaram-Clayton Limited

STATEMENT OF CONSOLIDATED PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH 2022

(Rupees in crores)			
Particulars	Note No.	Year ended 31.03.2022	Year ended 31.03.2021
I Income			
Revenue from operations	23	25,590.65	20,298.73
Other income	24	34.50	62.95
Total income		25,625.15	20,361.68
II Expenses			
Cost of material consumed	25	16,429.60	13,028.33
Purchase of stock in trade	25	579.04	224.92
Changes in inventories of finished goods, stock-in-trade and work-in-process	25	(333.71)	(25.96)
Employee benefit expenses	26	2,330.16	1,879.05
Finance costs	27	985.13	929.11
Depreciation and amortisation expense	28	844.58	642.74
Other expenses	29	3,597.65	2,803.99
Total expenses		24,432.45	19,482.18
III Profit before exceptional items, share of net profit of investment and tax (I-II)		1,192.70	879.50
IV Share of net profit from associates using equity method		3.45	(2.88)
V Profit before exceptional items and tax (III+IV)		1,196.15	876.62
VI Exceptional items	29A	(11.95)	(22.36)
VII Profit before tax (V+VI)		1,184.20	854.26
VIII Tax expense			
Current tax	30	387.06	257.46
Deferred tax	31	(27.35)	4.71
IX Profit for the year (VII-VIII)		824.49	592.09
X (Profit) / Loss attributable to Non-controlling Interest		(383.75)	(268.41)
XI Profit for the year attributable to owners (IX+X)		440.74	323.68
XII Other comprehensive income			
(A) Items that will not be reclassified to profit and loss			
Remeasurements of post employment benefit obligations		(97.58)	(0.74)
Change in fair value of equity instruments		4.04	162.95
Share of other comprehensive income from associates using equity method		(0.25)	0.01
Income tax relating to these items		22.07	(9.26)
(B) Items that will be reclassified to profit and loss			
Fair value changes on cash flow hedges		48.07	70.89
Change in fair value of debt instruments		—	—
Foreign currency translation adjustments		36.87	11.16
Income tax relating to these items		(13.41)	(21.08)
Other comprehensive income for the year, net of tax		(0.19)	213.93
XIII Other Comprehensive income attributable to non-controlling interest (profit) / loss		1.25	(51.05)
XIV Total comprehensive income attributable to owners (XI + XII + XIII)		441.80	486.56
Earnings per equity share			
Basic & Diluted earnings per share	32	217.84	159.98

The accompanying notes are an integral part of these financial statements

R GOPALAN
Chairman

Dr. LAKSHMI VENU
Managing Director

K GOPALA DESIKAN
Director & Group
Chief Financial Officer

As per our report annexed
For RAGHAVAN, CHAUDHURI & NARAYANAN
Chartered Accountants
Firm Regn. No. 007761S
V SATHYANARAYANAN
Partner
Membership No. 027716
Bengaluru
6th May 2022

Place : Chennai
Date : 6th May 2022

VIVEK S JOSHI
President & CEO

R RAJA PRAKASH
Company Secretary

Consolidated Financial Statements of Sundaram-Clayton Limited

STATEMENT OF CHANGES IN EQUITY

(Rupees in crores)

a. Equity Share Capital

As at 01-04-2020	10.12
Changes in Equity Share capital due to prior period errors	—
Restated balance as at 01-04-2020	10.12
Changes in equity share capital during the year	—
As at 31-03-2021	10.12
Changes in Equity Share capital due to prior period errors	—
Restated balance as at 01-04-2021	10.12
Changes in equity share capital during the year	—
As at 31-03-2022	10.12

b. Other equity

Particulars	Reserves & Surplus					Other Reserves			Non Controlling Interest	Total
	General reserve	Capital reserve	Securities Premium	Statutory reserve	Retained earnings	Equity Instruments Fair Value through Other Comprehensive Income	Foreign currency translation reserve	Hedging reserves		
Balance as at 01-04-2020	658.10	99.11	36.42	42.60	1,559.00	94.92	14.24	(51.05)	1,516.21	3,969.55
Add : Profit for the year 2020-21	-	-	-	-	323.68	-	-	-	268.41	592.09
Add: Other comprehensive income for the year 2020-21	-	-	-	-	(3.95)	132.32	4.24	30.26	51.05	213.92
Less: OCI share of an associate	-	-	-	-	0.01	-	-	-	-	0.01
Less : Transferred to retained earnings	-	-	-	-	-	-	-	-	-	-
Less : Exchange differences	-	-	-	-	-	-	-	-	-	-
Add : Transferred from retained earnings to statutory reserve	-	-	-	9.04	(9.04)	-	-	-	-	-
Add : Transaction with non controlling interest	-	-	-	-	7.18	-	-	-	(6.11)	1.07
Less : Distribution to shareholders :	-	-	-	-	-	-	-	-	-	-
2020-21 First Interim dividend paid	-	-	-	-	(30.35)	-	-	-	(42.50)	(72.85)
2020-21 Second Interim dividend declared	-	-	-	-	(22.26)	-	-	-	(28.33)	(50.59)
Balance as at 31-03 -2021	658.10	99.11	36.42	51.64	1,824.27	227.24	18.48	(20.79)	1,758.73	4,653.20
Add : Profit for the year 2021-22	-	-	-	-	440.74	-	-	-	383.75	824.49
Add: Other comprehensive income for the year 2021-22	-	-	-	-	(43.38)	4.04	19.22	21.43	(1.25)	0.06
Add / (Less) : Reclassified to retained earnings	-	-	-	-	242.33	(242.33)	-	-	-	-
Less: OCI share of an associate	-	-	-	-	(0.25)	-	-	-	-	(0.25)
Add : Transferred from retained earnings to statutory reserve	-	-	-	11.53	(11.53)	-	-	-	-	-
Add: Associate profit adjustment	-	-	-	-	(8.63)	-	-	-	-	(8.63)
Add: Profit on sale of Investment in subsidiary*	-	-	-	-	2,094.43	-	-	-	-	2,094.43
Add: Reserves on acquisition of new subsidiary	-	-	-	-	-	-	-	-	-	-
Add : Transaction with non controlling interest	(62.90)	(0.46)	-	(21.69)	(215.77)	30.77	7.81	(1.69)	150.02	(113.91)
Less : Distribution to shareholders :	-	-	-	-	-	-	-	-	-	-
2021-22 Interim Dividend declared	-	-	-	-	(89.02)	-	-	-	(88.62)	(177.64)
Balance as at 31-03-2022	595.20	98.65	36.42	41.48	4,233.19	19.72	45.51	(1.05)	2,202.63	7,271.75

* During the financial year, the Company had sold equity shares representing 7.14% stake in its subsidiary, TVS Motor Company Limited, resulting in a gain of ₹ 2,094.43 crores. As per Ind AS 110 - Consolidated Financial Statements, the changes in ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are equity transactions (i.e. transactions with owners in their capacity as owners). Accordingly, the gain arising out of the above transactions over and above the relative interest in the subsidiary on the date of sale is recognised directly in retained earnings within equity.

Nature and purpose of reserves:

Security premium reserve: This consist of premium realised on issue of shares and will be applicable / utilised in accordance with the provisions of the Companies Act, 2013.

General reserve: General reserve is part of retained earnings. This is available for distribution to shareholders as dividend and capitalisation.

Statutory Reserve has been created pursuant to Section 45 - IC of the RBI Act, 1934. Owners portion of Statutory Reserve created in subsidiary shown above after becoming subsidiary.

Capital Reserve: Comprises of surplus arising out of amalgamation

R GOPALAN
Chairman

Dr. LAKSHMI VENU
Managing Director

K GOPALA DESIKAN
Director & Group
Chief Financial Officer

As per our report annexed
For RAGHAVAN, CHAUDHURI & NARAYANAN

Chartered Accountants
Firm Regn. No. 007761S

V SATHYANARAYANAN
Partner

Membership No. 027716
Bengaluru
6th May 2022

Place : Chennai
Date : 6th May 2022

VIVEK S JOSHI
President & CEO

R RAJA PRAKASH
Company Secretary

Consolidated Financial Statements of Sundaram-Clayton Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2022

	(Rupees in crores)	
	Year ended 31.03.2022	Year ended 31.03.2021
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	1,184.20	854.26
Adjustments for:		
Depreciation and amortisation for the year	844.58	642.74
Loss on sale/scrapping of property, plant and equipment	3.89	2.68
Profit on sale of property, plant and equipment	(2.59)	(0.30)
Dividend income	(4.16)	(1.56)
Interest income	(57.24)	(36.03)
Unrealised exchange (gain) / Loss	(4.51)	8.81
Increase in fair value of financial assets	(0.57)	(1.32)
Profit on sale of investment	(0.23)	(0.05)
Interest expense (excluding relatable to financial enterprise)	203.00	199.67
	<u>982.17</u>	<u>814.64</u>
Operating profit before working capital changes	2,166.37	1,668.90
Adjustments for:		
Inventories	(345.12)	(208.83)
Trade Receivables	(169.03)	356.34
Other financial assets	(140.31)	111.91
Other Bank balances	(73.48)	(77.19)
Other non-current assets	64.94	(22.89)
Other current assets	(373.17)	(31.74)
Loans (Receivable from financing activity)	(2,859.49)	(1,700.87)
Provisions	(29.95)	14.88
Trade Payables	373.92	1,201.96
Other Financial liabilities	49.80	66.59
Other current liabilities	182.34	94.90
	<u>(3,319.55)</u>	<u>(194.94)</u>
Cash generated from operations	(1,153.18)	1,473.96
Direct taxes paid	(394.94)	(259.35)
Net cash from operating activities (A)	<u>(1,548.12)</u>	<u>1,214.61</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment (including Capital work in progress)	(1,036.32)	(980.29)
Sale of fixed assets	16.24	4.10
Investment accounted using equity method	(75.00)	(52.56)
Purchase of investments	(151.02)	(4.87)
Sale of investments	2,349.85	16.78
Investment in Term deposits	(2,303.08)	—
Contribution from non controlling interest	50.00	—
Consideration paid towards business combination	(617.15)	—
Interest received	57.24	36.03
Dividend received	4.16	1.56
Net Cash from / (used in) investing activities (B)	<u>(1,705.08)</u>	<u>(979.25)</u>

Consolidated Financial Statements of Sundaram-Clayton Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2022 - (continued)

(Rupees in crores)

		Year ended 31.03.2022	Year ended 31.03.2021
C CASH FLOW FROM FINANCING ACTIVITIES			
Net Borrowings:			
Term loans availed / (repaid)		2,789.86	1,391.97
Short term borrowings availed / (repaid)		673.45	(791.67)
Interest paid		(166.01)	(199.67)
Dividend paid		(84.94)	(72.85)
Repayment of lease liabilities		(96.57)	(67.09)
Net cash from financing activities	(C)	<u>3,115.79</u>	<u>260.69</u>
D NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS			
	(A + B + C)	<u>(137.41)</u>	<u>496.05</u>
Cash and cash equivalents at the beginning of the year			
Cash and Bank balances	1,599.08		1,130.58
Cash credit balance	(10.80)		(38.35)
		1,588.28	1,092.23
Cash and cash equivalents at the end of the year			
Cash and Bank balances	1,450.87		1,599.08
Cash credit balance	—	1,450.87	(10.80)
			1,588.28

Change in liability arising from financing activities						
Particulars	Note	01/04/2021	Cash flow	Fair Value change	Foreign exchange movement	31/03/2022
Long term borrowings (including current maturities)	16	9,344.51	2,789.86	10.88	4.55	12,149.80
Short term borrowings (excluding overdraft)	19	3,206.67	673.45	—	—	3,880.12

Notes:

- 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.
- Cash and cash equivalent include cash and bank balances.

R GOPALAN
Chairman

Dr. LAKSHMI VENU
Managing Director

K GOPALA DESIKAN
Director & Group
Chief Financial Officer

As per our report annexed
For RAGHAVAN, CHAUDHURI & NARAYANAN
Chartered Accountants
Firm Regn. No. 007761S
V SATHYANARAYANAN
Partner
Membership No. 027716
Bengaluru
6th May 2022

Place : Chennai
Date : 6th May 2022

VIVEK S JOSHI
President & CEO

R RAJA PRAKASH
Company Secretary

Consolidated Financial Statements of Sundaram-Clayton Limited

1 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies mentioned herein are relating to the Consolidated financial statements of Sundaram-Clayton Limited and its subsidiaries and associates.

a) Brief description of the Company

Sundaram-Clayton Limited ('the Company') is a public limited company incorporated in India whose shares are publicly traded. The registered office is located at "Chaitanya", 12, Khader Nawaz Khan Road, Nungambakkam Chennai - 600 006, Tamil Nadu, India. The Company together with its subsidiaries and associates (collectively referred to as the "Group") operate in a wide range of activities such as manufacturing of automotive vehicles, automotive components, spare parts & accessories thereof, housing development and financial services.

b) Basis of preparation

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

The financial statement has been prepared on the historical cost convention under accrual basis of accounting except for certain assets and liabilities (as per the accounting policy below), which have been measured at fair value. These financial statements for the year ended 31st March 2022 have been approved and authorised for issue by the Board of Directors at its meeting held on 6th May 2022.

Principles of consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together, items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests (if any) in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet, respectively.

Associates

Associates are all entities over which the Group has significant influence but not control or joint control. (This is generally the case where the Group holds between 20% and 50% of the voting rights). Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit and loss and the Group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of investments accounted under equity method are tested for impairment in accordance with the policy described in note 1(k) below.

c) Use of estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future period. The estimates and underlying assumptions are reviewed on an ongoing basis.

Consolidated Financial Statements of Sundaram-Clayton Limited

SIGNIFICANT ACCOUNTING POLICIES - (continued)

This note provides an overview of the areas that involved a higher degree of judgment or complexity. It also provides an overview of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in the relevant notes together with the information about the basis of calculation for each affected line item in the financial statements.

d) Significant estimates and judgments

The areas involving significant estimates or judgments are:

- i) Estimation of fair value of unlisted securities - (refer Note 33)
- ii) Estimation of defined benefit obligation - (refer Note 38)
- iii) Estimation of useful life of Property, Plant and Equipment - (refer Note 1(f) and 1(g))
- iv) Estimation of impairment of goodwill - (refer Note 43)

e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and net of returns, trade allowances and rebates and amounts collected on behalf of third parties.

i) Sale of automotive vehicles, parts and automotive components:

Revenue from sale of products is recognised when significant risk and rewards of ownership pass to the customers, as per the terms of the contract and it is probable that the economic benefits associated with the transaction will flow to the Group.

ii) Sale of Services:

Revenue from Services is recognised in the accounting period in which the services are rendered and when invoices are raised.

iii) Revenue from Financing:

- Interest income for loans (other than Purchase of Originally Credit Impaired (POCI) is recognised using the Effective Interest Rate (EIR) method.
- For financial assets that are not "POCI" but have subsequently become credit-impaired (or 'stage-3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision).
- Income in the nature of overdue interest and bounce charges are recognized on realization, due to uncertainty of collection.

iv) Significant judgements:

There are no significant judgements made by the Group in determining the timing of satisfaction of performance obligation. It is determined as per the terms of the contract. In case of multiple performance obligations, the Group uses the adjusted market assessment approach to allocate the transaction price between multiple performance obligations. If a discount is granted, the same is adjusted against the transaction price of the contract.

f) Property, Plant and Equipment

Freehold Land is stated at historical cost. All other items of Property, Plant and Equipment are stated at cost of acquisition/construction less accumulated depreciation / amortization and impairment, if any. Cost includes:

- i) purchase price,
- ii) taxes and duties,
- iii) labour cost, and
- iv) Directly attributable overheads incurred up to the date the asset is ready for its intended use.
- v) Government grants that are directly attributable to the assets acquired.

However, cost excludes GST, to the extent credit of the duty or tax is availed of.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as separate asset is derecognized when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Government grants relating to the purchase of property, plant and equipment are capitalized and included as cost to fixed assets.

Gains or losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Statement of Profit and Loss within Other gains / (losses).

Consolidated Financial Statements of Sundaram-Clayton Limited

SIGNIFICANT ACCOUNTING POLICIES - (continued)

g) Depreciation

- i) Depreciation on tangible fixed assets is charged over the estimated useful life of the asset or part of the asset (after considering double / triple shifts) as evaluated by a Chartered Engineer, on straight line method and in accordance with Ind AS 16, taking into consideration both usage, useful life and legal limitations on the use of assets, on straight line method, in accordance with Part A of Schedule II to the Companies Act, 2013. Depreciation is adjusted for the proportionate usage with reference to the asset's expected capacity or physical output during the reporting period.
- ii) The estimated useful life of the tangible fixed assets as assessed by the Chartered Engineer and followed by the Group is furnished below:

Description	Years
Factory building and other buildings	5 to 64
Plant and Equipment	4 to 21
Electrical Equipment	15
Furniture and Fixtures	4 to 10
Computers	3 to 4
Mobile phones	1 to 2
Vehicles	5 to 6

- iii) Tools and dies used for two wheelers are depreciated based on quantity of components manufactured and the life of tools and dies, subject to a maximum of 5 years. Tools and dies used for three wheeler operations are depreciated over a period of 9 years.
- iv) The residual value for all the above assets are retained at 5% of the cost except for Mobile phones for which nil residual value is considered. Residual values and useful lives are reviewed, and adjusted, if appropriate, for each reporting period.
- v) On tangible fixed assets added / disposed off during the year, depreciation is charged on pro-rata basis for the period for which the asset was purchased and used.
- vi) Depreciation in respect of tangible assets costing individually less than ₹ 5, 000/- is provided at 100%.

h) Investment properties

Property that is held for long term rental yields or for capital appreciation or both, and that is not occupied by the Group is classified as investment property. Investment Property is measured initially at its cost and including related transaction cost where applicable, borrowing cost. Subsequent expenditure is capitalized to the assets carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item is measured reliably.

i) Intangible assets

Goodwill

Goodwill on acquisition of business is included in intangible assets. Goodwill is not amortized but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Goodwill is allocated to the cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or group of cash generating units that are expected to benefit from the business combination in which the goodwill arose. The units or group of units are identified at the lowest level at which goodwill is monitored for internal management purposes, which in our case are the cash generating units.

Other intangible assets

Intangible assets acquired separately:

Intangible assets with finite useful lives that are acquired separately and the estimated useful life is more than one year, is capitalised and carried at cost less accumulated amortisation and accumulated impairment losses.

Internally-generated intangible assets - research and development expenditure:

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from development phase of internal project is recognised, if and only if, the conditions under the Ind AS 34 - Intangible Asset, are fulfilled. If the conditions are not fulfilled the same is recognised in profit and loss in the period in which it is incurred.

Consolidated Financial Statements of Sundaram-Clayton Limited

SIGNIFICANT ACCOUNTING POLICIES - (continued)

The intangible assets are amortised on straight line basis over its useful life, viz., 2 years in the case of software, 8 years in case of acquired brands and trade marks and 6 to 10 years in the case of Design, Development and Technical knowhow.

j) Loans (receivable from financing activity)

The Loans (receivable from financing activity) are stated the contract value plus transaction costs less origination income that are directly attributable to the acquisition of the loan. Interest income is recognised using the Effective Interest Rate (EIR) method. Loans are stated at carrying value less impairment loss.

k) Impairment

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

l) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). i.e. in Indian rupees (INR) and all values are rounded off to nearest crores except where otherwise indicated.

(ii) Transactions and balances

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction.

- (a) Foreign currency monetary assets and liabilities such as cash, receivables, payables, etc., are translated at year end exchange rates.
- (b) Non-monetary items denominated in foreign currency such as investments, fixed assets, etc., are valued at the exchange rate prevailing on the date of transaction.
- (c) Exchange differences arising on settlement of transactions and translation of monetary items are recognised as income or expense in the year in which they arise.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- a) assets and liabilities are translated at the closing rate at the date of that balance sheet
- b) income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- c) all resulting exchange differences are recognised in other comprehensive income.

m) Hedge accounting

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedges)
- hedges of a particular risk associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

Consolidated Financial Statements of Sundaram-Clayton Limited

SIGNIFICANT ACCOUNTING POLICIES - (continued)

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 33. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in the Statement of Profit and Loss, within other gains / (losses).

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognized in other comprehensive income in cash flow hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains and losses relating to the effective portion of the change in fair value of the entire forward contract are recognized in the cash flow hedging reserve within equity.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects the Statement of Profit and Loss (for example, when the forecast sale that is hedged takes place).

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to the Statement of Profit and Loss within other gains / (losses).

n) Inventories

Inventories are valued at the lower of cost and net realizable value.

- i. Cost of raw materials, components, stores, spares, work-in-process and finished goods are determined on a moving average basis.
- ii. Cost of finished goods and work-in-process comprises of direct materials, direct labour and an applicable proportion of variable and fixed overhead expenditure, fixed overhead expenditure absorbed on the basis of normal operating capacity.
- iii. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.
- iv. Materials and supplies held for use in production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost. Slow and non-moving material, obsolescence, defective inventories are duly provided for.

Land held for development / sale by the real estate subsidiary is valued at the lower of cost and net realizable value. Cost includes cost of acquisition and all related costs.

o) Employee benefits

i) Short term obligations:

Short term obligations are those that are expected to be settled fully within 12 months after the end of the reporting period. They are recognized upto the end of the reporting period at the amounts expected to be paid at the time of settlement.

ii) Other long term employee benefit obligations:

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are, therefore, recognized and provided for at the present value of the expected future payments to be made in respect of services provided by employee upto the end of reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in the Other Comprehensive Income.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for atleast twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

iii) Post-employment obligation:

The Group operates the following post-employment schemes:

- a) Defined benefit plans such as gratuity for its eligible employees, pension plan for eligible senior managers; and
- b) Defined contribution plan such as provident fund.

Consolidated Financial Statements of Sundaram-Clayton Limited

SIGNIFICANT ACCOUNTING POLICIES - (continued)

a) Pension and gratuity obligation:

The liability or asset recognized in the balance sheet in respect of defined benefit pension and gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on the government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income (net of deferred tax). They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the Statement of Profit and Loss as past service cost.

b) Provident fund:

The eligible employees of the Group are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Group make monthly contributions at a specified percentage of the covered employees' salary. The provident fund contributions are made to an irrevocable trust set up by the Group. The Group is generally liable for annual contributions and any shortfall in the fund assets based on the Government specified minimum rates of return and recognizes such contributions and shortfall, if any, as an expense in the year in which it is incurred.

iv) Bonus plans:

The Group recognizes a liability and an expense for bonus. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

p) Taxes on income

Tax expense comprises of (i) current tax and (ii) deferred tax.

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Where the Group is entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (the Research and Development or other investment allowances), the Group accounts for such allowances as tax credits, which means that the allowance reduce income tax payable and current tax expense. A deferred tax asset is recognized for unclaimed tax credits that are carried forward as deferred tax assets.

Consolidated Financial Statements of Sundaram-Clayton Limited

SIGNIFICANT ACCOUNTING POLICIES - (continued)

q) Government Grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants receivable as compensation for expenses or financial support are recognized in profit or loss of the period in which it becomes available.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

In case of waiver of duty under EPCG licence, such grant is considered as revenue grant and recognized in "Other Income" on completion of export obligation as approved by Regulatory Authorities.

r) Provisions and contingent liabilities

i) Provision:

A provision is recorded when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated. The estimated liability for product warranties is accounted based on technical evaluation, when the products are sold.

Provisions are evaluated at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expenses.

ii) Contingent liabilities:

Wherever there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognized because (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) the amount of the obligation cannot be measured with sufficient reliability are considered as contingent liability. Show cause notices are not considered as Contingent Liabilities unless converted into demand.

s) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The group has identified the following business segments as reportable segments, (on the basis of products and production process) viz., (1) Automotive vehicles and parts, (2) Automotive components (3) Financial Services and (4) Others.

t) Leases

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Consolidated Financial Statements of Sundaram-Clayton Limited

SIGNIFICANT ACCOUNTING POLICIES - (continued)

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognized in profit and loss in the period in which the condition that triggers those payments occurs.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

u) Cash and Cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

v) Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, less provision for impairment.

w) Contract Liabilities

A contract liability is the obligation to transfer goods to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the consideration is received. Contract liabilities are recognized as revenue when the Company performs under the contract.

x) Investments and Other financial assets

i) Classification

The Group classifies its financial assets in the following categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through statement of profit and loss), and
- Those measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flow.

Consolidated Financial Statements of Sundaram-Clayton Limited

SIGNIFICANT ACCOUNTING POLICIES - (continued)

ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus (in the case of a financial asset not a fair value through profit or loss) transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit and Loss.

A) Debt Instruments:

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments.

i) Amortised Cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on debt instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in the Statement of Profit and Loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

ii) Fair Value through profit or loss:

Assets that do not meet the criteria for amortized cost or Fair Value through Other Comprehensive Income (FVOCI) are measured at Fair Value Through Profit or Loss (FVTPL). A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented in the statement of profit and loss within other gains / (losses) in the period in which it arises. Interest income from these financial assets is included in other income.

B) Equity instruments:

The Group subsequently measures all investments in equity (except of the subsidiaries / associates) at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there will be no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognized in the Statement of Profit and Loss as other income when the Group's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately. Where the Group elects to measure fair value through profit and loss, changes in the fair value of such financial assets are recognized in the statement of profit and loss.

iii) Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been significant increase in credit risk. Note 34(A) & Note 35 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected credit losses to be recognized from initial recognition of the receivables.

For loans given by financial enterprise the impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 35 details how the Group determines whether there has been a significant increase in credit risk.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

iv) Derecognition of financial assets

A financial asset is derecognised only when:

- a) the Group has transferred the rights to receive cash flows from the financial asset or
- b) The Group retains the contractual rights to receive the cash flows of the financial asset, but expects a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised, if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

Consolidated Financial Statements of Sundaram-Clayton Limited

SIGNIFICANT ACCOUNTING POLICIES - (continued)

v) Income recognition

Interest income:

Interest income from debt instruments is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying value of a financial asset. While calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options), but does not consider the expected credit losses.

Dividend income:

Dividends are recognized in statement of profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of dividend can be reliably measured.

y) **Borrowings**

Borrowings are initially recognized at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction cost) and the redemption amount is recognized in the Statement of Profit and Loss over the period of the borrowings, using the effective interest rate method. Fees paid on the established loan facilities are recognized as transaction cost of the loan, to the extent that it is probable that some or all the facility will be drawn down.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the Statement of Profit and Loss as other gain / (loss).

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for over or atleast 12 months after the reporting period.

z) **Current and Non-current classification**

The Group presents assets and liabilities in the balance sheet based on current / non-current classification.

Cash or cash equivalent is treated as current, unless restricted from being exchanged or used to settle a liability for atleast twelve months after the reporting period. In respect of other assets, it is treated as current when it is:

- expected to be realized or intended to be sold or consumed in the normal operating cycle
- held primarily for the purpose of trading
- expected to be realized within twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when:

- it is expected to be settled in the normal operating cycle
- it is held primarily for the purpose of trading
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for atleast twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. In Group's considered view, twelve months is its operating cycle for all entities within the Group other than real estate.

The normal operating cycle in respect of operation relating to real estate project depends on signing of agreement, size of the project, phasing of the project, type of development, project complexities, approvals needed and realization of project into cash and cash equivalents and range from 3 to 7 years. Accordingly, assets and liabilities have been classified into current and non-current based on operating cycle.

Consolidated Financial Statements of Sundaram-Clayton Limited

SIGNIFICANT ACCOUNTING POLICIES - (continued)

za) Borrowing cost

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

zb) Earnings Per Share (EPS)

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year / period.

Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

zc) Recent pronouncements

The Ministry of Corporate Affairs has vide notification dated 23rd March 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amends certain accounting standards, and are effective 1st April 2022. Below is a summary of such amendments and requirements. No significant impact is expected on adoption of these standards.

(i) Ind AS 16, Property, Plant and Equipment (PPE)

The amendment clarified that an entity shall deduct from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use.

(ii) Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets

Onerous Contracts - Cost of fulfilling a contract

The amendment explains that the cost of fulfilling a contract comprises: the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

2 PROPERTY, PLANT & EQUIPMENT

(Rupees in crores)

Description	Property, Plant & Equipment								
	Freehold land	Leasehold land	Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Vehicles	ROU	Total
	1	2	3	4	5	6	7	8	9
Cost of Assets									
As at 01-04-2020	306.44	11.42	973.78	3,834.22	106.35	183.07	68.48	338.25	5,822.01
Additions	39.29	34.05	29.35	386.17	14.34	26.46	11.44	64.19	605.29
Foreign Currency translation reserve difference	7.61	—	3.30	7.95	(0.10)	—	0.02	2.52	21.30
Sub-total	353.34	45.47	1,006.43	4,228.34	120.59	209.53	79.94	404.96	6,448.60
Sales / deletion	—	(0.03)	—	(46.35)	(0.42)	(3.45)	(4.11)	—	(54.36)
Total	353.34	45.44	1,006.43	4,181.99	120.17	206.08	75.83	404.96	6,394.24
Depreciation / Amortisation									
Upto 31-03-2020	—	0.51	146.71	1,416.86	51.15	96.17	30.70	54.44	1,796.54
For the year	—	—	43.15	395.99	17.40	40.68	6.61	57.95	561.78
Amortisation	—	0.13	—	—	—	—	—	—	0.13
Foreign Currency translation reserve difference	—	—	1.90	4.79	(0.02)	0.21	0.05	0.45	7.38
Sub-total	—	0.64	191.76	1,817.64	68.53	137.06	37.36	112.84	2,365.83
Withdrawn on assets sold / deleted	—	—	—	(41.44)	(0.33)	(3.33)	(2.78)	5.04	(42.84)
Total	—	0.64	191.76	1,776.20	68.20	133.73	34.58	117.88	2,322.99
Net Carrying amount									
As at 31-03-2021	353.34	44.80	814.67	2,405.79	51.97	72.35	41.25	287.08	4,071.25

Goodwill	2020-21	2019-20
(i) Goodwill arising on business combination	2.20	2.20
(ii) Goodwill arising on consolidation	110.41	110.41
Total	112.61	112.61
Capital Work-In-Progress (At Cost)	2020-21	2019-20
(i) Building	44.84	34.12
(ii) Plant & equipment	836.45	820.37
(iii) Others	2.08	3.70
Total	883.37	858.19

Ageing of Capital work-in- progress as on 31st March 2021:

Particulars	Amount in Capital work-in-progress for a period of				
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Projects in progress	127.98	392.42	297.41	65.56	883.37

Ageing of Intangible assets under development as at 31-03-2021:

Particulars	Amount in Capital work-in-progress for a period of				
	< 1 Yr.	1 - 2 years	2 - 3 years	More than 3 years	Total
Projects in progress	140.45	4.08	22.35	—	166.88

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

2 PROPERTY, PLANT & EQUIPMENT - (continued)

(Rupees in crores)

Description	Property, Plant & Equipment								
	Freehold land	Leasehold land	Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Vehicles	ROU	Total
	1	2	3	4	5	6	7	8	9
Cost of Assets									
As at 01-04-2021	353.34	45.44	1,006.43	4,181.99	120.17	206.08	75.83	404.96	6,394.24
Incumbent Subsidiaries	–	–	1.22	12.96	1.18	0.92	0.51	61.80	78.59
Additions	51.90	–	375.02	837.93	23.56	27.70	49.07	302.90	1,668.08
Foreign Currency translation reserve difference	5.85	–	2.21	5.17	0.13	0.71	0.20	–	14.27
Sub-total	411.09	45.44	1,384.88	5,038.05	145.04	235.41	125.61	769.66	8,155.18
Sales / deletion	(38.05)	–	–	(89.60)	(2.16)	(5.19)	(5.06)	(1.65)	(141.71)
Total	373.04	45.44	1,384.88	4,948.45	142.88	230.22	120.55	768.01	8,013.47
Depreciation / Amortisation									
Upto 31-03-2021	–	0.64	191.76	1,776.20	68.20	133.73	34.58	117.88	2,322.99
For the year	–	–	52.33	500.85	15.28	26.04	28.77	106.55	729.82
Amortisation	–	0.50	–	–	–	–	–	–	0.50
Foreign Currency translation reserve difference	–	–	1.51	3.86	(0.04)	0.55	0.03	(1.85)	4.06
Sub-total	–	1.14	245.60	2,280.91	83.44	160.32	63.38	222.58	3,057.37
Withdrawn on assets sold / deleted	–	–	–	(74.02)	(0.86)	(4.11)	(5.03)	–	(84.02)
Total	–	1.14	245.60	2,206.89	82.58	156.21	58.35	222.58	2,973.35
Net Carrying amount									
As at 31-03-2022	373.04	44.30	1,139.28	2,741.56	60.30	74.01	62.20	545.43	5,040.12

Goodwill

- (i) Goodwill arising on business combination
(ii) Goodwill arising on consolidation

2021-22 **2020-21**

2.20 2.20

288.39 110.41

Total

290.59 **112.61**

Capital Work-In-Progress (At Cost)

- (i) Building
(ii) Plant & equipment
(iii) Others

2021-22 **2020-21**

97.30 44.84

230.45 836.45

1.36 2.08

Total

329.11 **883.37**

Ageing of Capital work-in- progress as on 31st March 2022:

Particulars	Amount in Capital work-in-progress for a period of				
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Projects in progress	218.55	30.51	18.92	61.13	329.11

Ageing of Intangible assets under development as at 31-03-2022:

Particulars	Amount in Capital work-in-progress for a period of				
	< 1 Yr.	1 - 2 years	2 - 3 years	More than 3 years	Total
Projects in progress	198.52	28.22	3.24	1.37	231.35

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

3 INTANGIBLE ASSETS

(Rupees in crores)

Description	Software	Design Development	Trademark	Total
Cost of assets				
As at 01-04-2020	99.75	256.79	–	356.54
Additions	14.36	171.19	240.23	425.78
Foreign currency translation reserve difference	–	–	–	–
Sub-total	114.11	427.98	240.23	782.32
Sales / deletion	–	–	–	–
Total	114.11	427.98	240.23	782.32
Depreciation / Amortisation				
Upto 31-03-2020	80.99	91.73	–	172.72
For the year				
Amortisation	16.80	64.03	–	80.83
Sub-total	97.79	155.76	–	253.55
Withdrawn on assets sold / deleted	–	–	–	–
Total	97.79	155.76	–	253.55
Net Carrying amount				
As at 31-03-2021	16.32	272.22	240.23	528.77

Description	Software	Design Development	Trademark	Total
Cost of assets				
As at 01-04-2021	114.11	427.98	240.23	782.32
Incumbent Subsidiaries	25.55	0.57	0.88	27.00
Additions	50.01	149.42	233.16	432.59
Foreign currency translation reserve difference	–	–	(3.09)	(3.09)
Sub-total	189.67	577.97	471.18	1,238.82
Sales / deletion	(0.05)	–	–	(0.05)
Total	189.62	577.97	471.18	1,238.77
Depreciation / Amortisation				
Upto 31-03-2021	97.79	155.76	–	253.55
For the year				
Amortisation	30.03	72.29	11.94	114.26
Foreign currency translation reserve difference	0.01	(0.12)	0.21	0.10
Sub-total	127.83	227.93	12.15	367.91
Withdrawn on assets sold / deleted	(0.05)	–	–	(0.05)
Total	127.78	227.93	12.15	367.86
Net Carrying amount				
As at 31-03-2022	61.84	350.04	459.03	870.91

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

4 INVESTMENTS

(Rupees in crores)

A. Non-Current Investments

Sl. No.	Particulars	No. of shares / units		Face Value	Currency	Rupees in crores	
		As at 31.03.2022	As at 31.03.2021			As at 31.03.2022	As at 31.03.2021
1	2	3	4	5	6	7	8
(a)	Investment in Equity Instruments Fair valued through OCI:						
	Quoted:						
(i)	Suprajit Engineering Limited, Bengaluru	–	28,92,000	1.00	INR	–	79.67
(ii)	Ucal Fuel Systems Limited, Chennai	91,760	91,760	10.00	INR	1.03	1.28
(iii)	Suprajit Engineering Limited, Bengaluru	–	57,72,000	1.00	INR	–	159.02
(iv)	Harita Seating Systems Limited, Chennai	–	7,280	10.00	INR	–	0.54
	Unquoted:						
(v)	Green Infra BTV Limited, New Delhi	32,50,000	32,50,000	10.00	INR	1.62	1.50
(vi)	Green Infra BTV Limited, New Delhi	45,00,000	45,00,000	10.00	INR	4.50	4.50
(vii)	TVS Lanka (Private) Limited, Colombo	50,00,000	50,00,000	10.00	LKR	5.75	8.23
(viii)	Green Infra Wind Power Projects Limited, New Delhi	1,11,600	1,11,600	10.00	INR	0.08	0.06
(ix)	Green Infra Wind Energy Theni Limited, New Delhi (formerly known as TVS Wind Energy Limited)	34,34,477	34,34,477	10.00	INR	1.72	1.59
(x)	Green Infra Wind Power Generation Limited, New Delhi	2,16,000	2,16,000	10.00	INR	0.16	0.15
(xi)	Mulanur Renewable Energy Pvt. Limited, Chennai	15,000	15,000	10.00	INR	0.02	0.02
(xii)	PHI Research Pvt. Limited,	3,50,000	3,50,000	10.00	INR	3.36	3.01
(xiii)	Sai Regency Power Corporation Private Limited, Chennai	3,75,000	3,75,000	10.00	INR	0.38	0.38
(xiv)	Adyar Property Holding Company Limited, Chennai (Cost ₹ 6,825)	105	105		INR	–	–
(xv)	Atria Wind Power Bijapur 1 Limited, Bengaluru	85,788	85,788	10.00	INR	2.00	1.66
(xvi)	Atria Wind Power (Chitradurga) P Ltd	80,948	80,948	100.00	INR	0.44	0.41
(xvii)	Altizon Systems Private Ltd, Pune	10	10	10.00	INR	0.01	0.01
(xviii)	Mottu Holdings Ltd, USA	70,344	–	0.001	USD	14.79	–
(xix)	Altizon Inc, USA	–	530,543	0.00001	USD	–	–
	Private equity instruments:						
(xx)	TVS Shriram Growth fund Scheme 1B of TVS Capital Funds Limited, Chennai (₹ 1,000)	–	1	1,000.00	INR	–	4.38
(xxi)	TVS Shriram Growth fund Scheme 3 of TVS Capital Funds Limited, Chennai	1,00,000	66,000	1,000.00	INR	14.56	8.04
	Total value of Equity Instruments (a)					50.42	274.45
(b)	Investments in Preference Shares: (Unquoted)						
(i)	Pinnacle Engines Inc., USA (face value 0.01 cent)	–	24,09,638	0.0001	USD	–	11.70
(ii)	Axiom Research Labs Private Limited, Delhi	–	82	10.00	INR	–	1.00
	Total value of Preference shares (b)					–	12.70

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

4 INVESTMENTS - (continued)

A. Non-Current Investments - (continued)

Sl. No.	Particulars	No. of shares / units		Face Value	Currency	Rupees in crores	
		As at 31.03.2022	As at 31.03.2021			As at 31.03.2022	As at 31.03.2021
1	2	3	4	5	6	7	8
(c)	Other non-current Investments:						
	<u>Investments valued through OCI:</u>						
(i)	Autotech Fund L.L.P. USA				USD	52.38	40.43
(ii)	Harita Accessories LLP				INR	–	1.07
	<u>Pension Funds / Government Securities / Others (Unquoted)</u>						
(iii)	ICICI Prudential Life Insurance Group Superannuation Fund, Mumbai				INR	6.28	6.68
(iv)	Life Insurance Corporation Pension Policy, Mumbai				INR	19.87	21.54
(v)	ICICI Prudential Life Insurance Group Superannuation Fund, Mumbai				INR	2.56	2.58
(vi)	Life Insurance Corporation Pension Policy, Chennai				INR	10.95	11.31
(vii)	Tulsyan NEC Limited, Chennai	1,63,125	1,63,125	10.00	INR	0.50	0.50
(viii)	Nagai Power Private Limited				INR	0.13	–
(ix)	Investment in Mutual Funds					–	0.37
	Total value of other investments (c)					92.67	84.48
	Total (a) + (b) + (c)					143.09	371.63

Aggregate amount of quoted investments and market value thereof

1.03 240.51

Aggregate amount of unquoted investments

142.06 131.12

Aggregate amount of impairment in value of investments

– –

Total

143.09 371.63

B. Current Investments

Sl. No.	Particulars	No. of shares / units		Face Value	Currency	Rupees in crores	
		As at 31.03.2022	As at 31.03.2021			As at 31.03.2022	As at 31.03.2021
1	2	3	4	5	6	7	8
(a)	Investment in Equity Instruments						
	Fair valued through Profit or Loss:						
	<u>Unquoted:</u>						
(i)	TVS Supply Chain Solutions Limited, Chennai	10,66,220	–	10.00	INR	130.23	–
	Total					130.23	–

Aggregate amount of unquoted investments

130.23 –

Total

130.23 –

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

	(Rupees in crores)	
	As at 31.03.2022	As at 31.03.2021
5 INVESTMENTS ACCOUNTED USING EQUITY METHOD		
Emerald Haven Realty Limited, Chennai [11,12,19,512 (last year - 11,12,19,512) Equity shares]	118.78	111.22
Ultraviolette Automotive Private Limited, Bengaluru [14,850 (last year - 14,850) Equity shares]	8.98	14.29
Ultraviolette Automotive Private Limited, Bengaluru [12,316 (last year - 8,377) Preference shares]	110.00	35.00
Predictronics Corp, USA [24,827 (last year - 24,827) Equity shares]	20.04	20.57
Tagbox Solutions Private Limited, Bengaluru [45,710 (last year - 45,710) Equity shares]	1.37	1.42
Tagbox Solutions Private Limited, Bengaluru [3,83,983 (last year - 3,83,983) Preference shares]	9.99	9.99
Tagbox Pte Limited, Singapore [2,43,243 (last year - 2,43,243) Preference shares]	14.41	15.01
Scienaptic Systems Inc., USA [28,05,357 (last year - 28,05,357) Equity shares]	57.43	62.68
Altizon Inc., USA [8,06,429 (last year - 8,06,429) Equity shares]	23.82	25.72
TVS Training and Services Limited, Chennai [27,63,359 (last year - 27,63,359) Equity shares]	5.04	4.51
Sundram Non Conventional Energy Systems Limited, Chennai [1,17,650 (last year - 1,17,650) Equity shares]	0.97	0.86
Total	370.83	301.27
6 OTHER NON-CURRENT ASSETS		
Capital advances	59.56	62.42
<u>Advances other than capital advances:</u>		
Prepaid expenses	12.66	24.66
Indirect taxes receivable	–	–
Vendor Advance	–	55.00
Statutory and other deposits	61.98	57.06
Total	134.20	199.14
7 INVENTORIES		
Raw materials and components	897.34	773.14
Goods-in-transit - Raw materials and components	27.57	149.65
Work-in-process	99.22	66.40
Finished goods	539.74	430.14
Stock-in-trade	276.78	85.49
Stores and spares	172.77	163.48
Total	2,013.42	1,668.30
8 TRADE RECEIVABLES		
Secured, considered good	14.11	26.12
Unsecured, considered good *	1,408.48	1,226.77
Doubtful	0.65	5.77
Total	1,423.24	1,258.66
Less: Allowance for doubtful receivables	56.23	52.11
Total	1,367.01	1,206.55

* Includes balance with related parties [Refer Note 39 (13)].

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

8 TRADE RECEIVABLES – (continued)

Ageing for trade receivables as on 31.03.2022

Particulars	Outstanding for following periods from due date of payment						Total
	Undue	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
(i) Undisputed trade receivables - Considered good	185.10	1,084.75	82.23	15.00	4.98	18.89	1,390.95
(ii) Undisputed trade receivables - Which have significant increase in credit risk	–	–	1.23	3.36	7.03	–	11.62
(iii) Undisputed trade receivables - Credit impaired	–	–	0.15	0.18	0.04	–	0.37
(iv) Disputed trade receivables - Considered good	–	0.08	0.03	1.43	6.03	6.47	14.04
(v) Disputed trade receivables - Which have significant increase in credit risk	–	–	–	–	–	–	–
(vi) Disputed trade receivables - Credit impaired	–	–	–	–	–	–	–
	185.10	1,084.83	83.64	19.97	18.08	25.36	1,416.98
Add: Unbilled	–	–	–	–	–	–	6.26
Total	185.10	1,084.83	83.64	19.97	18.08	25.36	1,423.24

Ageing for trade receivables as on 31.03.2021

Particulars	Outstanding for following periods from due date of payment						Total
	Undue	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
(i) Undisputed trade receivables - Considered good	66.90	990.82	77.27	61.62	23.20	14.89	1,234.70
(ii) Undisputed trade receivables - Which have significant increase in credit risk	–	1.52	3.32	7.03	–	–	11.87
(iii) Undisputed trade receivables - Credit impaired	–	–	0.18	0.18	0.02	–	0.38
(iv) Disputed trade receivables - Considered good	–	0.38	0.37	3.19	2.18	4.29	10.41
(v) Disputed trade receivables - Which have significant increase in credit risk	–	–	–	–	–	–	–
(vi) Disputed trade receivables - Credit impaired	–	–	–	–	–	–	–
	66.90	992.72	81.14	72.02	25.40	19.18	1,257.36
Add: Unbilled	–	–	–	–	–	–	1.30
Total	66.90	992.72	81.14	72.02	25.40	19.18	1,258.66

9. LOANS (RECEIVABLE FROM FINANCING ACTIVITY)

Particulars	As at 31-03-2022		As at 31-03-2021	
	Current	Non Current	Current	Non Current
Secured:				
Automobile Financing				
Considered good	4,938.75	5,807.60	4,392.94	4,776.07
Considered Doubtful	300.84	156.85	233.71	107.03
Less: Loss allowance				
Provision for expected credit loss (refer Note 35)	(136.49)	(155.72)	(103.86)	(109.61)
Unsecured:				
Financing (Others)				
Considered good	1,986.55	916.26	1,081.41	591.57
Considered doubtful	26.74	31.57	46.12	36.88
Less: Loss allowance				
Provision for expected credit loss	(43.99)	(41.55)	(28.48)	(41.36)
Unsecured and considered good:				
Trade Advance and Term loan				
Considered good	224.79	1.44	170.46	1.39
Considered doubtful	12.98	–	8.30	–
Provision for expected credit loss (refer Note 35)	(10.93)	–	(6.37)	–
	7,299.24	6,716.45	5,794.23	5,361.97

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

	(Rupees in crores)	
	As at 31.03.2022	As at 31.03.2021
10 CASH AND CASH EQUIVALENTS		
Balances with banks in current accounts	1,447.94	894.85
Balances with banks in Fixed deposits/Term deposits	2,303.08	–
Deposits with maturity of less than three months	–	702.61
Cheques / drafts on hand	0.38	–
Cash on hand	2.55	1.62
Total	3,753.95	1,599.08
11 OTHER BANK BALANCES		
Earmarked balances with banks (for unpaid dividend)	162.83	94.48
Balance with banks (with more than 3 months and less than 12 months maturity)	17.39	12.26
Total	180.22	106.74
12 FINANCIAL ASSETS - OTHERS		
Non-Current		
Deposits	22.95	20.97
Loans given to employees	1.88	1.39
Claims receivable	44.88	–
Derivatives (Forwards, POS, IRS, Call spread)	67.60	6.90
Bank deposits	0.24	0.80
	137.55	30.06
Current		
<u>Unsecured, Considered Good :</u>		
Employee Advances	12.79	13.20
Security Deposits	9.92	8.20
Claims receivable	30.98	0.90
Derivative financial instruments - receivable	18.15	8.22
Receivable towards sale of fixed assets	62.98	62.98
Drawback receivable	–	3.42
	134.82	96.92
Total	272.37	126.98
13 OTHER CURRENT ASSETS		
VAT/IT/Excise/GST receivable	570.79	344.09
Prepaid expense	81.65	46.44
Vendor advance	185.29	164.25
Trade Deposits	3.55	3.49
Export Incentive receivable	110.53	53.83
Others	39.09	5.63
Total	990.90	617.73

14 SHARE CAPITAL

(a) Details of authorised, issued and subscribed share capital

Particulars	As at 31-03-2022		As at 31-03-2021	
	Number	Rupees in crores	Number	Rupees in crores
<u>Authorised Capital:</u>				
Equity Shares of ₹ 5/- each	5,00,00,000	25.00	5,00,00,000	25.00
<u>Issued, Subscribed & Paid up Capital:</u>				
Equity Shares of ₹ 5/- each fully paid	2,02,32,085	10.12	2,02,32,085	10.12
	2,02,32,085	10.12	2,02,32,085	10.12

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

14 SHARE CAPITAL – (continued)

(b) Reconciliation of equity shares outstanding at the beginning and at the end of the year

Particulars	As at 31-03-2022		As at 31-03-2021	
	Number	Rupees in crores	Number	Rupees in crores
Shares outstanding at the beginning of the year	2,02,32,085	10.12	2,02,32,085	10.12
Shares Issued during the year	–	–	–	–
Shares outstanding at the end of the year	2,02,32,085	10.12	2,02,32,085	10.12

(c) Rights and preferences attached to equity share:

- i) 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 31st March 2022

Name of shareholder	Relationship	Class of share	As at 31-03-2022		As at 31-03-2021	
			Number of shares held	% of holding	Number of shares held	% of holding
TVS Holdings Private Limited - Chennai	Holding company	Equity	1,30,94,460	64.72		
T V Sundram Iyengar & Sons Pvt Ltd- Madurai	Holding company	Equity			38,07,330	18.82
Sundaram Industries Pvt Ltd- Madurai	Fellow Subsidiary	Equity			60,62,522	29.96
Southern Roadways Private Limited- Madurai	Fellow Subsidiary	Equity			30,31,127	14.98

(e) Details of shareholders holding more than five percent at the end of 31st March 2022 (other than 14 (d) above)

Name of shareholder	Class of share	As at 31-03-2022		As at 31-03-2021	
		Number of shares held	% of holding	Number of shares held	% of holding
Sundaram Finance Holdings Limited - Chennai	Equity	19,69,600	9.74	22,73,081	11.24

(f) Details of shares held by promoters as at 31st March 2022

Name of the Promoters	Class of share	As at 31-03-2022		As at 31-03-2021		% Change during the year
		No. of shares held	% of holding	No. of shares held	% of holding	
TVS Holdings Private Limited - Chennai	Equity	1,30,94,460	64.72	–	–	100%
T V Sundram Iyengar & Sons Pvt Ltd - Madurai	Equity	–	–	38,07,330	18.82	(100%)

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

15 OTHER EQUITY

Particulars	As at 31-03-2022	As at 31-03-2021
General Reserve	595.20	658.10
Capital Reserve	98.65	99.11
Securities Premium Reserve	36.42	36.42
Statutory Reserve	41.48	51.64
Retained Earnings	4,233.19	1,824.27
Other Reserves	64.18	224.93
	5,069.12	2,894.47
Non-controlling interest	2,202.63	1,758.73

16 NON CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS

Nature	Lenders	As at 31-03-2022	As at 31-03-2021	Status as at 31-03-2022			
				Interest Rate	Frequency	No. of Instalments Due	Maturity
Secured Borrowings:							
FCNRB Term Loan - I	Bank	15.16	43.87	Overnight LIBOR plus margin	Half Yearly	1	Sep-22
FCNRB Term Loan - II	Bank	134.25	141.05	1 year LIBOR plus margin	Quarterly	23	Dec-27
ECB Loan 1	Bank	21.56	41.40	3 Month USD LIBOR plus Margin	Half Yearly	2	Mar-23
ECB Loan 2	Bank	-	24.24	6 Month USD LIBOR plus Margin	Half Yearly	-	Mar-22
ECB Loan 3	Bank	75.43	109.10	3 Month USD LIBOR plus Margin	Quarterly	8	Feb-24
ECB Loan 4	Bank	227.17	218.70	3 Month USD LIBOR plus Margin	Quarterly	4	Feb-23
ECB Loan 5	Bank	151.51	146.05	8.06%	Bullet	1	Aug-22
ECB Loan 6	Bank	151.51	146.05	8.06%	Bullet	1	Sep-22
ECB Loan 7	Bank	189.38	182.56	8.57%	Bullet	1	May-22
ECB Loan 8	Bank	189.38	182.56	8.57%	Bullet	1	Jun-22
ECB Loan 9	Bank	378.07	363.87	6.94%	Bullet	1	Jul-23
ECB Loan 10	Bank	356.04	343.22	6.94%	Bullet	1	Oct-23
ECB Loan 11	Bank	753.93	-	6.92%	Bullet	1	Dec-24
Rupee Term loan I	Bank	24.92	58.25	MCLR plus margin	Quarterly	3	Dec-22
Term Loan	Bank	22.92	52.50	MCLR plus margin	Quarterly	5	Jun-23
Term Loan	Bank	5.00	5.00	MCLR plus margin	Quarterly	4	Jun-23
Term Loan	Bank	13.13	15.00	MCLR plus margin	Quarterly	14	Sep-26
Term Loan	Bank	39.99	79.99	7.25%	Quarterly	4	Mar-23
Term Loan	Bank	22.50	52.50	6.90%	Quarterly	3	Oct-22
Term Loan	Bank	79.98	159.97	6.90%	Quarterly	4	Feb-23
Term Loan	Bank	-	16.67	8.00%	Half Yearly		Jan-22
Term Loan	Bank	41.66	141.64	5.17%	Monthly	5	Aug-22
Term Loan	Bank	33.33	100.00	5.50%	Monthly	18	Sep-22
Term Loan	Bank	166.67	333.33	5.85%	Monthly	12	Mar-23
Term Loan	Bank	-	166.63	7.50%	Quarterly		Feb-23
Term Loan	Bank	50.00	100.00	7.90%	Half Yearly	2	Dec-22
Term Loan	Bank	199.98	199.96	7.45%	Bullet	1	Nov-22
Term Loan	Bank	59.99	179.97	7.35%	Quarterly	2	Aug-22
Term Loan	Bank	4.93	24.59	6.43%	Quarterly	1	Jun-22
Term Loan	Bank	99.93	199.87	7.35%	Quarterly	4	Mar-23
Term Loan	Bank	249.96	-	6.3%	Quarterly	8	Sep-24
Term Loan	Bank	250.00	-	6.3%	Quarterly	8	Feb-25

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

16 NON CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS - (continued)

Nature	Lenders	As at 31-03-2022	As at 31-03-2021	Status as at 31-03-2022			
				Interest Rate	Frequency	No. of Instalments Due	Maturity
Term Loan	Bank	83.32	-	7.4%	Quarterly	4	Feb-23
Term Loan	Bank	249.95	-	7.5%	Quarterly	10	Sep-24
Term Loan	Bank	374.96	-	5.3%	Monthly	27	Jun-24
Term Loan	Bank	416.67	-	5.0%	Monthly	30	Sep-24
Term Loan	Bank	229.17	-	5.3%	Monthly	33	Dec-24
Term Loan	Bank	499.89	-	5.6%	Monthly	37	Apr-25
Term Loan	Bank	-	37.50	7.9%	Half Yearly		Sep-21
Term Loan	Bank	-	41.67	7.5%	Monthly		Sep-21
Term Loan	Bank	249.78	-	6.1%	Quarterly	8	Mar-25
Term Loan	Bank	-	100.00	8.0%	Bullet		May-21
Term Loan	Bank	150.00	-	7.0%	Bullet	1	Oct-24
Term Loan	Bank	-	59.89	7.4%	Quarterly		Dec-21
Term Loan	Bank	-	33.33	8.0%	Half Yearly		Dec-21
Term Loan	Bank	-	123.98	7.5%	Quarterly		Dec-21
Term Loan	Bank	-	39.97	7.9%	Quarterly		Feb-22
Term Loan	Bank	-	238.90	7.9%	Quarterly		Feb-22
Term Loan	Bank	-	199.97	7.4%	Quarterly		Feb-22
Term Loan	Bank	97.50	130.00	6.3%	Quarterly	6	Sep-23
Term Loan	Bank	174.98	199.96	5.9%	Quarterly	7	Nov-23
Term Loan	Bank	299.96	299.93	5.6%	Quarterly	8	Mar-24
Term Loan	Bank	141.67	241.67	5.9%	Monthly	17	Aug-23
Term Loan	Bank	116.67	183.33	5.3%	Monthly	21	Dec-23
Term Loan	Bank	100.00	150.00	7.4%	Half Yearly	4	Feb-24
Term Loan	Bank	124.94	224.89	7.3%	Quarterly	5	May-23
Term Loan	Bank	199.96	250.00	7.3%	Quarterly	8	Mar-24
Term Loan	Bank	66.63	99.95	7.4%	Monthly	24	Mar-24
Term Loan	Bank	-	179.87	7.8%	Quarterly		Jun-23
Term Loan	Bank	249.77	-	6.8%	Quarterly	12	Mar-25
Term Loan	Bank	200.00	-	7.0%	Quarterly	10	Jul-24
Term Loan	Bank	200.00	-	7.0%	Quarterly	10	Aug-24
Term Loan	Bank	200.00	-	7.0%	Bullet	1	Oct-24
Term Loan	Bank	199.94	-	6.5%	Bullet	1	May-24
Term Loan	Bank	220.84	265.34	3.5%	Half Yearly	6	Dec-24
Term Loan	Bank	0.08	0.11	8.3%	Monthly	28	Jul-24
Term Loan	State owned corporation I	7.51	6.95	0.1%	Bullet	1	Apr-31
Term Loan	State owned corporation II	2.84	2.63	0.1%	Yearly	1	Apr-29
Term Loan (5 tranches)	State owned corporation III	84.31	151.20	0.1%	Yearly	3	2022-2031
Debentures	8.35% Secured Non Convertible Debenture	300.00	300.00	8.4%	Bullet	1	Mar-23
Debentures	8.35% Secured Non Convertible Debenture	25.00	25.00	8.4%	Bullet	1	Mar-23
Debentures	7.4% Secured Non Convertible Debenture	99.99	99.74	7.4%	Bullet	1	Apr-22
Debentures	8% Secured Non Convertible Debenture	-	6.37	-	-	-	-
Debentures	8% Secured Non Convertible Debenture	-	45.00	-	-	-	-
Unsecured Borrowings:							
Non Convertible Debentures	7.5% Non Convertible Debenture	499.03	498.21	7.5%	Bullet	1	May-23
Non Convertible Debentures	7.65% Non Convertible Debenture	99.70	99.55	7.7%	Yearly	2	Aug-25
Term loan	Bank	489.90	-	6.3%	Quarterly	20	May-27

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

16 NON CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS - (continued)

Nature	Lenders	As at 31-03-2022	As at 31-03-2021	Status as at 31-03-2022			
				Interest Rate	Frequency	No. of Instalments Due	Maturity
Term loan	Bank	3.28	-	1.6%	Bullet	1	Dec-24
Term loan	Bank	15.58	-	0.7%	Yearly	7	Dec-28
Term loan	Bank	2.67	-	1.6%	Bullet	1	Dec-24
Term loan	Bank	16.41	-	0.5%	Annual	10	Nov-31
Term loan	Bank	185.14	-	MCLR plus margin	Quarterly	20	Sep-27
Sub Debt	Others	24.99	24.96	9.7%	Bullet	1	Sep-22
Sub Debt	Bank	49.99	49.98	8.6%	Bullet	1	May-23
Sub Debt	Bank	50.00	50.00	8.9%	Bullet	1	Jul-23
Sub Debt	Bank	25.00	25.00	9.7%	Bullet	1	Sep-22
Sub Debt	Bank	50.00	49.99	10.0%	Bullet	1	Apr-22
Sub Debt	Others	-	50.00	11.8%	Bullet		Jul-21
Sub Debt	Others	-	49.96	11.3%	Bullet		Sep-21
Sub Debt	Bank	50.00	49.98	11.3%	Bullet	1	May-22
Sub Debt	Bank	99.30	99.00	10.9%	Bullet	1	Aug-24
Sub Debt	Others	147.93	146.62	9.4%	Bullet	1	Aug-26
Sub Debt	Others	112.91	122.46	9.4%	Bullet	1	Aug-26
Sub Debt	Others	34.34	25.00	9.4%	Bullet	1	Jun-26
Sub Debt	Others	100.00	100.00	10.0%	Bullet	1	Jul-26
Sub Debt	Others	99.00	-	8.9%	Bullet	1	Jun-27
Sub Debt	Others	35.00	-	8.9%	Bullet	1	Jun-27
Sub Debt	Others	35.00	-	8.9%	Bullet	1	Jun-27
Sub Debt	Others	30.00	-	8.9%	Bullet	1	Jun-27
Sub Debt	Others	200.00	-	8.9%	Bullet	1	Jun-27
Sub Debt	Others	50.00	-	8.9%	Bullet	1	Jun-27
Perpetual Debt	Others	99.86	99.84	11.5%	Bullet	1	Nov-27
ECB Loan 12	Bank	75.79	121.85	3 Month USD LIBOR plus Margin	Half Yearly	3	Sep-23
Sales Tax Deferral Phase I	Others	-	6.33	0.0%	Annual		2021-22
Sales Tax Deferral Phase II	Others	94.37	110.09	0.0%	Annual	6	2027-28
		12,149.80	9,344.51				
Less: Current Maturities of Long Term Borrowings (Refer Note 19)		4,409.17	2,709.63				
Total Non Current Financial Liabilities (Borrowings)		7,740.63	6,634.88				

Details of securities created:

- 1) ECB Loan 1 - Hypothecation of Movable fixed assets.
- 2) ECB Loan- 2 & 3- First and exclusive charge on specific plant and equipments of the Company.
- 3) ECB Loan 4 - Exclusive charge over assets procured out of proceeds of the loan.
- 4) ECB Loan 5 to 11 - Availed by a subsidiary is secured against hypothecation of receivables under the financing activity of the Company.
- 5) FCNRB Term Loan I- First and exclusive charge on specific plant and equipments of the Company.
- 6) FCNRB Term Loan II- Hypothecation of all current assets
- 7) Term Loan of ₹ 220.84 Crores (Previous year: ₹ 265.34 Crores) in USD from bank obtained by a subsidiary - secured by land and building.
- 8) Term loan received from bank of ₹ 41.05 Crore (Previous year: ₹ 72.5 crores) - charge created on land and building and *paripasu* charge on plant and machinery.
- 9) Term loan received from bank of ₹ 0.08 crores - Hypothecation of inventory and book debts.
- 10) Term Loan received from Banks and Other Parties of ₹ 5,924.68 crores inclusive of Current and Non Current Dues by a subsidiary (Previous Year: ₹ 4,589.92 Crores) is secured against hypothecation of receivables under the financing activity of the Company.
- 11) Loan from State owned corporation - I & II viz., SIPCOT - First charge on the specific plant and equipment.
- 12) Loan from State owned corporation - III viz., SIPCOT - First charge on the specific plant and equipment and also secured by equitable mortgage created by way of deposit of title deeds of land.
- 13) Debentures of ₹ 424.99 Cr (Previous Year: ₹ 424.74 Cr) issued by the subsidiary are secured against hypothecation of receivables under the financing activity of the Company.

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

17 PROVISIONS

Particulars	As at 31-03-2022		As at 31-03-2021	
	Current	Non-current	Current	Non-current
Provision for Employee Benefits				
(a) Pension	79.33	144.26	51.12	103.30
(b) Leave salary	8.73	61.40	6.78	61.88
(c) Gratuity	3.53	8.21	3.07	2.25
Others				
(a) Warranty	34.20	10.33	40.80	11.66
(b) Disputed tax provided for	2.01	–	3.51	–
Total	127.80	224.20	105.28	179.09

Movement in provision :

Particulars	Warranty	Disputed tax provided for
Opening balance as on 01.04.2021	52.46	3.51
Additional provisions made during the year	–	–
Amounts utilised	(7.93)	(1.50)
Closing balance as on 31.03.2022	44.53	2.01

As at 31.03.2022 As at 31.03.2021

18A DEFERRED TAX ASSETS

The balance comprises temporary differences attributable to:

Others	2.60	4.06
Total deferred tax liability	2.60	4.06
Deferred tax asset consists of :		
- Depreciation	5.24	5.07
- tax on employee benefit expenses	11.36	9.53
- tax on expected credit losses provision	101.12	78.31
- tax on investment property	14.72	14.72
- tax on carried forward loss	64.76	–
- tax on others	23.28	24.05
Total deferred tax assets	220.48	131.68
Deferred tax asset	217.88	127.62

Movement in deferred tax:

	Depreciation	Others	Total
As at 01-04-2021	5.07	122.55	127.62
Charged / (credited):			
- to profit or loss	0.17	49.24	49.41
- to other comprehensive income	–	(9.88)	(9.88)
- to subsidiary incumbent deferred tax asset	–	50.51	50.51
- to foreign currency translation	–	0.22	0.22
As at 31-03-2022	5.24	212.64	217.88

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

As at As at
31.03.2022 31.03.2021

18B DEFERRED TAX LIABILITIES:

The balance comprises temporary differences attributable to:

Depreciation	359.83	329.76
Others	26.64	41.16
Total deferred tax liability	386.47	370.92

Deferred tax asset consists of :

- tax on employee benefit expenses	62.04	41.87
- tax on warranty provision	12.12	14.02
- tax on financial assets and liabilities	4.93	–
- tax on others	76.18	72.74

Total deferred tax assets	155.27	128.63

Deferred tax liability	231.20	242.29

Movement in deferred tax:

	Depreciation	Others	Total
As at 01-04-2021	329.76	(87.47)	242.29
Charged / (credited):			
- to profit or loss	30.07	(8.01)	22.06
- to other comprehensive income	–	(18.58)	(18.58)
- to tax relating to others	–	(14.57)	(14.57)
As at 31-03-2022	359.83	(128.63)	231.20

19 FINANCIAL LIABILITIES - BORROWINGS (CURRENT)

Borrowings repayable on demand from banks

Secured*	1,552.04	1,967.16
Unsecured	389.39	340.00

Short term loans:

From banks:

Secured	150.00	25.00
Unsecured	1,788.69	139.20

From others (secured)	–	746.11

Current Maturities of long term borrowings	4,409.17	2,709.63

Total Borrowings under Current Liabilities	8,289.29	5,927.10

* Details of securities created for loans repayable on demand:

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

As at As at
31.03.2022 31.03.2021

19 FINANCIAL LIABILITIES - BORROWINGS (CURRENT) – (continued)

First charge by way of hypothecation and / or pledge of current assets viz., inventories of raw materials, semi finished and finished goods, stores and spares not relating to plant and machinery, bills receivable, book debts and all other movable assets located in all plants.

Short term borrowings from banks of a subsidiary include:

- a) A loan of ₹ 33.20 crores in USD obtained from a bank, secured by a letter of credit issued by a bank in India and
- b) A loan of ₹ 12.99 crores in USD obtained from a bank, partly secured (80%) by a credit guarantee issued by the EXIM bank of Indonesia.
- c) Working capital loan and cash credit of ₹ 1,197.62 crores obtained by a subsidiary company are secured by hypothecation of receivables under the financing activity of the Subsidiary.
- d) Short term loan of ₹ 150.00 crores obtained are secured by hypothecation of receivables under the financing activity of the Company.
- e) Working capital loan of ₹ 125.92 crores in CHF are secured by registered shares of Swiss E-Mobility Group (Schweiz) AG pledged as collateral.

20 TRADE PAYABLES

Current

Dues to Micro and Small Enterprises **	79.89	88.66
Dues to enterprises other than Micro and Small Enterprises #	4,829.73	4,447.04
Total trade payables	4,909.62	4,535.70

** Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information received by the management. The entire closing balance represents the principal amount payable to these enterprises. There are no interests due or outstanding on the same.

Balances include balances due to related parties [Refer Note 39 (14)].

Ageing for Trade Payables as on 31.03.2022

Particulars	Outstanding for following periods from due date of payment					
	Not due	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Micro and Small Enterprises (MSME)	69.78	10.02	0.09	–	–	79.89
Others	2,511.10	1,619.25	4.68	7.69	20.85	4,163.57
Disputed Dues - MSME	–	–	–	–	–	–
Disputed Dues - Others	–	–	–	–	–	–
	2,580.88	1,629.27	4.77	7.69	20.85	4,243.46
Accrued Expenses	–	–	–	–	–	666.16
Total	2,580.88	1,629.27	4.77	7.69	20.85	4,909.62

Ageing for Trade Payables as on 31.03.2021

Particulars	Outstanding for following periods from due date of payment					
	Not due	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Micro and Small Enterprises (MSME)	45.00	43.44	0.08	0.09	0.05	88.66
Others	2,106.01	1,425.96	65.98	14.71	64.69	3,677.35
Disputed Dues - MSME	–	–	–	–	–	–
Disputed Dues - Others	–	–	–	–	–	–
	2,151.01	1,469.40	66.06	14.80	64.74	3,766.01
Accrued Expenses	–	–	–	–	–	769.69
Total	2,151.01	1,469.40	66.06	14.80	64.74	4,535.70

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

	As at 31.03.2022	As at 31.03.2021
21 OTHER FINANCIAL LIABILITIES		
Non-Current		
Derivative Instruments - Payable	–	5.18
Others advances	55.44	26.11
Total	55.44	31.29
Current		
Interest accrued but not due on loans	116.35	123.64
Trade deposits received	120.09	89.84
Unclaimed Dividends (Not due for transfer to Investor Education and Protection Fund)	5.06	5.71
Dividend declared but not paid	143.29	50.59
Payables against capital goods	36.26	19.65
Liabilities for expenses	3.15	12.92
Derivative Instruments - Payable	0.18	1.16
Total other current financial liabilities	424.38	303.51
22 OTHER CURRENT LIABILITIES		
Statutory dues	185.12	160.42
Employee related	231.06	165.12
Advance received from customers	274.48	189.99
Deferred income - Government grants	14.17	6.96
Total other current liabilities	704.83	522.49
23 REVENUE FROM OPERATIONS		
Sale of products	22,382.42	17,879.87
Sale of services	132.38	58.90
Interest income of financial enterprise	2,446.59	2,041.82
Other operating revenue	629.26	318.14
Total revenue	25,590.65	20,298.73
24 OTHER INCOME		
Dividend income	4.16	1.56
Interest income	9.32	36.03
Profit on sale of Investments	0.23	0.05
Profit on sale of property, plant and equipment	2.59	0.30
Increase in Fair value of Investments	0.57	1.32
Government Grant	–	0.20
Provision for debtors no longer required	4.45	1.33
Fair value losses on derivatives not designated as hedges	–	9.59
Other non-operating income	13.18	12.57
Total other income	34.50	62.95

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

	Year ended 31.03.2022	Year ended 31.03.2021
25 COST OF MATERIALS CONSUMED		
Opening stock of raw materials and components	773.14	662.14
Add: Purchases	16,553.80	13,139.33
	17,326.94	13,801.47
Less: Closing stock of raw materials and components	897.34	773.14
Consumption of raw materials and components	16,429.60	13,028.33
Purchases of stock-in-trade	579.04	224.92
Changes in inventories of finished goods, work-in-process and stock-in-trade:		
Opening stock:		
Work-in-process	66.40	73.25
Stock-in-trade	85.49	75.31
Finished goods	430.14	407.51
Total (A)	582.03	556.07
Closing stock:		
Work-in-process	99.22	66.40
Stock-in-trade	276.78	85.49
Finished goods	539.74	430.14
Total (B)	915.74	582.03
Changes in inventories (A)-(B)	(333.71)	(25.96)

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

	Year ended 31.03.2022	Year ended 31.03.2021
26 EMPLOYEE BENEFIT EXPENSE		
Salaries, wages and bonus	1,998.98	1,655.21
Contribution to provident and other funds	147.53	109.36
Welfare expenses	183.65	114.48
Total employee benefit expense	2,330.16	1,879.05
27 FINANCE COSTS		
Interest	889.81	887.60
Other borrowing cost	58.59	46.34
Interest on lease liabilities	36.99	15.61
Exchange differences	(0.26)	(20.44)
Total finance costs	985.13	929.11
28 DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation on Property, Plant and Equipment	730.32	561.91
Amortisation on Intangible assets & Others	114.26	80.83
Total depreciation and amortisation expense	844.58	642.74
29 OTHER EXPENSES *		
Consumption of stores, spares and tools	129.32	103.88
Power and fuel	234.29	178.21
Repairs - buildings	34.41	32.75
Repairs - plant and equipment	127.09	98.99
Insurance	43.79	32.33
Rates and taxes (excluding taxes on income)	25.32	20.05
Audit fees (refer Note 37 (iii))	3.56	3.39
Packing and freight charges	647.75	384.79
Advertisement and publicity	327.48	322.64
Other marketing expenses	227.64	290.84
Loss on sale of property, plant and equipment	3.89	2.68
Foreign exchange loss	–	32.92
Loss allowance for expected credit losses relating to loans	554.14	466.79
Corporate social responsibility expenditure	20.81	22.76
Contributions to electoral trust	5.00	–
Miscellaneous expenses (under this head there is no expenditure which is in excess of 1% of revenue from operations or ₹10 lakh, whichever is higher)	1,213.16	810.97
Total other expenses	3,597.65	2,803.99

* Net of recoveries and claims made

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

	Year ended 31.03.2022	Year ended 31.03.2021
29A EXCEPTIONAL ITEMS		
Interest Income	47.92	–
Voluntary separation costs	(18.39)	(19.19)
Cancellation of long term lease	–	(3.17)
Covid-19 expenses	(41.48)	–
Total exceptional items	(11.95)	(22.36)
30 CURRENT TAX		
Current tax on profits for the year	387.00	257.46
Adjustments for current tax of prior periods	0.06	–
Total current tax	387.06	257.46
31 DEFERRED TAX		
Decrease / (increase) in deferred tax assets	(50.26)	(60.22)
(Decrease) / increase in deferred tax liabilities	22.91	40.00
Unused tax (credit) / reversal (MAT credit entitlement) of prior periods (net)	–	24.93
Total deferred tax expense / (benefit)	(27.35)	4.71
Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
Profit before income tax expense	1,184.20	854.26
Tax at the Indian tax rate of 25.17% (2020-21 - 25.17%)	298.06	215.02
Capital Receipts	(16.38)	(0.76)
Restatement of Deferred Tax Liability	–	39.56
Timing difference on subsidiaries losses	56.53	–
Partially allowed deductions	19.38	5.06
Others	2.12	8.67
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Other items	–	(0.24)
Tax credit availed in books / (entitlement)	–	(5.14)
Tax Relating to Earlier Years	–	–
Income tax expense	359.71	262.17

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

Year ended
31.03.2022 Year ended
31.03.2021

32 EARNINGS PER SHARE

(a) Basic and diluted earnings per share		
Basic and diluted earnings per share attributable to the equity holders of the Company	217.84	159.98
(b) Earnings used in calculating earnings per share		
Basic and diluted earnings per share		
Profit attributable to equity holders of the company used in calculating basic earnings per share	440.74	323.68
(c) Weighted average number of equity shares used as the denominator in calculating basic earnings per share	2,02,32,085	2,02,32,085

33 FAIR VALUE MEASUREMENTS

Financial instruments by category	March 31, 2022			March 31, 2021		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments						
- Equity instruments	–	50.42	–	–	274.45	–
- Preference shares	–	–	–	–	–	12.68
- Debt instruments	–	–	–	–	–	–
- Others	130.23	52.38	40.29	0.37	41.50	42.63
Trade receivables	–	–	1,367.01	–	–	1,206.55
Loans (Receivable from financing activity)	–	–	14,015.69	–	–	11,156.20
Other Bank balances	–	–	3,934.17	–	–	1,705.82
Derivative financial assets	5.09	80.66	–	15.12	–	–
Security Deposits	–	–	22.95	–	–	20.97
Other Financial assets	–	–	163.67	–	–	90.89
Total financial assets	135.32	183.46	19,543.78	15.49	315.95	14,235.74
Financial liabilities						
Borrowings	–	–	16,029.92	–	–	12,561.98
Trade Payables	–	–	4,909.62	–	–	4,535.70
Derivative Financial Liability	–	0.18	–	–	6.34	–
Lease Liability	–	–	562.63	–	–	291.31
Other Financial Liability	–	–	479.64	–	–	328.46
Total financial liabilities	–	0.18	21,981.81	–	6.34	17,717.45

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

33 FAIR VALUE MEASUREMENTS - (continued)

Financial assets and liabilities measured at fair value - recurring fair value measurements

At 31 March 2022	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL	4	–	–	130.23	130.23
Financial Investments at FVOCI	4	1.03	66.94	34.83	102.80
Derivatives designated as hedges	12	–	85.75	–	85.75
Total financial assets		1.03	152.69	165.06	318.78
Financial liabilities					
Derivatives	21	–	0.18	–	0.18
Total financial liabilities		–	0.18	–	0.18

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

At 31 March 2022	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Preference shares	4	–	–	–	–
Others	4	–	–	40.29	40.29
Debt instruments	4			–	–
Total financial assets		–	–	40.29	40.29
Financial Liabilities					
Borrowings	16 & 19	–	–	16,029.92	16,029.92
Total financial liabilities		–	–	16,029.92	16,029.92

Financial assets and liabilities measured at fair value - recurring fair value measurements

At 31 March 2021	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL	4	0.37	–	–	0.37
Financial Investments at FVOCI	4	240.51	53.92	21.52	315.95
Derivatives designated as hedges	12	–	15.12	–	15.12
Total financial assets		240.88	69.04	21.52	331.44
Financial Liabilities					
Derivatives	21	–	6.34	–	6.34
Total financial liabilities		–	6.34	–	6.34

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

33 FAIR VALUE MEASUREMENTS - (continued)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

At 31 March 2021	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Preference shares	4	–	–	12.68	12.68
Others	4	–	–	42.63	42.63
Debt Instruments	4	–	–	–	–
Total financial assets		–	–	55.31	55.31
Financial Liabilities					
Borrowings	16 & 19	–	–	12,561.98	12,561.98
Total financial liabilities		–	–	12,561.98	12,561.98

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, preference shares and other non current investments included in level 3.

There are no transfers between levels 1 and 2 during the year.

(ii) Valuation technique used to determine fair value (Level 2)

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of interest rate swaps is calculated as the present value of estimated cash flows based on observable yield curves.
- the fair value of forward exchange contract and principle only swap is determined using forward exchange rate at the balance sheet date.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

(iii) Fair value measurement using significant unobservable inputs (Level 3)

Particulars	Unlisted Preference Shares	Unlisted Equity Shares	Total
As at 01-04-2020	–	22.69	22.69
Additions	–	–	–
Gains / (losses) recognised in profit or loss	–	–	–
Gains / (losses) recognised in other comprehensive income	–	(1.17)	(1.17)
As at 31-03-2021	–	21.52	21.52
Additions / (deletions)	–	145.13	145.13
Reclassified from amortised cost	–	12.69	12.69
Gains / (losses) recognised in profit or loss	–	0.23	0.23
Gains / (losses) recognised in other comprehensive income	–	(14.51)	(14.51)
As at 31-03-2022	–	165.06	165.06

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

33 FAIR VALUE MEASUREMENTS - (continued)

(iv) Valuation inputs & relationships to fair value

Particulars	Fair value as at		Significant unobservable input	Probability weighted range for the year ended		Sensitivity
	31-Mar-22	31-Mar-21		31-Mar-22	31-Mar-21	
Unquoted Equity shares	165.06	21.52	a) Earnings growth rate	1-3%	1-3%	Not significant
			b) Risk adjusted discount rate	8%	8%	

(v) Valuation processes

Discount rates are determined using a capital asset pricing model to calculate a pretax rate that reflects current market assessments of the time value of money and the risk specific to the asset. Earnings growth factor of preference shares are based on cash flow projections of future earnings of the Company and unlisted equity securities are estimated based on market information for similar types of companies.

Risk adjustments have been derived based on the market risk premium adjusted for companies relevered financial data.

(vi) Fair value of financial assets and liabilities measured at amortised cost

Particulars	31-Mar-22		31-Mar-21	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Investments				
Preference shares	—	—	12.68	12.68
Debt Instruments	—	—	—	—
Others	40.29	40.29	42.63	42.63
Total financial assets	40.29	40.29	55.31	55.31
Financial Liabilities				
Borrowings	16,029.92	16,029.92	12,561.98	12,561.98
Total financial liabilities	16,029.92	16,029.92	12,561.98	12,561.98

The carrying amounts of trade receivables, trade payables, cash and cash equivalents and other current financial assets and liabilities are considered to be the same as their fair values, due to their short-term nature.

The fair values for Preference shares and other debt instruments were calculated based on cash flows discounted using a current lending rate, which approximates the carrying value. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs, including counterparty credit risk.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate, which approximates the carrying value. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including own credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

34 FINANCIAL RISK MANAGEMENT

The group's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements.

Risk	Exposure arising from	Risk Parameters and Mitigation
Market Risk - Foreign exchange		i) The Group operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions. ii) Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Group's functional currency (INR). iii) The risk is measured through a forecast of highly probable foreign currency cash flows. The Group has a forex management policy which is duly approved by the Board. iv) The objective of the hedges when taken is to minimise the volatility of the INR cash flows of highly probable forecast transactions.
Market Risk - Interest rate	Foreign currency denominated borrowings	i) The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. ii) Group's policy is to maintain most of its borrowings at fixed rate using interest rate swaps to achieve this when necessary. iii) The Group's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.
Liquidity Risk	INR denominated borrowings [Other than soft loans given by Govt. Authorities)	i) The Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans. ii) The Group prepares a detailed annual operating plans to assess the fund requirements - both short term and long term. iii) Detailed month wise cash flow forecast is also carried out along with required sensitivities. Based on these factors adequate working capital credit limits are organised in advance. iv) Group has pre-approved credit lines with various banks and these are constantly reviewed and approved by the Board. v) For long term fund requirements, Group targets various options such as rupee term loan, external commercial borrowing, debentures etc. vi) The Group obtains a credit rating for the various borrowing facilities on annual basis. Group constantly monitors the free cash flow from operations to ensure that the borrowing is minimized.
Credit Risk		i) Credit risk primarily arises from cash and cash equivalents, trade receivables and investments carried at amortised cost. ii) The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. iii) To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. iv) It considers available reasonable and supportive forwarding-looking information (more specifically described below). In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due. v) A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.
a.	Cash and Cash Equivalents	Surplus cash is deposited only with banks / financial institutions with a high external credit rating.
b.	Domestic Trade Receivables	i) Domestic sales to the Dealers are based on advance payments received through banking channels or through inventory funding facilities availed by them from the banks. ii) The Group extends limited credit to the dealers and such extension of credit is based on dealers' credit worthiness, ability to repay and past track record. iii) The Group has extensive reporting systems and review to constantly monitor the outstandings.
c.	Export Trade Receivables	The Group's export business is mostly based on Letters of credit. Export receivables are also covered through Insurance with Export Credit Guarantee Corporation of India Limited.

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

34 FINANCIAL RISK MANAGEMENT – (continued)

Risk	Exposure arising from	Risk Parameters and Mitigation
Export trade receivables and Import Payables		i) The Group has a forex management policy duly approved by the Board. The Group's policy is to hedge most of its net currency exposure. ii) Group reviews the forex exposure on a regular basis and also reports its adherence to the Board on a quarterly basis. The recording and reporting requirements under are strictly adhered.
Foreign currency denominated borrowings		The Group has hedged its borrowings by covering the principal repayments.

(A) Credit risk

Basis of recognition of expected credit loss provision					
Rating	Category	Description of category	Investments	Loans and deposits	Trade receivables
1	High Quality assets, negligible credit risk	Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil.	12 month expected credit losses		Life time expected credit losses (simplified approach)
2	Quality assets, low credit risk	Assets where there is low risk of default and where the counter-party has sufficient capacity to meet the obligations and where there has been low frequency of defaults in the past.			
3	Standard Assets, moderate credit risk	Assets where the probability of default is considered moderate and where the counter-party's capacity to meet the obligations is not strong.			
4	Substandard Assets, relatively high credit risk	Assets where there has been a significant increase in credit risk since initial recognition.	Life time expected credit losses		
5	Low quality assets, very high credit risk	Assets where there is a high probability of default. Also includes assets where the credit risk of counter-party has increased significantly though payments may not be more than 180 days past due.			
6	Doubtful assets, credit impaired	Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the group. Where loans or receivables have been written off, the group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in statement of profit and loss.	Asset is written off		

31-Mar-22

a) Expected credit loss for investments, loans and other financial assets

Particulars	Internal rating	Asset/ Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	2	Investments at amortised cost	40.29	0%	–	40.29
	1	Other financial assets	186.62	0%	–	186.62

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

34 FINANCIAL RISK MANAGEMENT – (continued)

b) Expected credit loss for trade receivables under simplified approach

Particulars	0 to 180 days past due	More than 180 days past due	Total
Gross carrying amount	1,269.85	153.39	1,423.24
Expected loss rate	0.2%	35%	–
Expected credit losses	2.95	53.28	56.23
Carrying amount of trade receivables	1,266.90	100.11	1,367.01

31-Mar-21

a) Expected credit loss for investments, loans and other financial assets

Particulars	Internal rating	Asset/ Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	2	Investments at amortised cost	55.31	0%	–	55.31
	1	Other financial assets	111.86	0%	–	111.86

b) Expected credit loss for trade receivables under simplified approach

Particulars	0 to 180 days past due	More than 180 days past due	Total
Gross carrying amount	1,060.92	197.74	1,258.66
Expected loss rate	–	26%	–
Expected credit losses	–	52.11	52.11
Carrying amount of trade receivables	1,060.92	145.63	1,206.55

Reconciliation of loss allowance provision - Trade receivables

Loss allowance April 1, 2020	24.58
Changes in loss allowance	27.53
Loss allowance March 31, 2021	52.11
Changes in loss allowance	4.12
Loss allowance March 31, 2022	56.23

(B) Liquidity risk

(i) Financing arrangements

The group had access to the following undrawn borrowing facilities at the end of the reporting period:

	31-Mar-22	31-Mar-21
Floating rate		
- Expiring within one year (bank overdraft and other facilities)	4,028.27	2,586.98
- Expiring beyond one year (bank loans)	–	–

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR and have an average maturity ranging 30 to 180 days.

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

34 FINANCIAL RISK MANAGEMENT – (continued)

(ii) Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- a) all non-derivative financial liabilities, and
- b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

31-Mar-22

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	3,601.51	1,285.72	3,409.14	7,084.02	662.84	16,043.23
Trade payables	4,713.19	74.57	118.95	2.91	–	4,909.62
Lease Liabilities	37.81	37.61	72.71	439.92	79.18	667.23
Other financial liabilities	306.94	29.13	9.86	9.85	–	355.78
Derivatives	0.07	0.11	–	0.71	–	0.89

31-Mar-21

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	1,579.85	938.60	3,416.20	6,065.20	562.13	12,561.98
Trade payables	4,274.84	197.52	63.34	–	–	4,535.70
Lease Liabilities	19.92	19.86	38.05	171.75	41.73	291.31
Other financial liabilities	279.41	19.61	7.77	21.67	–	328.46
Derivatives	0.64	–	0.52	5.18	–	6.34

Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

(C) Market risk

i) Foreign exchange risk

The Group's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows

Particulars	31-Mar-22		31-Mar-21	
	USD	EUR	USD	EUR
Financial assets				
Trade receivables	1,049.77	119.91	634.47	62.74
Investments	67.17	–	52.13	–
Derivatives - Forward contracts	(1,578.98)	(63.38)	1,548.03	76.00
Financial liabilities				
Foreign currency loan	2,914.63	–	2,064.52	–
Trade payables	298.29	7.38	317.22	8.46
Derivative Liabilities				
Foreign exchange forward contracts	1.83	0.01	(11.25)	–
Principal Swap	(2,494.33)	–	(1,746.26)	–

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

34 FINANCIAL RISK MANAGEMENT – (continued)

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments

Particulars	Impact on profit after tax*		Impact on other components of equity*	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
USD sensitivity				
INR / USD Increases by 10%	34.40	(3.36)	(103.92)	(109.77)
INR / USD Decreases by 10%	(34.40)	3.36	103.92	109.77
IDR / USD increases by 10%	(12.19)	(10.09)	–	–
IDR / USD decreases by 10%	12.19	10.09	–	–
EURO sensitivity				
INR / EURO Increases by 10%	8.14	4.54	(4.35)	(5.52)
INR / EURO Decreases by 10%	(8.14)	(4.54)	4.35	5.52

* Holding all other variables constant

ii) Interest Rate risk

For short term borrowings the marginal cost of lending rate of the bank is followed. Whenever, group resorts to short term borrowing through Commercial Paper the rate of interest is fixed in advance. In respect of foreign currency borrowings for longer period the interest rates are covered through interest rate swaps (IRS).

	31-Mar-22	31-Mar-21
Variable rate borrowings	7,450.40	8,123.55
Fixed rate borrowings	8,579.52	4,438.43

Sensitivity	Impact on profit after tax	
	31-Mar-22	31-Mar-21
Increase in interest rates by 100 bps	(51.31)	(60.44)
Decrease in interest rates by 100 bps	51.31	60.44

iii) Price risk

The Group's exposure to equity securities price risk arises from investments held by the group and classified in the balance sheet either as fair value through OCI or at fair value through statement of profit and loss. To manage its price risk from investments in equity securities, the Group diversifies its portfolio. The impact of the changes in price risk is not material.

(D) Impact of hedging activities

i) Disclosure of effects of hedge accounting on financial position

a) Disclosure of effects of hedge accounting on financial position as at 31-03-2022

Type of hedge and risks	Nominal value		Carrying amount hedging instrument		Maturity Date	Changes in fair value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Cash flow hedge							
(i) Foreign exchange forward contracts, PCFC	1724.93	0.95	4.62	0.02	Apr'22 to Dec'22	3.35	(3.35)
(ii) Principal only swaps & Interest rate swaps	–	5,213.40	83.97	3.72	Apr'22 to Dec'24	75.29	(75.29)

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

34 FINANCIAL RISK MANAGEMENT – (continued)

b) Disclosure of effects of hedge accounting on financial position as at 31-03-2021

Type of hedge and risks	Nominal value		Carrying amount hedging instrument		Maturity Date	Changes in fair value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Cash flow hedge							
(i) Foreign exchange forward contracts, PCFC	1750.49	5.37	9.64	0.23	Apr'21 to Mar'22	13.68	(13.68)
(ii) Principal only swaps & Interest rate swaps	–	2,064.52	19.01	19.68	Apr'21 to Feb'24	(12.68)	12.68

ii) Disclosure of effects of hedge accounting on financial performance :

a) for the year ended 31-03-2022

Type of hedge	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedging reserve to statement of profit and loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge : Foreign exchange forward contracts, PCFC & Interest Rate Swap	19.74	–	(20.79)	Revenue and Borrowing Cost

b) for the year ended 31-03-2021

Type of hedge	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedging reserve to statement of profit and loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge : Foreign exchange forward contracts, PCFC & Interest Rate Swap	30.26	–	(51.05)	Revenue and Borrowing Cost

35 FINANCIAL RISK MANAGEMENT RELATING TO LOANS RECEIVABLE FROM FINANCING ACTIVITY

Credit Risk

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The exposure is continuously monitored to determine significant increase in credit risk. The Company monitors the credit assessment on a portfolio basis, assesses all credit exposures in excess of designated limits. The Company does a risk grading based upon the credit worthiness of the borrowers. All these factors are taken into consideration for computation of ECL.

Other financial assets

Credit risk with respect to other financial assets are extremely low. Based on the credit assessment the historical trend of low default is expected to continue. No provision for Expected Credit Loss (ECL) has been created for Other financial Assets.

Loans

The following table sets out information about credit quality of retail loan assets measured at amortised cost based on number of days past due information. The amount represents gross carrying amount.

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

35 FINANCIAL RISK MANAGEMENT RELATING TO LOANS RECEIVABLE FROM FINANCING ACTIVITY - (continued)

Particulars	As at 31-03-2022	As at 31-03-2021
Gross carrying value of loan assets:		
Stage-1 (less than 30 days)	12,778.25	9,540.86
Stage-2 (30-90 days) #	1,097.14	1,481.27
Stage-3 (more than 90 days) *	528.98	423.75
Total gross carrying value on reporting date	14,404.37	11,445.88

Includes restructured contracts under one time resolution framework vide RBI circular dated August 6, 2020 and RBI/2021-22/31/DOR.STR.REC.11 /21.04.048/2021-22 dated 5 May 2021 irrespective of days past due on the reporting date.

* Includes restructured contracts under Prudential Framework for Resolution of Stressed Assets vide circular RBI/2018-19/203 DBR.No.BP.BC.45/21.04.048/2018-19 dated 7th June 2019 irrespective of days past due on the reporting date.

Credit Quality

Financial services business has a comprehensive framework for monitoring credit quality of its retail and other loans based on days past due monitoring. Repayment by individual customers and portfolio is tracked regularly and required steps for recovery is taken through follow ups and legal recourse.

Inputs considered in the ECL model

In assessing the impairment of loans assets under Expected Credit Loss (ECL) Model, the loan assets have been segmented into three stages. The three stages reflect the general pattern of credit deterioration of a financial instrument. The differences in accounting between stages relate to the recognition of expected credit losses and the calculation and presentation of interest revenue.

The Company categorises loan assets into stages based on the days past due status:

- Stage 1 : 30 days past due
- Stage 2 : 31-90 days past due
- Stage 3 : more than 90 days past due

Assumptions considered in the ECL model

The financial services business has made the following assumptions in the ECL Model:

- "Loss given default" (LGD) is common for all three stages and is based on loss in past portfolio. Actual cash flows are discounted with average rate for arriving loss rate. Effective Interest Rate (EIR) has been taken as discount rate for all loans.

Estimation Technique

The financial services business has applied the following estimation technique in its ECL model:

- "Probability of default" (PD) is applied on Stage 1 and Stage 2 on portfolio basis and for Stage 3 PD is 100%.
- Probability of default for Stage 1 loan assets is calculated as average of historical trend from Stage 1 to Stage 3 in next 12 months.
- Probability of default for Stage 2 loan assets is calculated based on the lifetime PD as average of historical trend from Stage 2 to Stage 3 for the remaining tenor.
- Loss given default is calculated based on discounted actual cash flow on past portfolio in default along with reversals.

The Company considers a broad range of forward looking information with reference to external forecasts of economic parameters such as GDP growth, government borrowing, private consumption expenditure, policy interest rates, etc., as considered relevant so as to determine the impact of macroeconomic factors on the Company's ECL estimates. The internal estimates of PD, LGD rates used in the ECL model may not always capture all the characteristics of the market / external environment as at the date of the financial statements. To reflect this, qualitative adjustments or overlays are made as temporary adjustments to reflect the emerging risks reasonably.

Assessment of significant increase in credit risk

When determining whether the risk of default has increased significantly since initial recognition, the financial services business considers both quantitative and qualitative information and analyses based on the business historical experience, including forward-looking information. The financial services business considers reasonable and supportable information that is relevant and available without undue cost and effort.

The financial services business uses the number of days past due to classify a financial instrument in low credit risk category and to determine significant increase in credit risk in retail. As a backstop, the financial services business considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due.

In accordance with the board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated March 27, 2020 and April 17, 2020 relating to 'CoVID-19 – Regulatory Package', the Company has offered moratorium upto six months on the payment of installments falling due

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

35 FINANCIAL RISK MANAGEMENT RELATING TO LOANS RECEIVABLE FROM FINANCING ACTIVITY - (continued)

between March 1, 2020 and August 31, 2020 to all eligible borrowers. The Company has extended One-Time Resolution framework as for CoVID-19-related Stress to eligible customers as per applicable RBI guidelines and as per the policy of the Company. The Company has classified all restructured accounts done under Prudential Framework for Resolution of Stressed Assets vide circular RBI/2018-19/203 DBR.No.BP.BC.45/21.04.048/2018-19 dated 7th June 2019 in Stage 3 and with regard to restructured contracts done under one time resolution framework vide RBI circular dated August 6, 2020 and RBI/2021-22/31/DOR.STR.REC.11/21.04.048/2021-22 dated 5 May 2021 in Stage 2 irrespective of days past due status on the reporting date.

CoVID-19 (including second wave) has severe impact on global as well as domestic macro and micro economies, businesses and consumers. Due to this uncertainty, Company's assessments of impairment loss allowance on its loans are subject to a number of management judgements and estimates. Since the Company's impairment loss allowance estimates are inherently uncertain, actual results may differ from these estimates.

Definition of default

The definition of default used for internal credit risk management purposes is based on RBI Guidelines. Under Ind AS, financial asset to be in default when it is more than 90 days past due. The financial services business considers Loans under default as 'credit impaired' and classified as Stage-3 except for restructured contracts as disclosed above.

Impairment loss

The expected credit loss allowance provision is determined as follows:

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross balance as at 31 st March 2022	12,778.25	1,097.14	528.98	14,404.37
Expected Credit Loss	87.82	33.25	267.61	388.68
Expected Credit Loss Rate	0.69%	3.03%	50.59%	2.70%
Net of impairment provision	12,690.43	1,063.89	261.37	14,015.69

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross Balance as at 31 st March 2021	9,540.86	1,481.27	423.75	11,445.88
Expected Credit Loss	81.90	42.35	165.43	289.68
Expected Credit Loss Rate	0.86%	2.86%	39.04%	2.53%
Net of impairment provision	9,458.96	1,438.92	258.32	11,156.20

Reconciliation of Expected Credit Loss

Particulars	Stage 1	Stage 2	Stage 3	Grand Total
Balance as at 1 st April 2020	39.22	9.50	143.38	192.10
Transfer to Stage 1	(9.66)	7.54	2.12	—
Transfer to Stage 2	2.44	(4.61)	2.17	—
Transfer to Stage 3	0.99	0.45	(1.44)	—
Loans that have derecognised during the period	(8.35)	(1.43)	(41.06)	(50.84)
New Loans originated during the year	33.56	4.26	14.79	52.61
Net Remeasurement of Loss Allowance	23.70	26.64	45.47	95.81
Balance as at 31st March 2021	81.90	42.35	165.43	289.68
Transfer to Stage 1	(29.74)	18.52	11.22	—
Transfer to Stage 2	2.12	(12.60)	10.48	—
Transfer to Stage 3	4.64	2.41	(7.05)	—
Loan that have derecognised during the period	(21.69)	(19.64)	(90.95)	(132.28)
New Loans originated during the year	60.76	2.65	17.14	80.55
Net Remeasurement of Loss Allowance	(10.17)	(0.44)	161.34	150.73
Balance as at 31st March 2022	87.82	33.25	267.61	388.68

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

35 FINANCIAL RISK MANAGEMENT RELATING TO LOANS RECEIVABLE FROM FINANCING ACTIVITY - (continued)

Concentration of Credit Risk

The business manages concentration of risk primarily by geographical region. The following details show the geographical concentrations of the loans at the year end:

Concentration by geographical region in India

Carrying value	31-Mar-22	31-Mar-21
South	5,620.71	4,428.05
West	3,870.73	3,123.68
East	2,517.92	2,042.22
North	2,395.02	1,851.93
Total Loans as at reporting period	14,404.38	11,445.88

36 CAPITAL MANAGEMENT

(a) Risk management

The Group's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents) divided by Total 'equity' (as shown in the balance sheet).

The group's strategy is to maintain an optimum gearing ratio. The gearing ratios were as follows:

Particulars	31-Mar-22	31-Mar-21
Net debt	12,275.97	10,962.90
Total equity	7,281.87	4,663.32
Net debt to equity ratio	168.58%	235.09%

The Group also monitors interest coverage ratio :

Group's Earnings Before Interest and Taxes (EBIT) divided by interest .

The Group's strategy is to maintain a optimum interest coverage ratio The interest coverage ratio were as follows:

Particulars	31-Mar-22	31-Mar-21
EBIT	2,169.33	1,783.37
Interest	985.13	929.11
Interest coverage ratio	2.20	1.92

(b) Dividends

Particulars	31-Mar-22	31-Mar-21
<i>(i) Equity shares</i>		
Dividend paid for the year ended 31 March 2022 of ₹ 44 per fully paid share during 2021-22	89.02	—
First Interim dividend paid for the year ended 31 March 2021 of ₹ 15.00 per fully paid share during 2020-21	—	30.35
Second dividend declared for the year ended 31 March 2021 of ₹ 11 per fully paid share during 2020-21	—	22.26
<i>(ii) Dividends not recognised at the end of the reporting period</i>	—	—

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

37 OTHER DISCLOSURES

(i) Contingent liabilities

Details	31-Mar-22	31-Mar-21
(i) Claims against the company not acknowledged as debt		
- Income tax	61.05	50.41
- Service tax	1.53	2.57
- Value added tax / Sales tax	2.19	2.22
- Excise	53.05	53.37
- Customs	40.63	40.63
- GST	2.82	2.82
(ii) Guarantees excluding Financial Guarantees	0.59	0.59
(iii) Other money for which the company is contingently liable	252.27	223.68
Total	414.13	376.29

(ii) Capital commitments

Details	31-Mar-22	31-Mar-21
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	261.27	257.58
(ii) Investments	13.60	18.52
(iii) Undrawn Loans sanctioned to customers by financial enterprise	–	22.89

(iii) Audit fees

Details	31-Mar-22	31-Mar-21
As statutory auditors	2.83	2.49
Taxation matters	0.35	0.42
Certification matters	0.23	0.34
Others	0.15	0.14
Total	3.56	3.39

(iv) Expenditure incurred on Corporate Social Responsibility activities:

Details	31-Mar-22	31-Mar-21
(a) Gross amount required to be spent by the Company during the year	20.71	21.12
(b) Amount spent during the year in cash:		
(i) Construction / acquisition of any asset	–	–
(ii) On purposes other than (i) above	20.81	22.76
Total	20.81	22.76
(c) Shortfall at the end of the year	–	–
(d) Total of previous years shortfall	–	–
(e) Reason for shortfall	NA	NA
(f) Nature of CSR activities	Economic development, Education, Environment, Health, Infrastructure & Water Conservation	
(g) Details of related party transactions, e.g., contribution to a trust controlled by the Company in relation to CSR expenditure as per relevant Accounting Standard	NA	NA
(h) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year	NA	NA

(v) Borrowing Costs Capitalised :

Borrowing cost capitalised during the year ₹ 13.81 Cr (last year - ₹ 31.08 Cr).

The interest rate used for captilisation :

- Interest rate of 7.9% for borrowing cost of ₹ 1.81 Crores
- Interest rate of 3.75% for borrowing cost of ₹ 11.50 Crores
- Interest rate of 7.0% for borrowing cost of ₹ 0.5 Crores

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

38 AMOUNT RECOGNISED IN THE BALANCE SHEET AND THE MOVEMENTS IN THE NET DEFINED BENEFIT OBLIGATION / OTHER EMPLOYEE BENEFITS

Particulars	Defined benefit obligation						Other employee benefits		
	Gratuity			Pension			Leave salary		
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2020	157.64	146.65	10.99	130.29	–	130.29	61.44	–	61.44
Balance from incumbent subsidiary	0.52	–	0.52	–	–	–	–	–	–
Current service cost	23.47	–	23.47	–	–	–	–	–	–
Interest expense / (income)	10.67	9.92	0.75	7.07	–	7.07	4.04	–	4.04
Experience (gains) / losses	–	–	–	–	–	–	–	–	–
Total amount recognised in statement of profit and loss	34.14	9.92	24.22	7.07	–	7.07	4.04	–	4.04
<i>Remeasurements</i>									
Return on plan assets, excluding amounts included in interest expense / (income)	–	(2.15)	2.15	–	–	–	–	–	–
(Gain) / loss from change in demographic assumptions	–	–	–	–	–	–	–	–	–
(Gain) / loss from change in financial assumptions	(4.39)	–	(4.39)	2.21	–	2.21	(1.45)	–	(1.45)
Experience (gains) / losses	(7.23)	–	(7.23)	(5.50)	–	(5.50)	22.63	–	22.63
Total amount recognised in other comprehensive income	(11.62)	(2.15)	(9.47)	(3.29)	–	(3.29)	21.18	–	21.18
Employer contribution	–	20.94	(20.94)	–	–	–	–	–	–
Benefit payments	10.93	10.93	–	(1.96)	–	(1.96)	(9.41)	–	(9.41)
March 31, 2021	191.61	186.29	5.32	132.11	–	132.11	77.25	–	77.25

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

38 AMOUNT RECOGNISED IN THE BALANCE SHEET AND THE MOVEMENTS IN THE NET DEFINED BENEFIT OBLIGATION / OTHER EMPLOYEE BENEFITS - (continued)

Particulars	Defined benefit obligation						Other employee benefits		
	Gratuity			Pension			Leave salary		
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2021	191.61	186.29	5.32	132.11	–	132.11	77.25	–	77.25
Balance from incumbent subsidiary									
Current service cost	26.08	–	26.08	–	–	–	–	–	–
Interest expense / (income)	13.18	11.90	1.28	18.85	–	18.85	4.88	–	4.88
Experience (gains) / losses	–	–	–	–	–	–	–	–	–
Total amount recognised in statement of profit and loss	39.26	11.90	27.36	18.85	–	18.85	4.88	–	4.88
<i>Remeasurements</i>									
Return on plan assets, excluding amounts included in interest expense / (income)	–	(4.74)	(4.74)	–	–	–	–	–	–
(Gain)/loss from change in demographic assumptions	–	–	–	0.15	–	0.15	–	–	–
(Gain)/loss from change in financial assumptions	(6.18)	–	(6.18)	(5.96)	–	(5.96)	(2.06)	–	(2.06)
Experience (gains)/losses	29.33	–	29.33	81.26	–	81.26	35.70	–	35.70
Total amount recognised in other comprehensive income	23.15	(4.74)	18.41	75.45	–	75.45	33.64	–	33.64
Employer contribution	–	(44.99)	(44.99)	(1.64)	–	(1.64)	–	–	–
Benefit payments	(17.36)	17.36	–	(1.18)	–	(1.18)	(45.64)	–	(45.64)
March 31, 2022	236.66	165.82	6.10	223.59	–	223.59	70.13	–	70.13

(i) Post-Employment benefits

Significant estimates: actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

Details	Gratuity		Pension		Leave salary	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Discount rate	6.83%	6.57%	5.70%	5.38%	6.78%	6.70%
Salary growth rate	6.63%	6.15%	6.63%	6.15%	6.63%	6.15%
Pre- Retirement Mortality rate	IALM (2006-08) Ultimate					
Post- Retirement Mortality rate	LIC Ann (1996-98)					
Attrition Rate	20%	20%	0%	0%	20%	20%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at 58 years.

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

38 AMOUNT RECOGNISED IN THE BALANCE SHEET AND THE MOVEMENTS IN THE NET DEFINED BENEFIT OBLIGATION / OTHER EMPLOYEE BENEFITS - (continued)

(ii) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Gratuity	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
Details	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Discount rate	0.50%	0.50%	211.91	167.86	229.18	182.57
Salary growth rate	0.50%	0.50%	229.39	182.62	211.86	167.74
Mortality rate	5.00%	5.00%	220.29	174.95	220.22	174.89

Pension	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
Details	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Discount rate	1.00%	1.00%	167.37	117.53	210.91	149.75
Salary growth rate	1.00%	1.00%	198.92	150.37	248.26	107.81
Mortality rate	5.00%	5.00%	185.24	130.69	189.15	133.63

Leave salary	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
Details	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Discount rate	0.50%	0.50%	67.02	74.80	73.24	79.88
Salary growth rate	0.50%	0.50%	98.10	79.89	91.49	74.77
Mortality rate	5.00%	5.00%	94.67	77.26	94.68	77.25

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied when calculating the defined benefit liability recognised in the balance sheet.

(iii) Risk exposure

Through its defined benefit plans, The Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility: The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments is in fixed income securities with high grades and in government securities. These are subject to interest rate risk and the fund manages interest rate risk with derivatives to minimise risk to an acceptable level. A portion of the funds are invested in equity securities and in alternative investments which have low correlation with equity securities. The equity securities are expected to earn a return in excess of the discount rate and contribute to the plan deficit. The group has a risk management strategy where the aggregate amount of risk exposure on a portfolio level is maintained at a fixed range. Any deviations from the range are corrected by rebalancing the portfolio. The group intends to maintain the above investment mix in the continuing years.

Changes in bond yield: A decrease in bond yields will increase plan liabilities, although this will be partially offset by an yields increase in the value of the plans' bond holdings.

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

38 AMOUNT RECOGNISED IN THE BALANCE SHEET AND THE MOVEMENTS IN THE NET DEFINED BENEFIT OBLIGATION / OTHER EMPLOYEE BENEFITS - (continued)

Inflation risks: In the pension plans, the pensions in payment are not linked to inflation, so this is a less material risk.

Life expectancy: The pension plan obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

(iv) Defined contribution plans:

The Company's contribution to defined contribution plan i.e., provident fund of ₹ 60.32 crores (previous year: ₹ 40.92 crores) has been recognised in the Statement of Profit and Loss.

39 RELATED PARTY DISCLOSURES

LIST OF RELATED PARTIES

a) Reporting entity	Sundaram-Clayton Limited, Chennai (SCL)
b) Holding Company	(i) T V Sundram Iyengar & Sons Private Limited, Madurai # (ii) TVS Holdings Private Limited *
c) Subsidiaries	(i) TVS Motor Company Limited, Chennai (ii) Sundaram-Clayton (USA) Limited, USA (iii) Sundaram-Clayton DCD Limited, Chennai Subsidiary companies of TVS Motor Company Limited (i) Sundaram Auto Components Limited, Chennai (ii) TVS Housing Limited, Chennai (iii) TVS Motor Services Limited, Chennai (iv) TVS Credit Services Limited, Chennai (v) TVS Motor (Singapore) Pte. Limited, Singapore (vi) TVS Motor Company (Europe) B.V, Amsterdam (vii) PT. TVS Motor Company Indonesia, Jakarta (viii) TVS Electric Mobility Limited, Chennai (with effect from 13 th December 2021) (ix) Intellicar Telematics Private Limited, Bengaluru Associate companies: (i) Sundram Non-Conventional Energy Systems Limited (ii) TVS Training and Services Limited, Chennai Associate companies of TVS Motor Company Limited: (i) Ultraviolette Automotive Private Limited, Bengaluru (ii) Tagbox Solutions Private Limited, Bengaluru (iii) Emerald Haven Realty Limited, Chennai Subsidiary company of Sundaram Auto Components Limited Sundaram Holding USA Inc, USA Subsidiary companies of TVS Credit Services Limited (i) Harita ARC Services Private Limited, Chennai (ii) TVS Housing Finance Private Limited, Chennai (iii) TVS Two Wheeler Mall Private Limited, Chennai

upto 4th February, 2022. Hence, only transactions upto that period is reported below

* with effect from 4th February, 2022

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

39 RELATED PARTY DISCLOSURES - (continued)

Subsidiary companies of TVS Motor (Singapore) Pte Limited

- (i) The Norton Motorcycle Co Limited, UK
- (ii) TVS Digital Pte Limited, Singapore (with effect from 24th May 2021)
- (iii) The GO Corporation, Switzerland (GO AG) (with effect from 16th September 2021)
- (iv) Swiss E-mobility (Group) Holding AG, Switzerland (with effect from 27th January 2022)

Subsidiary companies of Sundaram Holding USA Inc

- (i) Green Hills Land Holding LLC, USA
- (ii) Component Equipment Leasing LLC, USA
- (iii) Sundaram-Clayton USA LLC, USA
- (iv) Premier Land Holding LLC, USA

Subsidiary company of Intellicar Telematics Private Limited, Bengaluru
Intellicar (Singapore) Pte Limited, (with effect from 10th November 2021)

Subsidiary company of GO AG

EGO Movement Stuttgart, GmbH, Germany (with effect from 16th September 2021)

Subsidiary company of Swiss E-mobility (Group) Holding AG, Switzerland

- (i) Swiss E-Mobility Group (Schweiz) AG Switzerland
(with effect from 27th January 2022)
- (ii) Colag E-Mobility GmbH, Germany (with effect from 27th January 2022)

Associate Companies of TVS Digital Pte Ltd, Singapore

- (i) Predictronics Corp, USA
- (ii) Tagbox Pte Ltd, Singapore
- (iii) Altizon Inc, USA
- (iv) Scienaptic Systems Inc, USA

Subsidiaries of Emerald Haven Realty Limited

- (i) Emerald Haven Projects Private Limited, Chennai
- (ii) Emerald Haven Property Development Limited, Chennai
- (iii) Happiness Harmony Property Developers Private Limited
- (iv) Emerald Haven Realty Developers (Paraniputhur) Private Limited, Chennai
- (v) Emerald Haven Towers Limited, Chennai
- (vi) Emerald Haven Development Limited, Chennai
- (vii) Emerald Haven Life Spaces (Radial Road) Limited, Chennai
- (viii) Emerald Haven Town & Country Limited, Chennai

Other related parties and their relationship where transaction exists

d) Fellow Subsidiaries

- (i) TVS Electronics Limited, Chennai #
- (ii) TVS Investments Private Limited, Chennai
- (iii) Southern Roadways Private Limited, Madurai #
- (iv) Sundaram Industries Private Limited, Madurai #
- (v) Lucas TVS Limited, Chennai #
- (vi) Lucas Indian Services Limited, Chennai #
- (vii) TVS Lanka Private Limited, Colombo #

e) Group member

- (i) Sundram Fasteners Limited, Chennai #
- (ii) Delphi TVS -Technologies Limited, Chennai #
- (iii) India Nippon Electricals Limited, Chennai #

upto 4th February, 2022. Hence, only transactions upto that period is reported below

* with effect from 4th February, 2022

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

39 RELATED PARTY DISCLOSURES - (continued)

e) Group member - (continued)	(iv) TVS Supply Chains Solutions Limited, Chennai # (v) Sundaram Brake Linings Limited, Chennai # (vi) TVS Autoserv GmbH, Germany # (vii) TVS Dynamic Global Freight Services Limited, Chennai # (viii) Brakes India Private Limited, Chennai # (ix) TVS Srichakra Limited, Madurai # (x) Wheels India Limited, Chennai # (xi) TVS Auto Bangladesh Limited, Dhaka # (xii) TVS Upasana Limited, Chennai (Formerly known as Upasana Engineering Limited) #
f) Enterprises in which directors are interested	(i) Dua Associates, Delhi (ii) Dua Consulting Private Limited, Delhi (iii) Harita Techserv Private Limited, Chennai # (iv) TVS Organics Private Limited, Chennai (v) McCann-Erickson (India) Private Limited, Delhi (vi) Lakshmi Energy and Environment Design Private Limited, Coimbatore (vii) Harita-NTI Limited, Chennai (upto 21st September 2021)
g) Key management personnel (KMP)	Executive Directors: (i) Mr. Venu Srinivasan, Chairman Emeritus and Managing Director (ii) Dr. Lakshmi Venu, Managing Director (iii) Mr. K Gopala Desikan, Director & Group CFO Non-Executive Directors: Independent Directors: (i) Mr. Kamlesh Gandhi (ii) Mr. R. Gopalan (iii) Vice Admiral P.J. Jacob (Retd.) (iv) Mr. S. Santhanakrishnan (v) Mr. V. Subramanian (vi) Ms. Sasikala Varadachari (vii) Mr. R. Vijayaraghavan Non-Independent Directors: (i) Mr. Sudarshan Venu (ii) Mr. Rajesh Narasimhan (iii) Mr. T K Balaji (upto 4th February 2022) (iv) Mr. Gopal Srinivasan (upto 4th February 2022)
h) Relative of KMP	(i) Mrs. Mallika Srinivasan (ii) Dr. Malini Srinivasan
i) Post employment benefit plans	(i) Sundaram- Clayton Limited Employees Provident Fund, Chennai (ii) Sundaram- Clayton Limited Employees Gratuity Fund, Chennai (iii) TVS Motor Company Employees Provident Fund, Chennai (iv) TVS Motor Company Employees Gratuity Fund, Chennai

upto 4th February, 2022. Hence, only transactions upto that period is reported below

* with effect from 4th February, 2022

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

39 RELATED PARTY DISCLOSURES - (continued)

(Rupees in crores)

Sl. No.	Nature of transactions	Name of the Company	Holding Company	Fellow Subsidiaries	Associates	Group member	KMP- Significant Influence	KMP	Relative of KMP	Other related party	Total
1	Purchase of goods	Harita-NTI Limited, Chennai	–	–	–	–	0.76	–	–	–	0.76
		Sundaram Industries Private Limited, Madurai	–	0.02	–	–	–	–	–	–	0.02
		Lucas TVS Limited, Chennai	–	149.62	–	–	–	–	–	–	149.62
		Lucas Indian Services Limited, Chennai	–	8.72	–	–	–	–	–	–	8.72
		Brakes India Private Limited, Chennai	–	–	–	28.95	–	–	–	–	28.95
		TVS Srichakra Limited, Madurai	–	–	–	435.40	–	–	–	–	435.40
		Wheels India Limited, Chennai	–	–	–	0.04	–	–	–	–	0.04
		Sundaram Fasteners Limited, Chennai	–	–	–	45.96	–	–	–	–	45.96
		India Nippon Electricals Limited, Chennai	–	–	–	300.22	–	–	–	–	300.22
		Sundaram Brake Linings Limited, Chennai	–	–	–	7.89	–	–	–	–	7.89
		TVS Upasana Limited, Chennai	–	–	–	10.82	–	–	–	–	10.82
		TVS Organics Private Limited, Chennai	–	–	–	–	–	0.53	–	–	0.53
		Tagbox Solutions Private Limited, Bengaluru	–	–	0.52	–	–	–	–	–	0.52
		T V Sundram Iyengar & Sons Pvt Ltd., Madurai	0.24	–	–	–	–	–	–	–	0.24
			0.24	158.36	0.52	829.28	0.76	0.53	–	–	989.69
			(0.56)	(144.76)	–	(791.74)	(4.36)	(0.28)	–	–	(941.70)
2	Sale of goods (including sub contract charges)	Lucas TVS Limited, Chennai	–	0.51	–	–	–	–	–	–	0.51
		Sundram Fasteners Limited, Chennai	–	1.96	–	–	–	–	–	–	1.96
		Delphi TVS Technologies Limited, Chennai	–	6.86	–	–	–	–	–	–	6.86
		Emerald Haven Realty Limited, Chennai	–	–	0.08	–	–	–	–	–	0.08
		TVS Auto Bangladesh Limited, Dhaka	–	–	–	592.11	–	–	–	–	592.11
		TVS Lanka Private Limited, Colombo	–	40.66	–	–	–	–	–	–	40.66
		TVS Holdings Private Limited, Chennai	79.83	–	–	–	–	–	–	–	79.83
		T V Sundram Iyengar & Sons Pvt Ltd., Madurai	375.50	–	–	–	–	–	–	–	375.50
			455.33	49.99	0.08	592.11	–	–	–	–	1,097.51
3	Purchase of power		(360.58)	(13.36)	–	(553.93)	–	–	–	–	(927.87)
		Sundram Non Conventional Energy Systems Limited, Chennai	–	–	0.65	–	–	–	–	–	0.65
			–	–	(0.66)	–	–	–	–	–	(0.66)
4	Purchase of asset		–	–	–	–	–	–	–	–	–
		TVS Electronics Limited, Chennai	–	0.15	–	–	–	–	–	–	0.15
		Tagbox Solutions Private Limited, Bengaluru	–	–	0.25	–	–	–	–	–	0.25
			–	0.15	0.25	–	–	–	–	–	0.40
5	Sale of Land		–	(0.15)	(1.01)	–	–	–	–	–	(1.16)
			–	–	–	–	–	–	–	–	–
6	Rendering of services		–	–	–	–	–	–	–	–	–
		Brakes India Private Limited, Chennai	–	–	–	0.06	–	–	–	–	0.06
		Sundaram Fastners Limited, Chennai	–	0.07	–	–	–	–	–	–	0.07
		Wheels India Limited, Chennai	–	–	–	0.04	–	–	–	–	0.04
		TVS Investments Private Limited, Chennai - (Fellow Subsidiary) - (₹ 5,000)	–	–	–	–	–	–	–	–	–
		Emerald Haven Realty Developers (Paraniputhur) Pvt Ltd, Chennai - (Group member) - (₹ 5,000)	–	–	–	–	–	–	–	–	–
7	Sale of Land	Emerald Haven Town and Country Pvt Ltd, Chennai - (Group member) - (₹ 5,000)	–	–	–	–	–	–	–	–	–
			–	–	–	–	–	–	–	–	–

Previous year's figures are furnished in brackets

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

39 RELATED PARTY DISCLOSURES - (continued)

(Rupees in crores)

Sl. No.	Nature of transactions	Name of the Company	Holding Company	Fellow Subsidiaries	Associates	Group member	KMP- Significant Influence	KMP	Relative of KMP	Other related party	Total
		Emerald Haven Realty Limited, Chennai	–	–	0.56	–	–	–	–	–	0.56
		Sundaram Brake Linings Limited, Chennai	–	–	–	0.06	–	–	–	–	0.06
		TVS Training and Services Limited, Chennai	–	–	0.12	–	–	–	–	–	0.12
		Emerald Haven Estates Limited, Chennai – (Rs.5,000)	–	–	–	–	–	–	–	–	–
		Emerald Haven Life Spaces Radial Road Limited– (Group Member) (Rs.5,000)	–	–	–	–	–	–	–	–	–
		Sundaram Services Limited, Chennai – (KMP) – (Rs.24,000)	–	–	–	–	–	–	–	–	–
		TVS Supply Chain Solutions Limited, Madurai	–	–	–	0.24	–	–	–	–	0.24
			–	0.07	0.68	0.40	–	–	–	–	1.15
			–	(0.18)	(0.33)	(0.16)	(0.32)	–	–	–	(0.99)
7	Receiving of services	TV Sundram Iyengar & Sons Private Limited, Madurai	0.26	–	–	–	–	–	–	–	0.26
		TVS Training and Services Limited, Chennai	–	–	0.02	–	–	–	–	–	0.02
		TVS Electronics Limited, Chennai	–	2.83	–	–	–	–	–	–	2.83
		Southern Roadways Private Limited, Madurai	–	2.15	–	–	–	–	–	–	2.15
		Lucas TVS Limited, Chennai	–	0.14	–	–	–	–	–	–	0.14
		Emerald Haven Realty Limited, Chennai	–	–	0.01	–	–	–	–	–	0.01
		TVS Supply Chain Solutions Limited, Madurai	–	–	–	79.73	–	–	–	–	79.73
		Harita Techserv Private Limited, Chennai	–	–	–	–	–	4.17	–	–	4.17
		Sundaram Brake Linings Limited, Chennai	–	–	–	0.05	–	–	–	–	0.05
		TVS Dynamic Global Freight Services Limited, Chennai	–	–	–	195.38	–	–	–	–	195.38
		TVS Autoserv GmbH, Germany	–	–	–	6.39	–	–	–	–	6.39
		McCann-Erickson (India) Private Limited, Delhi	–	–	–	–	–	5.68	–	–	5.68
		Dua Associates, Delhi	–	–	–	–	–	1.92	–	–	1.92
		Lakshmi Energy and Environment Design Private Limited, Coimbatore	–	–	–	–	–	0.15	–	–	0.15
		Dua Consulting Private Limited, Delhi	–	–	–	–	–	4.74	–	–	4.74
			0.26	5.12	0.03	281.55	–	16.66	–	–	303.62
			(0.61)	(5.21)	(0.49)	(211.85)	–	(9.05)	–	–	(227.21)
8	Lease rent received	Sundram Non Conventional Energy Systems Limited, Chennai – Rs.48,000 (Associates)	–	–	–	–	–	–	–	–	–
9	Remuneration paid	Key Management Personnel	–	–	–	–	–	81.56	–	–	81.56
			–	–	–	–	–	(59.70)	–	–	(59.70)
10	Investments	Ultraviolette Automotive Private Limited, Bengaluru	–	–	75.00	–	–	–	–	–	75.00
			–	–	75.00	–	–	–	–	–	75.00
			–	–	–	–	–	–	–	–	–
11	Dividend received	Sundram Non-Conventional Energy Systems Limited, Chennai	–	–	0.35	–	–	–	–	–	0.35
			–	–	0.35	–	–	–	–	–	0.35
			–	–	(0.35)	–	–	–	–	–	(0.35)
12	Contribution to post employment benefit plans	Sundaram- Clayton Limited Employees Provident Fund, Chennai	–	–	–	–	–	–	–	12.37	12.37
		TVS Motor Company Employees Provident Fund , Chennai	–	–	–	–	–	–	–	75.25	75.25
		TVS Motor Company Employees Gratuity Fund , Chennai	–	–	–	–	–	–	–	36.57	36.57
			–	–	–	–	–	–	–	124.19	124.19
			–	–	–	–	–	–	–	(72.56)	(72.56)

Previous year's figures are furnished in brackets

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

39 RELATED PARTY DISCLOSURES - (continued)

Sl. No.	Nature of transactions	Name of the Company	Holding Company	Fellow Subsidiaries	Associates	Group member	KMP- Significant Influence	KMP	Relative of KMP	Other related party	Total
13	Outstanding as on 31 st March 2022 Receivables	T V Sundram Iyengar & Sons Private Limited, Madurai	18.25	-	-	-	-	-	-	-	18.25
		TVS Holdings Private Limited, Chennai	8.04	-	-	-	-	-	-	-	8.04
		TVS Auto Bangladesh Limited, Dhaka	-	-	-	96.82	-	-	-	-	96.82
		TVS Lanka Private Limited, Colombo	-	25.37	-	-	-	-	-	-	25.37
		Emerald Haven Estates Limited, Chennai (Rs.17,700)	-	-	-	-	-	-	-	-	-
		Sundaram Engineering Products & Services limited (Rs.32,665/-)	-	-	-	-	-	-	-	-	-
		Delphi-TVS Technologies Limited, Chennai	-	-	-	1.55	-	-	-	-	1.55
		Emerald Haven Realty Limited, Chennai	-	-	2.77	-	-	-	-	-	2.77
		Sundram Fasteners Limited, Chennai	-	0.79	-	-	-	-	-	-	0.79
		TVS Training and Services Limited, Chennai (Associate) (Rs.11,800)	-	-	-	-	-	-	-	-	-
		Lucas TVS Limited, Chennai	-	0.02	-	-	-	-	-	-	0.02
		Brakes India Private Limited, Chennai	-	-	-	0.01	-	-	-	-	0.01
		Wheels India Limited, Chennai (Rs.29,752)	-	-	-	-	-	-	-	-	-
			26.29	26.18	2.77	98.38	-	-	-	-	153.62
			(8.11)	(6.97)	(0.93)	(195.31)	(0.13)	-	-	-	(211.45)
14	Outstanding as on 31 st March 2022 Payables	TVS Electronics Limited, Chennai	-	0.05	-	-	-	-	-	-	0.05
		Lucas-TVS Limited, Chennai	-	48.77	-	-	-	-	-	-	48.77
		Lucas Indian Services Limited, Chennai	-	1.15	-	-	-	-	-	-	1.15
		Southern Roadways Private Limited, Madurai	-	0.02	-	-	-	-	-	-	0.02
		Brakes India Private Limited, Chennai	-	-	-	6.00	-	-	-	-	6.00
		TVS Srichakra Limited, Madurai	-	-	-	79.66	-	-	-	-	79.66
		Harita Techserv Private Limited, Chennai	-	-	-	-	-	0.30	-	-	0.30
		India Nippon Electricals Limited, Chennai	-	-	-	55.95	-	-	-	-	55.95
		Sundaram Brake Linings Limited, Chennai	-	-	-	1.27	-	-	-	-	1.27
		T V Sundram Iyengar & Sons Private Limited, Madurai (Rs.6,998)	-	-	-	-	-	-	-	-	-
		TVS Training and Services Limited, Chennai (Associates)	-	-	0.02	-	-	-	-	-	0.02
		TVS Supply Chain Solutions Limited, Madurai	-	-	-	12.68	-	-	-	-	12.68
		TVS Autoserv GmbH, Germany	-	-	-	1.09	-	-	-	-	1.09
		Sundram Fasteners Limited, Chennai	-	7.39	-	-	-	-	-	-	7.39
		TVS Dynamic Global Freight Services Limited, Chennai	-	-	-	25.41	-	-	-	-	25.41
		TVS Upasana Limited, Chennai	-	-	-	1.14	-	-	-	-	1.14
		Tagbox Solutions Private Limited, Bengaluru	-	-	0.32	-	-	-	-	-	0.32
		Dua Consulting Private Limited, Delhi	-	-	-	-	-	0.26	-	-	0.26
		TVS Organics Private Limited, Chennai	-	-	-	-	-	0.01	-	-	0.01
		Harita-NTI Limited, Chennai	-	-	-	-	0.08	-	-	-	0.08
			-	57.38	0.34	183.20	0.08	0.57	-	-	241.57
			(0.03)	(29.07)	(0.09)	(146.40)	(0.66)	(0.84)	-	-	(177.09)

Previous year's figures are furnished in brackets

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

40 SEGMENT REVENUES, RESULTS AND OTHER INFORMATION

Information about primary business segments

Particulars	Business Segments									
	Automotive components		Motor vehicles		Financial Services		Others		Total	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
External sales - domestic	811.77	596.27	13,898.21	12,295.73	2,739.77	2,238.59	17.16	2.06	17,466.91	15,132.65
- exports	780.30	505.70	7,343.44	4,660.38	-	-	-	-	8,123.74	5,166.08
Inter segment sales	810.32	537.84	8.34	-	7.35	-	0.05	-	826.06	537.84
Total sales	2,402.39	1,639.81	21,249.99	16,956.11	2,747.12	2,238.59	17.21	2.06	26,416.71	20,836.57
Less: Inter segment sales	810.32	537.84	8.34	-	7.35	-	0.05	-	826.06	537.84
Net Revenue	1,592.07	1,101.97	21,241.65	16,956.11	2,739.77	2,238.59	17.16	2.06	25,590.65	20,298.73
Segment results before interest and tax	98.12	68.27	1,139.55	883.87	148.23	104.54	(2.15)	0.13	1,383.75	1,056.81
Add: Share of Associate profit	-	-	-	-	-	-	-	-	3.45	(2.88)
Less: Interest	-	-	-	-	-	-	-	-	203.00	199.67
Profit before tax	-	-	-	-	-	-	-	-	1,184.20	854.26
Taxes	-	-	-	-	-	-	-	-	359.71	262.17
Profit after tax	-	-	-	-	-	-	-	-	824.49	592.09
Segment Assets	5,088.56	2,733.20	9,755.31	8,256.36	15,672.46	12,414.21	35.56	32.49	30,551.89	23,436.26
Segment Liabilities	1,898.37	1,696.24	7,749.13	6,337.55	13,609.43	10,731.25	13.09	7.90	23,270.02	18,772.94
Segment Depreciation	153.08	102.25	668.29	519.70	19.12	19.92	4.09	0.87	844.58	642.74

Notes:

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

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

41 INTERESTS IN OTHER ENTITIES

a) Subsidiaries

The Group's subsidiaries at 31 March 2022 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business / country of incorporation	Ownership interest held by the Group		Ownership interest held by non-controlling interests		Principal activities
		31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	
TVS Motor Company Limited	India	50.26%	57.40%	49.74%	42.60%	Motor vehicles manufacturing
Sundaram-Clayton (USA) Limited, USA	USA	100%	100%	0%	0%	Automotive components
Sundaram Holding USA Inc., Delaware, USA	USA	74.96%	71.15%	25.04%	28.85%	Automotive components
TVS Housing Limited	India	50.26%	57.40%	49.74%	42.60%	Housing
Sundaram Auto Components Limited (SACL)	India	50.26%	57.40%	49.74%	42.60%	Automotive components
TVS Motor Company (Europe) B.V., Amsterdam	Netherlands	50.26%	57.40%	49.74%	42.60%	Others
TVS Motor (Singapore) Pte. Limited, Singapore	Singapore	50.26%	57.40%	49.74%	42.60%	Others
PT.TVS Motor Company Indonesia, Jakarta	Indonesia	50.26%	57.40%	49.74%	42.60%	Motor vehicles manufacturing
The Norton Motorcycle Co. Ltd, UK	United Kingdom	50.26%	57.40%	49.74%	42.60%	Motor vehicles manufacturing
TVS Digital Pte Limited, Singapore	Singapore	50.26%	0.00%	49.74%	0.00%	Others
GO AG, Zurich	Switzerland	40.21%	0.00%	59.79%	0.00%	Others
Swiss E-Mobility (Group) Holding AG, Switzerland	Switzerland	37.70%	0.00%	62.30%	0.00%	Others
Green Hills Land Holding LLC, USA	USA	74.96%	71.15%	25.04%	28.85%	Others
Component Equipment Leasing LLC, USA	USA	74.96%	71.15%	25.04%	28.85%	Others
Sundaram-Clayton USA LLC, USA	USA	74.96%	71.15%	25.04%	28.85%	Others
Premier Land Holding LLC, USA	USA	74.96%	71.15%	25.04%	28.85%	Others
EGO Movement Stuttgart, GmbH	Germany	40.21%	0.00%	59.79%	0.00%	Others
Swiss E-Mobility Group (Schweiz) AG Switzerland, Zurich	Switzerland	37.70%	0.00%	62.30%	0.00%	Others
Colag E-Mobility GmbH, Germany, Nuremberg	Germany	37.70%	0.00%	62.30%	0.00%	Others
Intellicar Telematics Private Limited, Bengaluru	India	50.26%	57.40%	49.74%	42.60%	Vehicular Telematics
Intellicar (Singapore) Pte Limited	Singapore	50.26%	0.00%	49.74%	0.00%	Vehicular Telematics
TVS Electric Mobility Ltd	India	50.26%	0.00%	49.74%	0.00%	Motor vehicles manufacturing
TVS Motor Services Limited	India	50.26%	57.40%	49.74%	42.60%	Financial Service
TVS Credit Services Limited	India	43.42%	49.98%	56.58%	50.02%	Financial Service
Harita ARC Private Limited	India	43.42%	49.98%	56.58%	50.02%	Financial Service
Sundaram-Clayton DCD Limited	India	100.00%	49.98%	0.00%	50.02%	Automotive components
TVS Housing Finance Private Limited	India	43.42%	49.98%	56.58%	50.02%	Financial Service
TVS Two Wheeler Mall Private Limited	India	43.42%	49.98%	56.58%	50.02%	Financial Service

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

41 INTERESTS IN OTHER ENTITIES - (continued)

b) Non-Controlling Interest

Set out below is summarised financial information for each subsidiary that has non controlling interest that are material to the Group. The amount disclosed for each subsidiary are before inter company eliminations.

Summarised balance sheet	TVS Motor Company Limited		Sundaram Auto Components Limited		TVS Credit Services Limited		The Norton Motorcycle Co. Ltd, UK		Sundaram Holding USA Inc., Delaware, USA	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
Current assets	3,362.28	3,446.79	182.89	154.09	8,390.02	6,547.19	79.74	65.21	88.33	21.11
Current liabilities	5,186.51	4,585.41	278.39	213.09	7,625.91	5,694.62	66.23	80.91	115.24	70.27
Net current assets / (liabilities)	(1,824.23)	(1,138.62)	(95.50)	(59.00)	764.11	852.57	13.51	(15.70)	(26.91)	(49.16)
Non-current assets	8,485.45	6,750.66	554.84	575.22	7,072.28	5,680.34	404.54	320.81	800.21	1,144.31
Non-current liabilities	1,839.19	1,441.09	37.50	97.41	5,970.59	4,967.53	12.84	13.19	173.62	431.55
Net non-current assets	6,646.26	5,309.57	517.34	477.81	1,101.69	712.81	391.70	307.62	626.59	712.76
Net assets	4,822.03	4,170.95	421.84	418.81	1,865.80	1,565.38	405.21	291.92	599.68	663.60
Accumulated NCI	2,398.48	1,776.82	209.82	178.41	1,055.67	783.00	201.55	124.36	150.16	191.45

Summarised Statement of Profit and loss	TVS Motor Company Limited		Sundaram Auto Components Limited		TVS Credit Services Limited		The Norton Motorcycle Co. Ltd, UK		Sundaram Holding USA Inc., Delaware, USA	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
Revenue	20,799.65	16,783.51	607.82	462.69	2,756.06	2,240.93	1.05	7.29	52.73	3.43
Profit for the year	893.56	612.04	2.31	(12.49)	121.21	96.98	(119.43)	(75.97)	(83.04)	(4.05)
Other comprehensive income	(64.31)	107.09	1.05	3.23	29.22	(5.28)	(3.17)	14.39	19.12	(15.76)
Total comprehensive income	829.25	719.13	3.36	(9.26)	150.43	91.70	(122.60)	(61.58)	(63.92)	(19.81)
Profit allocated to NCI	412.47	306.35	1.67	(3.94)	85.11	45.87	(60.98)	(26.23)	(16.01)	(5.72)
Dividends paid to NCI	88.62	70.83	—	—	—	—	—	—	—	—

Summarised Cash Flow Statement	TVS Motor Company Limited		Sundaram Auto Components Limited		TVS Credit Services Limited		The Norton Motorcycle Co. Ltd, UK		Sundaram Holding USA Inc., Delaware, USA	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
Cash flow from operating activities	1,497.57	2,560.88	36.86	16.25	(2,572.49)	(1,428.23)	(137.00)	(54.98)	(83.00)	(41.42)
Cash flow from investing activities	(2,141.04)	(920.61)	2.37	(0.13)	(18.18)	3.11	(100.49)	(304.37)	(19.00)	(9.58)
Cash flow from financing activities	113.24	(1,195.59)	(45.08)	12.06	3,042.04	1,983.36	232.65	375.36	123.52	49.66
Net increase/ (decrease) in cash and cash equivalents	(530.23)	444.68	(5.85)	28.18	451.37	558.24	(4.84)	16.01	21.52	(1.34)

c) Interests in associates and joint ventures

Individually immaterial associates

The group has interests in 5 individually immaterial associates that are accounted using equity method.

Particulars	31-Mar-22	31-Mar-21
Aggregate carrying amount of individually immaterial associates	370.83	301.27

Particulars	31-Mar-22	31-Mar-21
Share of profits from associates	3.45	(2.88)
Other Comprehensive Income	(0.25)	0.01
Total Comprehensive Income	3.20	(2.87)

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

42 ADDITIONAL INFORMATION ON NET ASSETS AND SHARE OF PROFITS AS AT 31st MARCH 2022

Name of the entity	Net Assets (Total Assets - Total Liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount ₹ in crores	As % of consolidated profit or loss	Amount ₹ in crores	As % of other comprehensive income	Amount ₹ in crores	As % of total comprehensive income	Amount ₹ in crores
1	2	3	4	5	6	7	8	9
Parent								
Sundaram-Clayton Limited, Chennai	33.47%	2,436.95	11.25%	92.72	1642.11%	(3.12)	10.87%	89.60
Subsidiaries - Indian								
TVS Motor Company Limited, Chennai	0.83%	60.46	56.57%	466.45	17536.84%	(33.32)	52.54%	433.13
TVS Credit Services Limited, Chennai	10.64%	774.47	6.41%	52.81	-6794.74%	12.91	7.97%	65.72
TVS Motor Services Limited, Chennai	2.24%	163.42	-0.51%	(4.19)	0.00%	-	-0.51%	(4.19)
Sundaram Auto Components Limited, Chennai	0.63%	45.82	0.13%	1.10	-300.00%	0.57	0.20%	1.67
TVS Housing Limited, Chennai	0.01%	0.44	0.00%	-	0.00%	-	0.00%	-
Intellicar Telematics Private Limited, Bengaluru	0.15%	10.85	0.04%	0.30	-21.05%	0.04	0.04%	0.34
TVS Electric Mobility Limited, Chennai	0.01%	0.50	0.00%	-	0.00%	-	0.00%	-
Sundaram- Clayton DCD Limited, Chennai	0.00%	(0.01)	0.00%	-	0.00%	-	0.00%	-
Subsidiaries – Foreign								
Sundaram-Clayton (USA) Limited, Illinois	0.00%	0.02	0.00%	-	0.00%	-	0.00%	-
TVS Motor (Singapore) Pte Limited, Singapore	0.64%	46.39	-3.52%	(28.99)	-5436.84%	10.33	-2.26%	(18.66)
TVS Motor Company Europe B.V., Amsterdam	0.00%	0.01	-0.04%	(0.33)	3584.21%	(6.81)	-0.87%	(7.14)
PT. TVS Motor Company Indonesia, Jakarta	2.77%	201.35	2.23%	18.37	-3563.16%	6.77	3.05%	25.14
Sundaram Holding USA Inc., Delaware, USA	6.41%	466.48	-9.16%	(75.55)	-7431.58%	14.12	-7.45%	(61.43)
The Norton Motorcycle Co Limited, UK	2.88%	209.78	-7.68%	(63.35)	705.26%	(1.34)	-7.85%	(64.69)
TVS Digital Pte Limited, Singapore	0.00%	0.27	-1.83%	(15.09)	0.00%	-	-1.83%	(15.09)
GO AG, Zurich	0.88%	63.73	-0.52%	(4.29)	136.84%	(0.26)	-0.55%	(4.55)
Swiss E- Mobility (Group) Holding AG, Switzerland	3.12%	227.49	-0.32%	(2.67)	-747.37%	1.42	-0.15%	(1.25)
Sub-total		4,708.41		437.29		1.31		438.60
Non Controlling Interest in all subsidiaries	30.25%	2,202.63	46.54%	383.75	657.89%	(1.25)	46.40%	382.50

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

42 ADDITIONAL INFORMATION ON NET ASSETS AND SHARE OF PROFITS AS AT 31st MARCH 2022

Name of the entity	Net Assets (Total Assets - Total Liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount ₹ in crores	As % of consolidated profit or loss	Amount ₹ in crores	As % of other comprehensive income	Amount ₹ in crores	As % of total comprehensive income	Amount ₹ in crores
1	2	3	4	5	6	7	8	9
Add: Associates -Indian								
(Investment as per the equity method)								
Sundram Non-Conventional Energy Systems Limited, Chennai	0.01%	0.97	0.06%	0.47	0.00%	-	0.06%	0.47
TVS Training and Services Limited, Chennai	0.07%	5.04	0.06%	0.49	-21.05%	0.04	0.06%	0.53
Emerald Haven Realty Limited, Chennai	1.63%	118.78	1.31%	10.80	147.37%	(0.28)	1.28%	10.52
Tagbox Solutions Private Limited	0.16%	11.36	-0.01%	(0.05)	0.00%	-	-0.01%	(0.05)
Tagbox PTE Limited, Singapore	0.20%	14.41	-0.07%	(0.60)	0.00%	-	-0.07%	(0.60)
Ultraviolette Automotive Private Limited, Bengaluru	1.63%	118.98	-0.07%	(0.57)	5.26%	(0.01)	-0.07%	(0.58)
Predictronics Corp, USA	0.28%	20.04	-0.06%	(0.53)	0.00%	-	-0.06%	(0.53)
Scienaptic Systems Inc., USA	0.79%	57.43	-0.64%	(5.25)	0.00%	-	-0.64%	(5.25)
Altizon Inc., USA	0.33%	23.82	-0.16%	(1.31)	0.00%	-	-0.16%	(1.31)
Total	100%	7,281.87	100%	824.49	100%	(0.19)	100%	824.30

43 BUSINESS COMBINATION

On 7th September 2017 TVS Motor Company acquired 16,20,000 (81%) equity shares of M/s. TVS Motor Services Limited, Chennai. This would further strengthen the retail financing for the customers of the Company through its subsidiaries.

During the year ended March 31, 2022 the Company acquired majority stake in two E-Mobility companies in Europe to establish its presence in e-personal mobility space. On 16th September 2021, the Company acquired 80% of The GO Corporation (The GO AG) and on 27th January 2022, the Company acquired 75% of Swiss E-Mobility Group (Holding) AG (SEMG).

Details of the purchase consideration and goodwill are as follows:

The assets and liabilities recognised as a results of the acquisition are as follows:

Calculation of goodwill

Particulars	TVS Motor Services	GO AG	SEMG
Consideration transferred	1.62	131.46	488.60
Non-controlling interest in the acquired entity	136.05	(1.12)	55.52
Acquisition date fair value of previously held equity interest	0.38	-	-
Less : Net identifiable assets acquired	(48.06)	71.23	222.07
Goodwill on consolidation	186.11	59.11	322.05
Goodwill attributable to Minority Interest	92.57	29.40	160.19
Goodwill attributable to Parent Company	93.54	29.71	161.86

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

43 BUSINESS COMBINATION - (continued)

The goodwill is attributable to the expected synergies on acquisition of the financial services business and e-personal mobility business.

Goodwill is tested for impairment on an annual basis and whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business is allocated to the Group's cash generating units (CGU) or groups of CGUs expected to benefit from the synergies arising from the business combination.

Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rate on the basis of carrying amount of each asset in CGU. An impairment loss on goodwill is recognized in net profit in the Consolidated Statement of Profit and Loss and is not reversed in the subsequent period.

Company assessed impairment of goodwill based on the expected earnings growth of the acquired business.

Revenue and profit contribution for year ended March 31, 2022.

The acquired business contributed revenues of ₹ 114.60 crores and profit before tax of ₹ (23.73) crores between acquisition date and March 31, 2022

If the acquisition had occurred on 1st April 2021, consolidated pro-forma revenue and profit before tax for the year ended 31st March 2022 would have been ₹ 26,039.96 crores and ₹ 1,178.24 crores, respectively.

R GOPALAN
Chairman

Dr. LAKSHMI VENU
Managing Director

K GOPALA DESIKAN
Director & Group
Chief Financial Officer

As per our report annexed
For RAGHAVAN, CHAUDHURI & NARAYANAN
Chartered Accountants
Firm Regn. No. 007761S

V SATHYANARAYANAN
Partner
Membership No. 027716
Bengaluru
6th May 2022

Place : Chennai
Date : 6th May 2022

VIVEK S JOSHI
President & CEO

R RAJA PRAKASH
Company Secretary

Consolidated Financial Statements of Sundaram-Clayton Limited

Annexure Form AOC-I

(Pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/ associate companies

Part "A": Subsidiaries

Information in respect of each subsidiary

(Rupees in crores)

Sl.No	Particulars	Indian Subsidiaries										
		TVS Motor Company Limited	Sundaram-Clayton DCD Limited	Sundaram Auto Components Limited	TVS Housing Limited	TVS Motor Services Limited	Intellicar Telematics Private Limited	TVS Credit Services Limited	TVS Two-Wheeler Mall Private Limited	Harita ARC Private Limited	TVS Housing Finance Private Limited	TVS Electric Mobility Limited
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1.	Date on which subsidiary was acquired	15-11-2001	07-09-2017	01-04-2003	21-06-2010	07-09-2017	31-12-2020	07-09-2017	07-09-2017	08-09-2017	07-09-2017	13-12-2021
2.	Reporting period	01/04/2021to 31/03/2022										13/12/2021to 31/03/2022
3.	Reporting currency	INR										
	Closing Exchange rate	Not applicable										
4.	Share capital	47.51	0.0025	44.57	0.05	149.63	0.06	0.0025	0.0025	12.00	201.20	1.00
5.	Reserves & Surplus	4,774.53	(0.01)	377.27	0.83	2.52	(2.27)	(0.0123)	(0.0125)	2.22	1,662.44	-
6.	Total assets	11,847.73	0.0024	737.73	2.42	208.64	17.48	0.0024	0.0024	14.39	15,460.09	1.00
7.	Total Liabilities	7,025.69	0.0123	315.89	1.54	56.49	19.69	0.0122	0.0124	0.17	13,596.45	-
8.	Investments	4,585.75	-	319.59	-	19.49	-	-	-	-	12.01	-
9.	Turnover	20,790.51	-	607.82	0.40	0.12	21.60	-	-	0.67	2,755.42	-
10.	Profit before taxation	1,213.21	(0.0029)	4.30	-	(9.46)	0.96	(0.0029)	(0.0029)	0.67	151.21	-
11.	Provision for taxation	319.65	-	1.99	-	(1.57)	0.37	-	-	0.17	30.48	-
12.	Profit after taxation	893.56	(0.0029)	2.31	-	(7.89)	0.59	(0.0029)	(0.0029)	0.50		120.73-
13.	Proposed Dividend	Nil										
14.	% of shareholding	50.26	100	50.26 #	50.26 #	50.26 #	50.26 #	43.42 #	43.42 #	43.42 #	43.42 #	50.26 #

Held through subsidiary

Sl.No	Particulars	Foreign Subsidiaries									
		Sundaram-Clayton (USA) Limited	PT TVS Motor Company Indonesia	TVS Motor Company (Europe) B.V.*	TVS Motor (Singapore) Pte. Ltd	Sundaram Holding USA Inc	The Norton Motorcycle Co Ltd, UK (Formerly Project 303 Bidco Limited)	The GO AG, Switzerland *	Swiss E-Mobility Group (Holding) AG, Switzerland *	TVS Digital Pte Limited, Singapore	Intellicar (Singapore) Pte Limited
		(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)
1.	Date on which subsidiary was acquired	15-06-2012	05-09-2005	21-07-2005	21-10-2005	09-09-2015	03-04-2020	16-09-2021	27-01-2022	24-05-2021	10-11-2021
2.	Reporting period	01-04-2021 to 31-03-2022	01-04-2021 to 31-03-2022	01-04-2021 to 31-03-2022	01-04-2021 to 31-03-2022	01-04-2021 to 31-03-2022	01-04-2021 to 31-03-2022	16-09-2021 to 31-03-2022	27-01-2022 to 31-03-2022	24-05-2021 to 31-03-2022	10-11-2021 to 31-03-2022
3.	Reporting currency	USD	IDR	USD	SGD	USD	GBP	CHF	CHF	SGD	SGD
	Closing Exchange rate	INR 75.79/USD	INR 0.53 / IDR 100	INR 75.79/USD	INR 55.97/SGD	INR 75.79/USD	INR 99.46/GBP	INR 82.03/CHF	INR 82.03/CHF	INR 55.97/SGD	INR 55.97/SGD
4.	Share capital	\$	906.08	126.52	2005.63	650.74	589.39	0.91	1.23	138.78	**
5.	Reserves & Surplus	0.02	(687.25)	(126.51)	(166.69)	(51.06)	(184.18)	(18.74)	140.75	(42.25)	-
6.	Total assets	0.11	680.76	0.08	1925.88	888.54	484.28	63.88	523.07	139.99	-
7.	Total Liabilities	0.09	461.93	0.07	86.94	288.86	79.07	81.71	381.09	43.46	-
8.	Investments	-	-	-	1616.20	-	-	-	-	127.93	-
9.	Turnover	0.05	606.95	-	52.74	52.79	1.05	16.56	98.50	0.38	-
10.	Profit before taxation	-	21.36	(0.63)	(54.85)	(83.04)	(120.58)	(10.35)	(7.00)	(29.11)	-
11.	Provision for taxation	-	(13.75)	-	-	-	(1.15)	-	-	-	-
12.	Profit after taxation	-	35.11	(0.63)	(54.85)	(83.04)	(119.43)	(10.35)	(7.00)	(29.11)	-
13.	Proposed Dividend	Nil									
14.	% of shareholding	100	50.26 #	50.26 #	50.26 #	74.96 #	50.26 #	40.21 #	37.70 #	50.26 #	50.26 #

Held through subsidiary * Unaudited financial statement.

\$ Share capital of USD 100.

- Notes: 1. (1) Sundaram Holding USA Inc. include the consolidation of its subsidiaries viz. Green Hills Land Holding LLC, Component Equipment Leasing LLC, Sundaram-Clayton USA LLC (Formerly known as Workspace Project LLC) and Premier Land Holding LLC, all located at South Carolina, USA. (2) The GO AG, Switzerland include the consolidation of its subsidiary viz. EGO Movement Stuttgart, GmbH. (3) Swiss E-Mobility Group include the consolidation of its subsidiaries viz. Swiss E-Mobility Group (Schweiz) AG Switzerland, Zurich and Colag E-Mobility GmbH, Germany, Nuremberg.
2. Subsidiaries which are yet to commence operations: (1) TVS Two Wheeler Mall Private Ltd, (2) Harita ARC Private Ltd, (3) TVS Housing Finance Private Ltd, (4) The Norton Motorcycle Co. Limited (5) Intellicar (Singapore) Pte Limited (6) TVS Electric Mobility Ltd (7) Sundaram-Clayton DCD Limited
3. Subsidiaries which have been liquidated or sold during the year - (1) TVS Micro Finance Private Ltd, (2) Harita Collection Services Private Ltd and (3) TVS Commodity Financial Solutions Private Ltd.

Consolidated Financial Statements of Sundaram-Clayton Limited

Part "B": Associates

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies (Rupees in crores)

S.No.	Name of Associate	Emerald Haven Realty Limited	Tagbox Solutions Private Limited	Ultraviolette Automotive Private Limited, Bengaluru	Predictronics Corp	Tagbox Pte Limited	Altizon Inc	Scienaptic Systems Inc	Sundaram Non-Conventional Energy Systems Limited	TVS Training and Services Limited
1.	Latest audited Balance Sheet Date	31-03-2022	31-03-2022	31-03-2022	31-03-2022	31-03-2022	01-02-2021	31-03-2022	31-03-2022	31-03-2022
2.	Date on which the Associate was acquired	26-03-2012	08-05-2019	09-08-2018	17-08-2019	08-05-2019	08-05-2019	28-09-2021	24-03-1995	20-02-2013
3.	Shares of Associate held by the company on the year end									
	(i) No. of shares	11,12,19,512	4,29,693	27,166	24,827	2,43,243	8,06,429	28,05,357	1,17,650	27,63,359
	(ii) Amount of investment in Associates / Joint Venture	111.22	11.18	121.00	22.36	15.42	25.34	64.81	0.12	2.76
	(iii) Extent of holding %	24.52 [#]	21.19 [#]	15.75 [#]	11.81 [#]	21.19 [#]	10.05 [#]	10.92 [#]	23.53	30.53
3.	Description of how there is significant influence	Holding more than 20% of share capital through subsidiary							Holding more than 20% of share capital	
4.	Reason why the associate/joint venture is not consolidated	Not Applicable								
5.	Net worth attributable to Shareholding as per latest audited Balance Sheet	118.78 \$	11.36 \$	118.98 \$	20.04 \$	14.41 \$	23.82 \$	57.43 \$	0.97	5.05
6.	Profit / (Loss) for the year:									
	(i) Considered in consolidation	10.80	(0.05)	(0.57)	(0.53)	(0.60)	(1.31)	(5.25)	0.47	0.49
	(ii) Not considered in consolidation	Not Applicable								

[#] Held through subsidiary

^{\$} Attributable to subsidiary shareholding

Note: 1. Associates which are yet to commence operations - Ultraviolette Automotive Private Limited, Bengaluru

2. Associates which have been liquidated or sold during the year - Nil.

R GOPALAN
Chairman

Dr. LAKSHMI VENU
Managing Director

K GOPALA DESIKAN
Director & Group
Chief Financial Officer

As per our report annexed
For RAGHAVAN, CHAUDHURI & NARAYANAN
Chartered Accountants
Firm Regn. No. 007761S

V SATHYANARAYANAN
Partner
Membership No. 027716
Bengaluru
6th May 2022

Place : Chennai
Date : 6th May 2022

VIVEK S JOSHI
President & CEO

R RAJA PRAKASH
Company Secretary

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

Independent Auditor's Report for the year ended 31st March 2021

To the Members of
Sundaram-Clayton Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Sundaram-Clayton Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2021, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	Auditor's Response
Overseas Equity Investments Equity Investments in overseas subsidiaries, account for a significant percentage of the Company's total equity investments. To assess	Principal Audit Procedures Management has obtained a valuation of the equity investment in the overseas subsidiary from a valuer, that is based on projected annual cash

Key Audit Matter	Auditor's Response
annually, whether there are indications of impairment requires significant management judgment in determining the recoverable amount of these equity investments.	flows of the overseas subsidiary. We gained an understanding of the key assumptions used to forecast the cash flows and the discount rates applied (WACC) in arriving at the fair value. We consider that the management conclusions concerning the absence of impairment in the equity investment are adequately supported and consistent with the information currently available.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon.

The Company's management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management and Board of Directors, for the Standalone Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation

and presentation of the standalone financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

In preparing the standalone financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher, than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to

modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance, a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter, or when in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.

As required by the Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose our audit.
- (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the

Standalone Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with book of accounts.

- (d) In our opinion, the aforesaid standalone financial statements comply with Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rule, 2014.
- (e) On the basis of written representations received from the directors as on 31st March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2021 from being appointed as directors in term of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over the financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

- (h) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- The Company has disclosed the impact of pending litigations on the financial position in its standalone financial statements- Refer Note 37 (i) to the financial statements;
 - The company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - There has been no delay in transferring amounts, required to be transferred, the Investor Education and Protection Fund by the Company.

For RAGHAVAN, CHAUDHURI & NARAYANAN
Chartered Accountants
Firm Regn. No. 007761S

V. SATHYANARAYANAN
Partner

Place : Bengaluru
Date : 28th April 2021

Membership No. 027716
UDIN : 21027716AAAAIL4399

Annexure 'A' to Independent Auditors' Report - 31st March 2021 (Referred to in our report of even date)

- i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets;
- b) Fixed assets are physically verified by the management in accordance with a regular programme at reasonable intervals. In our opinion the interval is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies have been noticed on such verifications;
- c) The title deeds of the immovable properties of the Company are held in the name of the Company;
- ii) The inventory, other than in-transit, has been physically verified at reasonable intervals during the year under review by the management. The discrepancies noticed between the book stock and physical stock were not material and have been properly dealt with in the books of account.
- In respect of inventories with third parties, which have not been physically verified, there is a process of obtaining confirmation from such parties.;
- iii) During the year, the Company has not granted any loan to a company, firm or other parties covered in the register maintained under Section 189 to the Companies Act 2013;
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of grant of loans, making investments, as applicable. The company has not provided any guarantees or securities;
- v) The Company has not accepted any deposits from the public within the meaning of Section 73 to 76. Hence, reporting under sub-clause (v) of paragraph 3 of the Order is not applicable to the Company;
- vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government under Section 148(1) of the Companies Act, 2013 for the maintenance of cost records and we are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii) a) According to the information and explanation given to us, and on the basis of our examination of the records of the company, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, Income-tax, sales-tax, custom

duty, excise duty, service tax, value added tax, cess, goods and services tax and any other material statutory dues with the appropriate authorities except for few marginal delays;

- b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, sales-tax, custom duty, excise duty, service tax, value added tax, cess, goods and services tax, were in arrears as at 31st March 2021 for a period of more than six months from the date they became payable;
- (c) According to the information and explanations given to us, following are the details of the disputed dues that were not been deposited on account of any dispute as on 31st March 2021:

Nature of Duty / Tax under Dispute	Amount Involved (Rs. in Cr)	Forum where dispute is pending
Central Excise	0.76	Central Excise and Service Tax Appellate Tribunal
Service Tax	0.60	Central Excise and Service Tax Appellate Tribunal
VAT	0.03	Tamil Nadu Sales Tax Appellate Tribunal
Income tax	0.11	Commissioner of Income Tax (Appeals)

- viii) Based on our verification and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to its banks or to the government or to the debenture holders. The Company has not borrowed from any financial institution;
- ix) In our opinion and according to the information and explanations given to us, the Company has utilized monies raised by way of term loans and issue of Non-convertible debentures for the purpose for which they have been raised. During the year, the Company has not raised money by way of initial public offer or further public offer;
- x) Based on the audit procedures adopted and the information and explanation given to us, no fraud by the Company or on the Company has been noticed or reported during the course of our audit;
- xi) In our opinion and according to the information and explanations given to us, Managerial remuneration paid / provided are in

Sundaram-Clayton Limited

- accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Act;
- xii) The Company is not a Nidhi Company and as such this clause of the order is not applicable;
- xiii) In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with Section 177 and 188 of the act and details of such transactions have been disclosed in standalone Ind AS financial statements as required by the applicable accounting standards;
- xiv) According to the information and explanation given to us and in our opinion, the company has not made any preferential or private placement of shares or fully or partly convertible debentures during the year under review;
- xv) According to the information and explanation given to us and in our opinion, the Company has not entered into any non-cash transactions with directors or persons connected with them;
- xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank Act, 1934.

For RAGHAVAN, CHAUDHURI & NARAYANAN
Chartered Accountants
Firm Regn. No. 007761S

V. SATHYANARAYANAN
Partner

Place : Bengaluru
Date : 28th April 2021

Membership No. 027716
UDIN : 21027716AAAAIL4399

Annexure 'B' to the Independent Auditors' Report for the year ended 31st March 2021

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Sundaram-Clayton Limited ("the Company"), "Chaitanya", No.12, Khader Nawaz Khan Road, Chennai 600 006, as of 31st March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's and Board of Directors Responsibility for Internal Financial Controls

The Company's management and Board of Directors are responsible for establishing and maintaining internal financial controls based on the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by Institute of Chartered Accountants of India and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained, and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that;

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For RAGHAVAN, CHAUDHURI & NARAYANAN
Chartered Accountants
Firm Regn. No. 007761S

V. SATHYANARAYANAN
Partner

Place : Bengaluru
Date : 28th April 2021

Membership No. 027716
UDIN : 21027716AAAAIL4399

Sundaram-Clayton Limited

BALANCE SHEET AS AT 31st MARCH 2021

		(Rupees in crores)	
Particulars	Notes	As at 31.03.2021	As at 31.03.2020
ASSETS			
Non-current assets			
Property, plant and equipment	2	668.68	683.52
Capital work in progress	2	11.61	13.14
Other intangible assets	3	0.35	0.83
Right-to-use assets	4	44.32	48.67
Financial assets			
i. Investments	5	385.61	230.52
ii. Other financial assets	6	16.39	26.53
Deferred Tax Assets (Net)	7	—	27.70
Other non-current assets	8	17.35	19.70
Total non-current assets		1,144.31	1,050.61
Current assets			
Inventories	9	301.07	271.32
Financial assets			
i. Trade receivables	10	228.96	160.07
ii. Cash and cash equivalents	11	25.20	50.78
iii. Bank balances other than (ii) above	12	23.65	1.67
iv. Investments		—	1.75
v. Other financial assets	6	49.46	12.21
Current tax assets (Net)		9.88	19.99
Other current assets	13	25.84	32.87
Total current assets		664.06	550.66
Total Assets		1,808.37	1,601.27
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14	10.12	10.12
Other equity	15	705.76	584.32
Total equity		715.88	594.44
Liabilities			
Non-current liabilities			
Financial liabilities			
i. Borrowings	16	354.61	247.75
ii. Lease liability		28.72	36.90
iii. Other financial liabilities	20	5.18	9.54
Provisions	17	19.65	24.43
Deferred tax liabilities (Net)	7	23.39	—
Total non-current liabilities		431.55	318.62
Current liabilities			
Financial liabilities			
i. Borrowings	18	148.22	256.00
ii. Lease liability		14.17	14.63
iii. Trade payables	19	272.89	179.85
iv. Other financial liabilities	20	181.98	191.79
Other current liabilities	21	23.74	23.62
Provisions	17	19.94	22.32
Total current liabilities		660.94	688.21
Total liabilities		1,092.49	1,006.83
Total equity and liabilities		1,808.37	1,601.27
Significant Accounting Policies	1		
The accompanying notes are an integral part of these financial statements			

VENU SRINIVASAN
Chairman & Managing Director

Dr. LAKSHMI VENU
Joint Managing Director

As per our report annexed
For RAGHAVAN, CHAUDHURI & NARAYANAN
Chartered Accountants
Firm Regn. No. 007761S

VIVEK S JOSHI
President & CEO

K GOPALA DESIKAN
Chief Financial Officer

R RAJA PRAKASH
Company Secretary

V SATHYANARAYANAN
Partner
Membership No. 027716
Bengaluru
28th April 2021

Chennai
28th April 2021

Sundaram-Clayton Limited

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2021

		(Rupees in crores)	
Particulars	Notes	Year ended 31.03.2021	Year ended 31.03.2020
I INCOME			
Revenue from operations	22	1,176.91	1,324.34
Other income	23	111.17	99.80
Total income		1,288.08	1,424.14
II EXPENSES			
Cost of materials consumed	24	573.37	577.09
Changes in inventories of finished goods, work-in-process and Stock-in-Trade	25	(22.57)	41.32
Employee benefit expenses	26	189.68	221.49
Finance costs	27	47.62	55.40
Depreciation and amortisation expense	28	77.90	92.65
Other expenses	29	285.98	346.62
Total expenses		1,151.98	1,334.57
III Profit before exceptional items and tax (I - II)		136.10	89.57
IV Exceptional items - income / (expense)	29A	(13.00)	(20.40)
V Profit before tax (III + IV)		123.10	69.17
VI Income tax expense			
i) Current tax	30	7.70	—
ii) Deferred tax charge/(credit)	31	39.56	0.47
VII Profit for the year (V - VI)		75.84	68.70
VIII Other comprehensive income			
A. Items that will not be reclassified to profit and loss:			
Remeasurement of post employment benefit obligations		(5.82)	(10.50)
Change in fair value of equity instruments		101.28	(74.79)
Income tax relating to these items		(0.69)	0.89
B. Items that will be reclassified to profit and loss:			
Transactions relating to Derivative instruments		7.53	(10.59)
Income tax relating to these items		(4.10)	4.68
Other comprehensive income for the year, net of tax		98.20	(90.31)
IX Total comprehensive income for the year (VII + VIII)		174.04	(21.61)
X Earnings per equity share			
Basic & Diluted earnings per share	32	37.49	33.96

The accompanying notes are an integral part of these financial statements

VENU SRINIVASAN
Chairman & Managing Director

Dr. LAKSHMI VENU
Joint Managing Director

As per our report annexed
For RAGHAVAN, CHAUDHURI & NARAYANAN
Chartered Accountants
Firm Regn. No. 007761S

VIVEK S JOSHI
President & CEO

K GOPALA DESIKAN
Chief Financial Officer

R RAJA PRAKASH
Company Secretary

V SATHYANARAYANAN
Partner
Membership No. 027716
Bengaluru
28th April 2021

Chennai
28th April 2021

STATEMENT OF CHANGES IN EQUITY

(Rupees in crores)

A. Equity Share Capital (Refer Note 14)

As at March 31, 2019	10.12
Changes in equity share capital	—
As at March 31, 2020	10.12
Changes in equity share capital	—
As at March 31, 2021	10.12

B. Other Equity

Particulars	Reserves & Surplus				Other Reserves		
	General reserve	Securities Premium reserve	Retained earnings	Total	Fair value through other Comprehensive income	Hedging reserve	Total
Balance as at March 31, 2019	224.84	36.42	272.64	533.90	148.10	(3.42)	144.68
Add : Profit for the period	—	—	68.70	68.70	—	—	—
Other comprehensive income	—	—	(7.61)	(7.61)	(76.79)	(5.91)	(82.70)
Total Comprehensive Income for the year	—	—	61.09	61.09	(76.79)	(5.91)	(82.70)
Add / (Less): Adjustment as per Ind AS 116, net of tax (Retrospective application with cumulative effect)	—	—	(4.30)	(4.30)	—	—	—
Add / (Less) :Change in fair value of equity instruments	—	—	—	—	(5.62)	—	(5.62)
Distribution to shareholders:							
Less: Dividend paid for the year ended 31 st March 2020 (₹ 31 / share)	—	—	(62.72)	(62.72)	—	—	—
Less: Dividend Tax*	—	—	—	—	—	—	—
Balance as at March 31, 2020	224.84	36.42	266.70	527.96	65.69	(9.33)	56.36
Add : Profit for the period	—	—	75.84	75.84	—	—	—
Add : Other comprehensive income	—	—	(5.04)	(5.04)	99.82	3.43	103.25
Total Comprehensive Income for the year	—	—	70.80	70.80	99.82	3.43	103.25
Add / (Less) : Change in fair value of equity instruments	—	—	—	—	—	—	—
Less : 1 st interim dividend paid for the year ended 31 st March 2021 (₹ 15 / share)	—	—	(30.35)	(30.35)	—	—	—
Less : 2 nd interim dividend declared for the year ended 31 st March 2021 (₹ 11 / share)	—	—	(22.26)	(22.26)	—	—	—
Balance as at March 31, 2021	224.84	36.42	284.89	546.15	165.51	(5.90)	159.61

* The Company has taken credit for the dividend distribution tax paid by one of the subsidiary companies on the dividend declared as per Section 115-O (1A) of the Income Tax Act, 1961

Nature and purpose of reserves:

Securities premium reserve: This consist of premium realised on issue of shares and will be applicable / utilised in accordance with the provisions of the Companies Act, 2013

General reserve: General reserve is part of retained earnings. This is available for distribution to shareholders as dividend and capitalisation.

Hedging Reserve - Refer Note No. 35 (D)

VENU SRINIVASAN
Chairman & Managing Director

Dr. LAKSHMI VENU
Joint Managing Director

As per our report annexed
For RAGHAVAN, CHAUDHURI & NARAYANAN
Chartered Accountants
Firm Regn. No. 007761S

VIVEK S JOSHI
President & CEO

K GOPALA DESIKAN
Chief Financial Officer

R RAJA PRAKASH
Company Secretary

V SATHYANARAYANAN
Partner
Membership No. 027716
Bengaluru
28th April 2021

Chennai
28th April 2021

Sundaram-Clayton Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2021

		(Rupees in crores)
	Year ended 31.03.2021	Year ended 31.03.2020
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	123.10	69.17
Add: Depreciation and amortisation for the year	77.90	92.65
Loss on sale / scrapping of property, plant and equipment	0.72	3.67
Profit on sale of property, plant and equipment	(0.30)	(0.25)
Unrealised exchange (gain) / loss	(8.89)	2.54
Dividend income	(96.80)	(96.72)
Interest income	(3.15)	(1.73)
Fair value of financial assets & financial liabilities	(1.28)	(1.10)
Interest expense	47.62	55.40
	<u>15.82</u>	<u>54.46</u>
Operating profit before working capital changes	138.92	123.63
Adjustments for:		
Inventories	(29.75)	60.44
Trade Receivables	(72.51)	53.81
Other financial assets	(18.71)	(10.12)
Other non-current assets	2.35	5.59
Other current assets	9.44	5.55
Trade Payables	92.81	(41.01)
Provisions	(19.73)	(7.92)
Other financial liabilities (excluding current maturities of debt)	29.48	(15.80)
Other current liabilities	0.12	8.31
	<u>(6.50)</u>	<u>58.85</u>
Cash generated from operations	132.42	182.48
Direct taxes paid	(7.70)	—
Net cash from operating activities (A)	124.72	182.48
B CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment (including Capital work-in-progress)	(55.41)	(26.63)
Sale of property, plant and equipment	0.90	1.90
(Purchase) / Sale of investments	(52.06)	(17.33)
Interest received	3.15	1.73
Dividend received	58.62	96.72
Net Cash from / (used in) investing activities (B)	(44.80)	56.39

Sundaram-Clayton Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2021 - (continued)

(Rupees in crores)

		Year ended 31.03.2021	Year ended 31.03.2020
C CASH FLOW FROM FINANCING ACTIVITIES			
Net Borrowings:			
Term loans availed / (repaid)		91.38	(16.25)
Short term borrowings availed / (repaid)		(107.78)	(12.00)
Interest paid		(43.90)	(55.40)
Dividend and dividend tax paid		(30.35)	(62.72)
Repayment of lease liabilities		(14.85)	(16.07)
Net cash outflow from financing activities	(C)	<u>(105.50)</u>	<u>(162.45)</u>
D NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(A+B+C)	<u>(25.58)</u>	<u>76.43</u>
Cash and cash equivalents at the beginning of the year			
Cash and Bank balances	50.78		1.52
Cash credit balance	—	50.78	(27.17)
Cash and cash equivalents at the end of the year			
Cash and Bank balances	25.20		50.78
Cash credit balance	—	25.20	—

Change in liability arising from financing activities						
Particulars	Notes	01/04/2020	Cash flow	Non-cash changes		31/03/2021
				Fair value change	Foreign exchange movement	
Long term borrowings (including current maturities)	16	412.27	92.30	(0.92)	(20.63)	483.01
Short term borrowings	18	256.00	(107.78)	—	—	148.22

Notes:

- 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.
- Cash and cash equivalents include cash and bank balances.

VENU SRINIVASAN
Chairman & Managing Director

Dr. LAKSHMI VENU
Joint Managing Director

As per our report annexed
For RAGHAVAN, CHAUDHURI & NARAYANAN
Chartered Accountants
Firm Regn. No. 007761S

VIVEK S JOSHI
President & CEO

K GOPALA DESIKAN
Chief Financial Officer

R RAJA PRAKASH
Company Secretary

V SATHYANARAYANAN
Partner
Membership No. 027716
Bengaluru
28th April 2021

Chennai
28th April 2021

1 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies mentioned herein are relating to the standalone financial statements of the Company.

a) Brief description of the Company

Sundaram-Clayton Limited ('the Company') is a public limited company incorporated in India whose shares are publicly traded. The registered office is located at Chaitanya, No.12, Khader Nawaz Khan Road, Chennai - 600006, Tamil Nadu, India.

The company manufactures non-ferrous gravity and pressure die castings. The Company has four manufacturing plants located in Tamil Nadu.

b) Basis of preparation

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

Disclosures under Ind AS are made only in respect of material items and in respect of items that will be useful to the users of financial statements in making economic decisions.

The financial statements have been prepared on historical basis following the principles of prudence which requires recognition of expected losses and non-recognition of unrealized gains.

The financial statements have been prepared under accrual basis of accounting except for certain financial assets and liabilities (as per the accounting policy below), which have been measured at fair value.

c) Use of estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future period.

This note provides an overview of the areas that involved a higher degree of judgment or complexity. It also provides an overview of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in the relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

d) Significant Estimates and judgments

The areas involving significant estimates or judgments are:

- i) Estimation of defined benefit obligation - (Refer Note 33)
- ii) Estimation of useful life of Property, Plant and Equipment (Refer Note 1(f) and 1(g))

e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and net of returns, trade allowances and rebates and amounts collected on behalf of third parties.

i) Sale of products:

Revenue from sale of products is recognised when significant risk and rewards of ownership pass to the customers, as per the terms of the contract and it is probable that the economic benefits associated with the transaction will flow to the Company.

ii) Revenue from Services:

Revenue from Services is recognised in the accounting period in which the services are rendered and when invoices are raised.

iii) Dividend income:

Dividends are recognised in the Statement of Profit and Loss only when the right to receive payment is established and it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of dividend can be reliably measured.

f) Property, Plant and Equipment

Freehold Land is stated at historical cost. All other items of Property, Plant and Equipment are stated at cost of acquisition/construction less accumulated depreciation / amortization and impairment, if any. Cost includes:

- (i) purchase price,
- (ii) taxes and duties,

SIGNIFICANT ACCOUNTING POLICIES - (continued)

- (iii) labour cost
- (iv) directly attributable overheads incurred upto the date the asset is ready for its intended use, and
- (v) Government grants that are directly attributable to the assets acquired.

However, cost excludes excise duty, value added tax, service tax and GST, and to the extent credit of the duty or tax is availed of.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Government grants relating to the purchase of property, plant and equipment are capitalized and included as cost to fixed assets.

Gains or losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Statement of Profit and Loss within Other gains / (losses)

g) Depreciation

- i) Depreciation on tangible fixed assets is charged over the estimated useful life of the asset or part of the asset (after considering double / triple shifts) as evaluated by a Chartered Engineer and in accordance with Ind AS 16, taking into consideration both usage, useful life and legal limitations on the use of assets, on straight line method, in accordance with Part A of Schedule II to the Companies Act, 2013. Depreciation is adjusted for the proportionate usage with reference to the asset's expected capacity or physical output during the reporting period
- ii) The estimated useful life of the tangible fixed assets as assessed by the Chartered Engineer and followed by the Company is furnished below:

Description	Years
Factory building and other buildings	30 to 64
Plant and Equipment	8 to 21
Electrical Equipment	15
Furniture and Fixtures	10
Computers	3
Mobile phones	1
Vehicles	6

- iii) The residual value for all the above assets is retained at 5% of the cost except for Mobile phones for which nil residual value is considered. Residual values and useful lives are reviewed, and adjusted, if appropriate, for each reporting period.
- iv) On tangible fixed assets added / disposed off during the year, depreciation is charged on pro-rata basis for the period for which the asset was purchased and used.
- v) Depreciation in respect of tangible assets costing individually less than ₹ 5,000/- is provided at 100%.

h) Amortization of Intangible assets

Intangible assets acquired are accounted at their acquisition cost and are amortised over their useful lives, viz., 2 years in the case of software.

i) Impairment

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

SIGNIFICANT ACCOUNTING POLICIES - (continued)

j) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). i.e in Indian rupees (INR) and all values are rounded off to nearest crores except where otherwise indicated.

(ii) Transactions and balances

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction.

- (a) Foreign currency monetary assets and liabilities such as cash, receivables, payables, etc., are translated at year end exchange rates.
- (b) Non-monetary items denominated in foreign currency such as investments, fixed assets, etc., are valued at the exchange rate prevailing on the date of transaction.
- (c) Exchange differences arising on settlement of transactions and translation of monetary items are recognised as income or expense in the year in which they arise.

k) Hedge accounting

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges)
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

The Company documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 34. Movements in the hedging reserve in shareholders' equity are shown in Note 35 (D). The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit and Loss, within other gains / (losses).

When forward contracts are used to hedge forecast transactions, the Company generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in other comprehensive income in cash flow hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains and losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedging reserve within equity.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects the Statement of Profit and Loss (for example, when the forecast sale that is hedged takes place).

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to the Statement of Profit and Loss within other gains / (losses).

SIGNIFICANT ACCOUNTING POLICIES - (continued)

l) Inventories

Inventories are valued at the lower of cost and net realisable value.

- i) Cost of raw materials, components, stores, spares, work-in-process and finished goods are determined on a moving average basis.
- ii) Cost of finished goods and work-in-process comprises of Direct materials, Direct labour and an applicable proportion of Variable and Fixed overhead expenditure, Fixed Overhead Expenditure absorbed on the basis of normal operating capacity.
- iii) Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.
- iv) Materials and supplies held for use in production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost. Slow and non-moving material, obsolescence, defective inventories are duly provided for.

m) Employee benefits

i) Short term obligations:

Short term obligations are those that are expected to be settled fully within 12 months after the end of the reporting period. They are recognized upto the end of the reporting period at the amounts expected to be paid at the time of settlement.

ii) Other long term employee benefit obligations:

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are, therefore, recognized and provided for at the present value of the expected future payments to be made in respect of services provided by employee upto the end of reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for atleast twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

iii) Post-employment obligation:

The Company operates the following post-employment schemes:

- a) Defined benefit plans such as gratuity for its eligible employees, pension plan for eligible senior managers; and
- b) Defined contribution plan such as provident fund.

Pension and gratuity obligation:

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on the government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income (net of deferred tax). They are included in retained earnings in the statement of changes in equity and in the balance sheet.

SIGNIFICANT ACCOUNTING POLICIES - (continued)

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the Statement of Profit or Loss as past service cost.

Provident fund:

The eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company makes monthly contributions at a specified percentage of the covered employees' salary. The provident fund contributions are made to an irrevocable trust set up by the Company. The Company is generally liable for annual contributions and any shortfall in the fund assets based on the Government specified minimum rates of return and recognises such contributions and shortfall, if any, as an expense in the year in which it is incurred.

iv) Bonus plans:

The Company recognises a liability and an expense for bonus. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

n) **Taxes on income**

Tax expense comprises of (i) current tax and (ii) deferred tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

o) **Provisions and contingent liabilities**

i) Provision:

A provision is recorded when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated. The estimated liability for product warranties is accounted based on technical evaluation, when the products are sold.

Provisions are evaluated at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expenses.

SIGNIFICANT ACCOUNTING POLICIES - (continued)

ii) Contingent liabilities:

Wherever there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) the amount of the obligation cannot be measured with sufficient reliability are considered as contingent liability. Show cause notices are not considered as Contingent Liabilities unless converted into demand.

p) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

q) Leases

From 1 April 2019, leases are recognised as a right-to-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to
- reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company
- which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Right-to-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

SIGNIFICANT ACCOUNTING POLICIES - (continued)

Right-to-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

r) Cash and Cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

s) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

t) Investments and Other financial assets

i) Classification:

The Company classifies its financial assets in the following categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through statement of profit and loss), and
- Those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flow.

ii) Measurement:

At initial recognition, the Company measures a financial asset at its fair value plus (in the case of a financial asset not a fair value through profit or loss) transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit and Loss.

Debt Instruments:

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments.

(i) Amortised Cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the Statement of Profit and Loss when the asset is de-recognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

(ii) Fair Value through profit or loss:

Assets that do not meet the criteria for amortised cost or Fair Value through Other Comprehensive Income (FVOCI) are measured at Fair Value through Profit or Loss (FVTPL). A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the statement of profit and loss within other gains / (losses) in the period in which it arises. Interest income from these financial assets is included in other income.

(iii) Equity instruments:

Subsequent to initial recognition, the Company measures all investments in equity (except of the subsidiaries / associates) at fair value. Where the company's management has elected to present fair value gains and losses on equity investments

SIGNIFICANT ACCOUNTING POLICIES - (continued)

in other comprehensive income, there will be no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in the Statement of Profit and Loss as other income when the Company's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately. Where the Company elects to measure fair value through profit or loss, changes in the fair value of such financial assets are recognised in the statement of profit and loss.

Investment in subsidiaries / associates:

Investment in subsidiaries / associates are measured at cost less provision for impairment.

iv) Impairment of financial assets:

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been significant increase in credit risk. Note 35(A) details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected credit losses to be recognised from initial recognition of the receivables.

v) De-recognition of financial assets:

A financial asset is derecognised only when:

- a) the Company has transferred the rights to receive cash flows from the financial asset or
- b) the Company retains the contractual rights to receive the cash flows of the financial asset, but expects a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised, if the Company has not retained control of the financial asset. Where the company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

u) **Borrowings**

Borrowings are initially recognised at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction cost) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings, using the effective interest method. Fees paid on the established loan facilities are recognised as transaction cost of the loan, to the extent that it is probable that some or all the facility will be drawn down.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the Statement of Profit and Loss as other gain / (loss).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for over or at least 12 months after the reporting period.

v) **Borrowing cost**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

SIGNIFICANT ACCOUNTING POLICIES - (continued)

w) Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants receivable as compensation for expenses or financial support are recognized in profit or loss of the period in which it becomes available.

Government grants relating to the purchase of property, plant and equipment are included in current / non-current liabilities as deferred income and are credited to profit or loss as and when the obligations are fulfilled.

x) Current and Non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

Cash or cash equivalent is treated as current, unless restricted from being exchanged or used to settle a liability for atleast twelve months after the reporting period. In respect of other assets, it is treated as current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle
- held primarily for the purpose of trading
- expected to be realised within twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when:

- it is expected to be settled in the normal operating cycle
- it is held primarily for the purpose of trading
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for atleast twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. In Company's considered view, twelve months is its operating cycle.

Sundaram-Clayton Limited

Notes to Financial Statements

2. PROPERTY, PLANT & EQUIPMENT

(Rupees in crores)

Description	Property, Plant & Equipment							
	Freehold land	Lease hold land	Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Vehicles	Total
	1	2	3	4	5	6	7	8
Gross block								
As at 01-04-2019	9.77	11.42	154.85	809.50	8.02	12.34	3.20	1,009.10
Additions	5.10	–	2.35	17.89	0.10	0.98	0.01	26.43
Sub-total	14.87	11.42	157.20	827.39	8.12	13.32	3.21	1,035.53
Sales / deletion	–	–	(0.16)	(22.33)	–	(0.04)	(1.02)	(23.55)
Total	14.87	11.42	157.04	805.06	8.12	13.28	2.19	1,011.98
Depreciation								
Upto 31-03-2019	–	0.38	15.55	238.81	2.58	6.03	0.70	264.05
For the year	–	–	5.47	73.79	0.87	2.23	0.50	82.85
Amortisation	–	0.13	–	–	–	–	–	0.13
Sub-total	–	0.51	21.02	312.60	3.45	8.26	1.20	347.03
Withdrawn on assets sold / deleted	–	–	(0.03)	(17.95)	–	(0.04)	(0.55)	(18.57)
Total	–	0.51	20.99	294.65	3.45	8.22	0.65	328.46
Net Carrying amount								
As at 31-03-2020	14.87	10.91	136.05	510.41	4.67	5.06	1.54	683.52

CAPITAL WORK-IN-PROGRESS (AT COST)

	2019-20	2018-19
(a) Building	0.14	1.13
(b) Plant & equipment	12.29	7.93
(c) Others	0.71	4.14
Total	13.14	13.20

Description	Property, Plant & Equipment							
	Freehold land	Lease hold land	Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Vehicles	Total
	1	2	3	4	5	6	7	8
Gross block								
As at 01-04-2020	14.87	11.42	157.04	805.06	8.12	13.28	2.19	1,011.98
Additions	–	34.05	0.15	20.63	0.01	0.60	1.13	56.57
Sub-total	14.87	45.47	157.19	825.69	8.13	13.88	3.32	1,068.55
Sales / deletion	–	(0.03)	–	(6.10)	–	(0.35)	(1.11)	(7.59)
Total	14.87	45.44	157.19	819.50	8.13	13.53	2.21	1,060.96
Depreciation								
Upto 31-03-2020	–	0.51	20.99	294.65	3.45	8.22	0.65	328.46
For the year	–	–	5.51	61.74	0.77	1.65	0.46	70.14
Amortisation	–	0.13	–	–	–	–	–	0.13
Sub-total	–	0.64	26.50	356.39	4.22	9.87	1.11	398.73
Withdrawn on	–	–	–	(5.57)	–	(0.33)	(0.55)	(6.46)
assets sold / deleted								
Total	–	0.64	26.50	350.82	4.22	9.54	0.56	392.27
Net Carrying amount								
As at 31-03-2021	14.87	44.80	130.69	468.77	3.91	3.99	1.65	668.68

CAPITAL WORK-IN-PROGRESS (AT COST)

	2020-21	2019-20
(a) Building	0.10	0.14
(b) Plant & equipment	9.43	12.29
(c) Others	2.08	0.71
Total	11.61	13.14

Notes to Financial Statements - (continued)

3 INTANGIBLE ASSETS:

(Rupees in crores)

Description	Software
Gross block	
As at 01-04-2019	7.61
Additions	0.26
Sub-total	7.87
Sales / deletion	—
Total	7.87
Depreciation	
Upto 31-03-2019	5.32
For the year	
Amortisation	1.72
Sub-total	7.04
Withdrawn on assets sold / deleted	—
Total	7.04
Net Carrying amount	
As at 31-03-2020	0.83

Description	Software
Gross block	
As at 01-04-2020	7.87
Additions	0.37
Sub-total	8.24
Sales / deletion	(0.17)
Total	8.07
Depreciation	
Upto 31-03-2020	7.04
For the year	
Amortisation	0.85
Sub-total	7.89
Withdrawn on assets sold / deleted	(0.17)
Total	7.72
Net Carrying amount	
As at 31-03-2021	0.35

4 RIGHT-TO-USE ASSET

Rupees in crores

Description	Right-to-use assets			
	Buildings	Plant & equipment	Vehicles	Total
Opening on transition to IND AS 116 as on 01.04.2019	4.19	51.68	1.45	57.32
Add : Additions during the year	—	—	—	—
Less :Amortisation for the year	1.95	5.17	0.83	7.95
Less:Deletions (Preclosures)	0.49	—	0.21	0.70
Closing net balance as on 31.03.2020	1.75	46.51	0.41	48.67
Additions	2.47	—	—	2.47
Sub-total	4.22	46.51	0.41	51.14
Less : Amortisations for the year	1.40	5.14	0.24	6.78
Less : Deletions (Preclosures)	—	—	0.04	0.04
Closing net balance as on 31.03.2021	2.82	41.37	0.13	44.32

The company has leased office premises, machinery and vehicles. The lease period ranges from 5-10 years, which represents the non-cancellable period of the lease.

	2020-21	2019-20
Payment towards short term leases	2.13	1.88
Payment towards low value asset leases	—	—

Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

5 INVESTMENTS

Sl No.	Name of the body corporate	Subsidiary / associate	No. of shares / units		Face Value	Currency	Rupees in crores	
			As at 31-03-2021	As at 31-03-2020			As at 31-03-2021	As at 31-03-2020
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
(a)	<u>Investment in Equity Instruments fair valued through OCI</u>							
	<u>Quoted :</u>							
(i)	Suprajit Engineering Limited, Bengaluru		57,72,000	57,72,000	1.00	INR	159.02	64.99
(ii)	Harita Seating Systems Limited, Chennai		7,280	7,280	10.00	INR	0.54	0.23
	<u>Unquoted :</u>							
(iii)	Green Infra BTV Limited, New Delhi (formerly known as TVS Energy Limited) ®		45,00,000	45,00,000	10.00	INR	4.50	4.50
(iv)	Sai Regency Power Corporation Private Limited, Chennai ®		3,75,000	3,75,000	10.00	INR	0.38	0.38
(v)	Adyar Property Holding Company Limited, Chennai (Cost ₹ 6,825) ®		105	105		INR	–	–
	<u>Private equity instruments #:</u>							
(vi)	TVS Shriram Growth fund Scheme 1B of TVS Capital Funds Limited, Chennai (₹ 1,000)		1	1	1,000.00	INR	4.38	–
(vii)	TVS Shriram Growth fund 3 of TVS Capital Funds Limited, Chennai		66,000	66,000	1,000.00	INR	8.04	6.60
	<u>Investments in Equity Instruments AT COST</u>							
	<u>Quoted:</u>							
(viii)	TVS Motor Company Limited, Chennai	Subsidiary	27,26,82,786	27,26,82,786	1.00	INR	19.59	19.59
	<u>Unquoted:</u>							
(ix)	Sundaram-Clayton (USA) Limited, Illinois, USA (Cost ₹ 5,572)	Subsidiary	100	100	1.00	USD	–	–
(x)	Sundaram Holding USA Inc., Delaware, USA	Subsidiary	2,24,00,000	1,50,00,000	1.00	USD	154.88	100.36
(xi)	TVS Training and Services Limited, Chennai	Associate	27,63,359	27,63,359	10.00	INR	2.76	2.76
(xii)	Sundram Non Conventional Energy Systems Limited, Chennai	Associate	117,650	117,650	10.00	INR	0.12	0.12
(xiii)	TVS Credit Services Limited, Chennai	Subsidiary	21,80,250	21,80,250	10.00	INR	17.01	17.01
	Total value of Equity Instruments (a)						371.22	216.54
(b)	<u>Other non-current Investments</u>							
(i)	ICICI Prudential Life Insurance Group Superannuation Fund, Mumbai		–	–	–	INR	2.58	3.05
(ii)	Life Insurance Corporation Pension Policy, Chennai		–	–	–	INR	11.31	10.43
(iii)	5 Years National Savings Certificates VIII Issue (in the name of nominee) - Face Value - ₹ 10,000		–	–	–	INR	–	–
(iv)	Tulsyan NEC Limited, Chennai ®		163,125	1,63,125	10.00	INR	0.50	0.50
	Total value of Other non-current Investments (b)						14.39	13.98
	Total (a) + (b)						385.61	230.52
	Aggregate amount of quoted investments and market value thereof						16,112.87	8,178.90
	Aggregate amount of unquoted investments						206.46	145.71
	Aggregate amount of impairment in value of investments						–	–
	Total						16,319.33	8,324.61

The values have been arrived using the management's best estimate of the fair value of the fund. These values may not materially differ from the actuals.

® Cost treated as Fair value

Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

(Rupees in crores)

As at
31-03-2021 As at
31-03-2020

6 OTHER FINANCIAL ASSETS

Non-current

Rental deposits	9.49	7.43
Derivatives (Forwards, POS, Call spread, IRS)	6.90	19.10
Total other financial assets	16.39	26.53

Current

Unsecured, Considered Good :

Employee Advances	1.85	2.51
Claims receivable	0.82	1.14
Derivatives (Forwards, POS, Call spread, IRS)	5.19	4.64
Duty Drawback receivable	3.42	3.92
Dividend receivable	38.18	—
Total other financial assets	49.46	12.21

7 DEFERRED TAX LIABILITIES / (ASSETS)

The balance comprises temporary differences attributable to:

Depreciation	47.69	67.44
Employee benefits	(8.17)	(11.00)
Financial assets & Financial liabilities	0.77	(9.20)
MAT Credit	—	(31.68)
Others (Including Carried forward loss)	(16.90)	(43.26)
Total deferred tax liabilities / (assets)	23.39	(27.70)

Movement in deferred tax liabilities / (assets)

Particulars	Depreciation	Employee benefits	Financial assets & Financial liabilities	MAT Credit	Others (Including Carried forward loss)	Total
At April 1, 2020	67.44	(11.00)	(9.20)	(31.68)	(43.26)	(27.70)
(Charged)/credited:						
- to statement of profit and loss	(19.75)	3.61	4.41	24.93	26.36	39.56
- to tax relating to earlier years	—	—	—	6.75	—	6.75
- to other comprehensive income	—	(0.78)	5.56	—	—	4.78
- to disputed tax provided for	—	—	—	—	—	—
At March 31, 2021	47.69	(8.17)	0.77	—	(16.90)	23.39

As at
31-03-2021 As at
31-03-2020

8 OTHER NON-CURRENT ASSETS

Capital advances	0.63	0.53
Advances - other than capital advances:		
Statutory and other deposits	8.65	12.46
Prepaid expenses	8.07	6.71
Total other non-current assets	17.35	19.70

Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

(Rupees in crores)

	As at 31-03-2021	As at 31-03-2020
9 INVENTORIES (at weighted average cost or net realisable value whichever is less)		
Raw materials and components	24.66	21.81
Goods-in-transit - Raw materials and components	2.77	2.76
Work-in-process	22.44	20.54
Finished goods	129.52	108.85
Stores and spares	121.68	117.36
Total Inventories	301.07	271.32
10 TRADE RECEIVABLES (Refer Note 37(vii))		
Unsecured, considered good	234.73	162.96
Less: Loss Allowance	5.77	2.89
Total	228.96	160.07
11 CASH AND CASH EQUIVALENTS		
Balances with banks	25.10	50.63
Cash on hand	0.10	0.15
Total cash and cash equivalents	25.20	50.78
12 OTHER BANK BALANCES		
Earmarked balances with banks (for unpaid dividend)	23.65	1.67
Total Other Bank balances	23.65	1.67
13 OTHER CURRENT ASSETS		
Indirect taxes receivable	0.43	0.58
Prepaid expenses	9.30	8.38
Vendor advances	6.37	11.96
Export incentives receivable	9.74	11.95
Total other current assets	25.84	32.87

14 SHARE CAPITAL

(a) Details of authorised, issued and subscribed share capital

Particulars	As at 31-03-2021		As at 31-03-2020	
	Number	Rupees in crores	Number	Rupees in crores
<u>Authorised Capital</u>				
Equity Shares of ₹ 5/- each	5,00,00,000	25.00	5,00,00,000	25.00
<u>Issued, Subscribed & Paid up Capital</u>				
Equity Shares of ₹ 5/- each fully paid	2,02,32,085	10.12	2,02,32,085	10.12
	2,02,32,085	10.12	2,02,32,085	10.12

(b) Reconciliation of equity shares outstanding at the beginning and at the end of the year

Particulars	As at 31-03-2021		As at 31-03-2020	
	Number	Rupees in crores	Number	Rupees in crores
Shares outstanding at the beginning of the year	2,02,32,085	10.12	2,02,32,085	10.12
Shares Issued during the year	-	-	-	-
Shares outstanding at the end of the year	2,02,32,085	10.12	2,02,32,085	10.12

Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

(Rupees in crores)

14 SHARE CAPITAL - (continued)

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

Every shareholder is entitled to such rights as to attend the meeting of the shareholders, to receive dividends distributed and also has a right in the residual interest of the assets of the company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act 2013.

(ii) There are no restrictions attached to equity shares.

(d) **Details of shares held by holding/ultimate holding/subsidiaries/associates of holding company at the end of 31st March 2021**

Name of Shareholder	Relationship	Class of share	As at 31-03-2021		As at 31-03-2020	
			Number of Shares held	% of Holding	Number of Shares held	% of Holding
T V Sundram Iyengar & Sons Pvt Ltd- Madurai	Holding company	Equity	38,07,330	18.82	38,07,330	18.82
Sundaram Industries Pvt Ltd- Madurai	Fellow Subsidiary	Equity	60,62,522	29.96	60,62,522	29.96
Southern Roadways Private 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 31st March 2021 (other than 14 (d)) above**

Name of Shareholder	Class of share	As at 31-03-2021		As at 31-03-2020	
		Number of Shares held	% of Holding	Number of Shares held	% of Holding
Sundaram Finance Holdings Limited - Chennai	Equity	22,73,081	11.24	22,73,081	11.24

15 OTHER EQUITY

Reserves and surplus	As at March 31, 2021	As at March 31, 2020
General reserve	224.84	224.84
Securities Premium reserve	36.42	36.42
Retained earnings	284.89	266.70
Other reserves	159.61	56.36
Total reserves and surplus	705.76	584.32

16 LONG TERM BORROWINGS

Description	No. of instalments due	Frequency	Maturity	As at 31-03-2021	As at 31-03-2020
<u>Secured:</u>					
Rupee Term loan I	7	Quarterly	Dec-23	58.25	91.59
Foreign Currency Non-resident Borrowings (FCNR(B)) I	3	Half yearly	Sep-22	43.87	75.67
Foreign Currency Non-resident Borrowings (FCNR(B)) II	-	Bullet payment	Mar-21	-	75.66
Foreign Currency Non-resident Borrowings (FCNR(B)) III	24	Quarterly	Dec-27	141.05	-
External Commercial Borrowing I (ECB I)	2	Half yearly	Mar-22	24.24	50.18
External Commercial Borrowing II (ECB II)	12	Quarterly	Feb-24	109.10	112.74
State owned corporation	1	Bullet payment	Apr-31	6.95	6.43
<u>Unsecured:</u>					
Non Convertible Debentures	2	Yearly	Aug-25	99.55	-
Total Borrowings :				483.01	412.27
Less : Current Maturities of long-term borrowings (Refer Note No. 20)				128.40	164.52
Total Long-term Borrowings				354.61	247.75

Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

(Rupees in crores)

16 LONG TERM BORROWINGS - (continued)

Details of securities offered against charge:

All loans (except FCNRB III) are secured by first and exclusive charge on specific plant and equipments of the Company.

FCNRB III is secured by way of hypothecation of all current assets

Amount payable in each instalment other than bullet repayments:

Description	Currency	Amount	Interest
Rupee Term loan I	INR	8.34 Crores	SBI MCLR plus Margin
Foreign Currency Non-resident Borrowings (FCNR(B)) I	USD	2 Million	Overnight LIBOR plus Margin
Foreign Currency Non-resident Borrowings (FCNR(B)) III	INR	5 Crores	1 year LIBOR plus margin
External Commercial Borrowing I (ECB I)	USD	1.67 Million	6 Month LIBOR plus Margin
External Commercial Borrowing II (ECB II)	USD	1.25 Million	3 Month LIBOR plus Margin
Non Convertible Debentures	INR	50 Crores	7.65%

17 PROVISIONS

Particulars	March 31, 2021		March 31, 2020	
	Current	Non-current	Current	Non-current
Employee benefits (Refer Note 33)				
(a) Pension	11.83	13.07	2.46	18.46
(b) Leave salary	1.01	6.61	1.07	5.97
(c) Gratuity	—	(0.03)	3.53	—
	12.84	19.65	7.06	24.43
Others				
(a) Warranty	3.59	—	4.06	—
(b) Disputed tax provided for	3.51	—	11.20	—
Total	19.94	19.65	22.32	24.43

Particulars	Warranty	Disputed tax provided for
Opening balance as on 01.04.2020	4.06	11.20
Additional provisions made during the year	—	—
Amounts utilised	(0.47)	(7.69)
Closing balance as on 31.03.2021	3.59	3.51

As at
31-03-2021 As at
31-03-2020

18 FINANCIAL LIABILITIES - BORROWINGS (CURRENT)

Repayable on demand from banks

Secured	48.11	150.00
Unsecured	100.11	106.00
Total Borrowings under Current Liabilities	148.22	256.00

Details of securities created for loans repayable on demand:

First charge by way of hypothecation and / or pledge of all current assets viz., inventories of raw materials, semi finished and finished goods, stores and spares, bills receivable, book debts and all other current assets

Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

	(Rupees in crores)	
	As at 31-03-2021	As at 31-03-2020
19 TRADE PAYABLES		
Current		
Dues to Micro and Small Enterprises **	43.66	0.03
Dues to enterprises other than Micro and Small Enterprises	229.23	179.82
Total Trade payables	272.89	179.85
** Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. The entire closing balance represents the principal amount payable to these enterprises. There are no interests due or outstanding on the same. Refer Note - 37(vi)		
20 OTHER FINANCIAL LIABILITIES		
Non current		
Derivatives	5.18	9.54
Current		
Current Maturities of long term borrowings		
(i) Rupee Term loan I	33.36	33.36
(ii) Foreign Currency Non-resident Borrowings (FCNR(B)) I	29.24	30.27
(iii) Foreign Currency Non-resident Borrowings (FCNR(B)) II	–	75.67
(iii) External Commercial Borrowing I (ECB I)	24.24	25.22
(iv) External Commercial Borrowing II (ECB II)	36.56	–
(v) Foreign Currency Non-resident Borrowings (FCNR(B)) III	5.00	–
	128.40	164.52
Interest accrued but not due on loans	7.55	3.68
Unpaid Dividends	1.39	1.67
Dividend declared but not paid	22.26	-
Employee related liabilities	15.23	14.73
Liabilities for expenses	6.45	0.77
Derivatives	0.70	6.42
Total other current financial liabilities	181.98	191.79
21 OTHER CURRENT LIABILITIES		
Statutory dues	4.44	1.83
Advance received from customers	17.82	19.67
Government Grant - Deferred income	1.48	2.12
Total other current liabilities	23.74	23.62

Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

	Year ended 31.03.2021	(Rupees in crores) Year ended 31.03.2020
22 REVENUE FROM OPERATIONS		
Sale of products	1,113.32	1,240.28
Sale of services	50.91	44.78
Other operating revenue	12.68	39.28
Total revenue	1,176.91	1,324.34
23 OTHER INCOME		
Dividend income		
(i) From subsidiary	95.44	95.44
(ii) From others	1.36	1.28
Interest income	3.15	1.73
Increase in Fair value of Financial Assets	1.28	1.10
Gain on foreign currency transactions and translation	9.59	–
Net gain on sale of Investments	0.05	–
Profit on sale of Property, Plant & Equipment	0.30	0.25
Total other income	111.17	99.80
24 COST OF MATERIALS CONSUMED		
Opening stock of raw materials and components	21.81	30.23
Add: Purchases	576.22	568.67
	598.03	598.90
Less: Closing stock of raw materials and components	24.66	21.81
Consumption of raw materials and components	573.37	577.09
25 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK-IN-TRADE		
Opening stock:		
Work-in-process	20.54	11.67
Finished goods	108.85	159.04
Total - (A)	129.39	170.71
Closing stock:		
Work-in-process	22.44	20.54
Finished goods	129.52	108.85
Total - (B)	151.96	129.39
Total (A)-(B)	(22.57)	41.32
26 EMPLOYEE BENEFITS EXPENSE * (REFER NOTE 33)		
Salaries, wages and bonus	153.52	173.24
Contribution to provident and other funds	9.21	10.56
Welfare expenses	26.95	37.69
Total employee benefit expense	189.68	221.49

Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

	Year ended 31.03.2021	(Rupees in crores) Year ended 31.03.2020
27 FINANCE COSTS		
Interest	43.54	50.45
Interest on lease liabilities	3.72	4.59
Other borrowing costs	0.36	0.36
Total finance costs	47.62	55.40
28 DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation on Property, Plant and Equipment	70.14	82.85
Depreciation on Right-to-use asset	6.78	7.95
Amortisation on Intangible assets	0.85	1.72
Amortisation on others	0.13	0.13
Total depreciation and amortisation expense	77.90	92.65
29 OTHER EXPENSES*		
(a) Consumption of stores, spares and tools	53.79	74.07
(b) Power and fuel	82.07	91.98
(c) Repairs - buildings	16.46	20.76
(d) Repairs - plant and equipment	22.69	42.15
(e) Repairs - others	0.45	0.61
(f) Insurance	5.92	4.40
(g) Rates and taxes (excluding taxes on income)	3.62	0.71
(h) Audit fees (Refer note 37(iii))	0.65	0.65
(i) Packing and freight charges	49.53	44.72
(j) Warehousing charges	11.89	15.47
(k) Loss on sale of Property, plant & equipment	0.72	3.67
(l) Loss on foreign currency transactions and translation	—	2.54
(m) Loss on sale of investments	—	0.21
(n) Corporate social responsibility expenditure (Refer Note 37(iv))	0.05	0.02
(o) Miscellaneous expenses (under this head there is no expenditure which is in excess of 1% of revenue from operations or ₹ 0 lakh, whichever is higher)	38.14	44.66
Total other expenses	285.98	346.62
* Net of recoveries and claims made		
29A EXCEPTIONAL ITEMS		
One time voluntary separation costs	(13.00)	(20.40)

Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

	Year ended 31.03.2021	(Rupees in crores) Year ended 31.03.2020
30 CURRENT TAX		
Current tax on profits for the year	7.70	–
Adjustments for current tax of prior periods	–	–
Total current tax	7.70	–
31 DEFERRED TAX		
Decrease (increase) in deferred tax assets	37.67	(17.96)
(Decrease) increase in deferred tax liabilities	(23.04)	18.43
Minimum Alternate Tax (MAT) (credit) / utilisation (net)	24.93	–
Total deferred tax expense / (benefit)	39.56	0.47
Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
Profit before tax expense	123.10	69.17
Tax at the Indian tax rate of 25.17% (2019-2020 – 34.94%)	30.98	24.17
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Dividend Income	(17.25)	(33.79)
Other items	(0.89)	9.62
Tax credits availed in books / (entitlement)	(5.14)	–
Adjustments for current tax of prior periods	–	–
Deferred Tax Liability	39.56	0.47
Tax expense / (benefit)	47.26	0.47
32 EARNINGS PER SHARE		
(a) Basic and diluted earnings per share		
Basic and diluted earnings per share attributable to the equity holders of the Company (₹)	37.49	33.96
(b) Earnings used in calculating earnings per share		
Basic and diluted earnings per share		
Profit attributable to equity holders of the company used in calculating basic earnings per share	75.84	68.70
(c) Weighted average number of equity shares used as the denominator in calculating basic earnings per share	2,02,32,085	2,02,32,085

Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

(Rupees in crores)

33 EMPLOYEE BENEFIT OBLIGATIONS

Particulars	March 31, 2021			March 31, 2020		
	Current	Non-current	Total	Current	Non-current	Total
Pension	11.83	13.07	24.90	2.46	18.46	20.92
Leave Salary	1.01	6.61	7.62	1.07	5.97	7.04
Gratuity	–	(0.03)	(0.03)	3.53	–	3.53
Total employee benefit obligations	12.84	19.65	32.49	7.06	24.43	31.49

Amount recognised in the Balance sheet and the movements in the net defined benefit obligation / other employee benefits over the years are as follows:

Particulars	Gratuity			Pension			Leave Salary		
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2019	19.59	18.66	0.93	17.21	–	17.21	5.22	–	5.22
Current service cost	1.73	–	1.73	–	–	–	–	–	–
Interest expense / (income)	1.56	1.32	0.25	1.20	–	1.20	0.38	–	0.38
Experience (gains) / losses	–	–	–	–	–	–	–	–	–
(Gain) / loss from change in financial assumptions	–	–	–	–	–	–	–	–	–
Total amount recognised in statement of profit and loss	3.29	1.32	1.98	1.20	–	1.20	0.38	–	0.38
<i>Remeasurements:</i>									
Return on plan assets, excluding amounts included in interest expense / (income)	–	0.31	(0.31)	–	–	–	–	–	–
(Gain) / loss from change in demographic assumptions	–	–	–	–	–	–	–	–	–
(Gain) / loss from change in financial assumptions	2.25	–	2.25	1.49	–	1.49	0.49	–	0.49
Experience (gains) / losses	2.87	–	2.87	1.35	–	1.35	2.36	–	2.36
Total amount recognised in other comprehensive income	5.12	0.31	4.81	2.84	–	2.84	2.85	–	2.85
Employer contribution	–	4.19	(4.19)	–	–	–	–	–	–
Benefit payments	(4.04)	(4.04)	–	(0.33)	–	(0.33)	(1.41)	–	(1.41)
March 31, 2020	23.96	20.44	3.52	20.92	–	20.92	7.04	–	7.04

Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

(Rupees in crores)

33 EMPLOYEE BENEFIT OBLIGATIONS – (continued)

Amount recognised in the Balance sheet and the movements in the net defined benefit obligation / other employee benefits over the years are as follows:

Particulars	Gratuity			Pension			Leave Salary		
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2020	23.96	20.44	3.52	20.92	–	20.92	7.04	–	7.04
Current service cost	1.65	–	1.65	–	–	–	–	–	–
Interest expense / (income)	1.52	1.33	0.19	1.12	–	1.12	0.49	–	0.49
Experience (gains) / losses	–	–	–	–	–	–	–	–	–
(Gain) / loss from change in financial assumptions	–	–	–	–	–	–	–	–	–
Total amount recognised in statement of profit and loss	3.17	1.33	1.84	1.12	–	1.12	0.49	–	0.49
<i>Remeasurements:</i>									
Return on plan assets, excluding amounts included in interest expense / (income)	–	–	–	–	–	–	–	–	–
(Gain) / loss from change in demographic assumptions	–	–	–	–	–	–	–	–	–
(Gain) / loss from change in financial assumptions	(0.89)	–	(0.89)	1.43	–	1.43	(0.23)	–	(0.23)
Experience (gains)/losses	(0.33)	–	(0.33)	2.55	–	2.55	3.29	–	3.29
Total amount recognised in other comprehensive income	(1.22)	–	(1.22)	3.98	–	3.98	3.06	–	3.06
Employer contribution	–	4.17	(4.17)	–	–	–	–	–	–
Benefit payments	2.99	2.99	–	(1.12)	–	(1.12)	(2.97)	–	(2.97)
March 31, 2021	28.90	28.93	(0.03)	24.90	–	24.90	7.62	–	7.62

(i) Post-Employment benefits

Significant estimates: actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

Details	Gratuity		Pension		Leave salary	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Discount rate	7.03%	6.66%	4.75%	5.51%	7.00%	6.64%
Salary growth rate	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Mortality rate	IALM (2006-08) Ultimate					

Assumptions regarding future mortality for pension and medical benefits are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at 58 years.

Notes to Financial Statements - (continued)

(Rupees in crores)

33 EMPLOYEE BENEFIT OBLIGATIONS – (continued)

(ii) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Gratuity	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
Details	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Discount rate	0.50%	0.50%	21.78	22.77	24.15	25.27
Salary growth rate	0.50%	0.50%	24.16	25.28	21.76	22.76
Mortality rate	5.00%	5.00%	22.92	23.97	22.91	23.96

Pension	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
Details	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Discount rate	1.00%	1.00%	22.87	19.12	27.29	23.05
Salary growth rate	1.00%	1.00%	27.38	23.14	22.77	19.01
Mortality rate	5.00%	5.00%	24.47	20.59	25.36	21.27

Leave Salary	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
Details	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Discount rate	0.50%	0.50%	7.30	6.74	7.96	7.37
Salary growth rate	0.50%	0.50%	7.96	7.37	7.30	6.73
Mortality rate	5.00%	5.00%	7.62	7.04	7.62	7.04

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied when calculating the defined benefit liability recognised in the balance sheet.

(iii) Risk exposure

Through its defined benefit plans, the company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility: The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments are in fixed income securities with high grades and in government securities. These are subject to interest rate risk and the fund manages interest rate risk with derivatives to minimise risk to an acceptable level. A portion of the funds are invested in equity securities and in alternative investments which have low correlation with equity securities. The equity securities are expected to earn a return in excess of the discount rate and contribute to the plan deficit. The company has a risk management strategy where the aggregate amount of risk exposure on a portfolio level is maintained at a fixed range. Any deviations from the range are corrected by rebalancing the portfolio. The company intends to maintain the above investment mix in the continuing years.

Changes in bond yield: A decrease in bond yields will increase plan liabilities, although this will be partially offset by an yields increase in the value of the plans' bond holdings.

Inflation risks: In the pension plans, the pensions in payment are not linked to inflation, so this is a less material risk.

Life expectancy: The pension plan obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

Defined contribution plans: The Company's contribution to defined contribution plan i.e., provident fund of ₹ 3.08 crores (previous year ₹ 3.77 crores) has been recognised in the Statement of Profit and Loss.

Notes to Financial Statements - (continued)

34 FAIR VALUE MEASUREMENTS

Financial instruments by category

(Rupees in crores)

Particulars	March 31, 2021			March 31, 2020		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments						
- Equity instruments	–	176.86	194.36	–	76.70	139.84
- Preference shares	–	–	–	–	–	–
- Others	–	–	14.39	–	–	15.73
Trade receivables	–	–	228.96	–	–	160.07
Balances with Banks	–	–	48.75	–	–	52.30
Derivative financial assets	12.09	–	–	23.68	0.06	–
Security deposits	–	–	9.49	–	–	7.43
Other financial assets	–	–	44.37	–	–	7.72
Total financial assets	12.09	176.86	540.32	23.68	76.76	383.09
Financial liabilities						
Trade payables	–	–	272.89	–	–	179.85
Borrowings - Current	–	–	148.22	–	–	256.00
Borrowings - Non Current	–	–	354.61	–	–	247.75
Current Maturities of long term borrowings	–	–	128.40	–	–	164.52
Derivative financial liabilities	–	5.88	–	–	15.96	–
Other financial liabilities	–	–	95.77	–	–	72.38
Total financial liabilities	–	5.88	999.89	–	15.96	920.50

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

At 31 March 2021	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at FVTPL:					
Derivative financial asset	6	–	12.09	–	12.09
Financial assets at FVOCI:					
Investments					
- Equity instruments	5	159.56	12.42	4.88	176.86
- Others		–	–	–	–
Derivative financial asset	6	–	–	–	–
Total financial assets		159.56	24.51	4.88	188.95
Financial liabilities					
Financial liabilities at FVTPL:					
Derivative financial liability	20	–	–	–	–
Financial liabilities at FVOCI:					
Derivative financial liability	20	–	5.88	–	5.88
Total financial liabilities		–	5.88	–	5.88

Notes to Financial Statements - (continued)

34 FAIR VALUE MEASUREMENTS – (continued)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed (Rupees in crores)

At 31 March 2021	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Equity instruments	5	19.59	–	174.77	194.36
Others	5	–	–	14.39	14.39
Total financial assets		19.59	–	189.16	208.75
Financial Liabilities					
Borrowings	16,18,20	–	–	631.23	631.23
Total financial liabilities		–	–	631.23	631.23

Financial assets and liabilities measured at fair value - recurring fair value measurements

At 31 March 2020	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at FVTPL:					
Derivative financial asset	6	–	23.68	–	23.68
Financial Investments at FVOCI:					
Investments					
- Equity instruments	5	65.22	6.60	4.88	76.70
- Others		–	–	–	–
Derivative financial asset	6	–	0.06	–	0.06
Total financial assets		65.22	30.34	4.88	100.44
Financial liabilities					
Financial Investments at FVTPL:					
Derivative financial liability	20	–	–	–	–
Financial Investments at FVOCI:					
Derivative financial liability	20	–	15.96	–	15.96
Total financial liabilities		–	15.96	–	15.96

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

At 31 March 2020	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
- Equity instruments	5	19.59	–	120.25	139.84
- Others	5	–	–	15.73	15.73
Total financial assets		19.59	–	135.98	155.57
Financial Liabilities					
Borrowings	16,18,20	–	–	668.27	668.27
Total financial liabilities		–	–	668.27	668.27

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There are no transfers between levels 1 and 2 during the year.

The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of interest rate swaps is calculated as the present value of estimated cash flows based on observable yield curves.
- the fair value of forward exchange contract and principle only swap is determined using forward exchange rate at the balance sheet date.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

FVTPL - Fair value through statement of Profit and Loss; FVOCI - Fair value through Other Comprehensive Income

Notes to Financial Statements - (continued)

35 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements.

Risk	Exposure arising from	Risk Parameters and Mitigation
Market Risk - Foreign exchange		i) The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions. ii) Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). iii) The risk is measured through a forecast of highly probable foreign currency cash flows. The Company has a forex management policy which is duly approved by the Board. iv) The objective of the hedge when taken is to minimise the volatility of the INR cash flows of highly probable forecast transactions.
Market Risk - Interest rate	Foreign currency denominated borrowings	i) The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow risk. ii) Company's policy is to maintain most of its borrowings at fixed rate using interest rate swaps. The Company's fixed rate borrowings are carried at amortised cost. iii) Foreign currency borrowings are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.
Liquidity Risk	Borrowings [Other than soft loans given by Govt. Authorities]	i) The company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans. ii) The Company prepares a detailed annual operating plan to assess the fund requirements - both short term and long term. iii) Detailed month wise cash flow forecast is also carried out along with required sensitivities. Based on these factors adequate working capital credit limits are organised in advance. iv) Company has pre-approved credit lines with various banks and these are constantly reviewed and approved by the Board. v) For long term fund requirements, Company targets various options such as rupee term loan, external commercial borrowing, debentures etc. vi) The Company obtains a credit rating for the various borrowing facilities on annual basis. Company constantly monitors the free cashflow from operations to ensure that the borrowings are minimized.
Credit Risk		i) Credit risk primarily arises from cash and cash equivalents, trade receivables and investments carried at amortised cost. ii) The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. iii) To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. iv) It considers available reasonable and supportive forward-looking information (more specifically described below). v) A default on a financial asset is when the counterparty fails to make contractual payments within 180 days of when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.
a.	Cash and Cash Equivalents	Surplus cash is deposited only with banks / financial institutions with a high external credit rating.
b.	Domestic Trade Receivables	i) The Company extends credit to the customers and such extension of credit is based on customers' credit worthiness, ability to repay and past track record. ii) The Company has extensive reporting systems and review to constantly monitor the receivables.
c.	Export Trade Receivables	The Company's export customers are Original Equipment Manufacturers with high credit rating. Export receivables are also covered through Insurance with Export Credit Guarantee Corporation of India Limited.

Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

35 FINANCIAL RISK MANAGEMENT – (continued)

Risk	Exposure arising from	Risk Parameters and Mitigation
Export trade receivables and Import Payables		i) The Company has a forex management policy duly approved by the Board. The Company's policy is to hedge most of its net currency exposure. ii) Company reviews the forex exposure on a regular basis and also reports its adherence to the Board on a quarterly basis. The recording and reporting requirements are strictly adhered.
Foreign currency denominated borrowings		The company has hedged its borrowings by covering the principal repayments using Principal Only Swaps and cost reduction structure viz., Call Spread under the approved Forex management policy.

(A) Credit risk

Basis of recognition of expected credit loss & providing for such loss

Rating	Category	Description of category	Investments	Loans and deposits	Trade receivables
1	High Quality assets, negligible credit risk	Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil.	12 month expected credit losses		Life time expected credit losses (simplified approach)
2	Quality assets, low credit risk	Assets where there is low risk of default and where the counter-party has sufficient capacity to meet the obligations and where there has been low frequency of defaults in the past.			
3	Standard Assets, moderate credit risk	Assets where the probability of default is considered moderate and where the counter-party's capacity to meet the obligations is not strong.			
4	Substandard Assets, relatively high credit risk	Assets where there has been a significant increase in credit risk since initial recognition.	Life time expected credit losses		
5	Low quality assets, very high credit risk	Assets where there is a high probability of default. Also includes assets where the credit risk of counter-party has increased significantly though payments may not be more than 180 days past due.			
6	Doubtful assets, credit impaired	Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in statement of profit and loss.	Asset is written off		

31-Mar-21

a) Expected credit loss for investments, loans and other financial assets

(Rupees in crores)

Particulars	Internal rating	Asset/Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	1	Investments at amortised cost	14.39	–	–	14.39
	1	Other financial assets	53.86	–	–	53.86

b) Expected credit loss for trade receivables under simplified approach

Particulars	0 to 180 days past due	More than 180 days past due	Total
Gross carrying amount	228.96	5.77	234.73
Expected loss rate	–	100%	–
Expected credit losses	–	5.77	5.77
Carrying amount of trade receivables	228.96	–	228.96

Notes to Financial Statements - (continued)

(Rupees in crores)

35 FINANCIAL RISK MANAGEMENT – (continued)

31-Mar-20

a) Expected credit loss for investments, loans and other financial assets

Particulars	Internal rating	Asset/Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	1	Investments at amortised cost	15.73	–	–	15.73
	1	Other financial assets	15.15	–	–	15.15

b) Expected credit loss for trade receivables under simplified approach

Particulars	0 to 180 days past due	More than 180 days past due	Total
Gross carrying amount	160.07	2.89	162.96
Expected loss rate	–	100%	–
Expected credit losses	–	2.89	2.89
Carrying amount of trade receivables	160.07	–	160.07

Reconciliation of loss allowance provision - Trade receivables

Loss allowance March 31, 2019	1.91
Changes in loss allowance	0.98
Loss allowance March 31, 2020	2.89
Changes in loss allowance	2.88
Loss allowance March 31, 2021	5.77

(B) Liquidity risk

(i) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

	31 March, 2021	31 March, 2020
Floating rate		
- Expiring within one year (bank overdraft and other facilities)	712.78	605.00

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR and have an average maturity ranging from 30 to 180 days.

(ii) Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- all non-derivative financial liabilities, and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

31-Mar-21

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	80.76	136.71	66.70	319.62	35.00	638.78
Trade payables	272.89	–	–	–	–	272.89
Lease liabilities	3.64	3.59	6.94	24.51	4.21	42.89
Other financial liabilities	21.80	–	1.27	–	–	23.07
Derivatives	0.18	–	0.52	5.18	–	5.88

Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

(Rupees in crores)

35 FINANCIAL RISK MANAGEMENT – (continued)

31-Mar-20

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	259.56	44.54	120.09	241.33	6.43	671.95
Trade payables	179.85	–	–	–	–	179.85
Lease liabilities	3.80	3.69	7.14	34.65	2.25	51.53
Other financial liabilities	16.34	–	1.31	–	–	17.65
Derivatives	4.29	–	2.13	–	–	6.42

(C) Market risk

i) Foreign exchange risk

The Company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows

Particulars	31-03-2021		31-03-2020	
	USD	EUR	USD	EUR
Financial assets				
Trade receivables	69.48	32.74	45.44	31.14
Derivatives	10.94	1.15	23.68	0.06
Exposure to foreign currency risk (assets)	80.42	33.89	69.12	31.20
Financial liabilities				
Foreign currency loan	318.26	–	314.25	–
Trade payables	23.63	2.55	36.73	1.83
Derivatives	5.88	–	14.97	0.99
Exposure to foreign currency risk (liabilities)	347.77	2.55	365.95	2.82
Net Exposure to foreign currency risk assets / (liabilities)	(267.35)	31.34	(296.83)	28.38

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments

Particulars	Impact on profit after tax*		Impact on other components of equity*	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
USD sensitivity				
INR / USD Increases by 10%	(20.43)	(27.81)	0.43	1.39
INR / USD Decreases by 10%	20.43	27.81	(0.43)	(1.39)
EURO sensitivity				
INR / EURO Increases by 10%	2.33	2.50	0.01	0.02
INR / EURO Decreases by 10%	(2.33)	(2.50)	(0.01)	(0.02)

* Holding all other variables constant

ii) Interest Rate risk

For short term borrowings the marginal cost of lending rate of the bank is followed. In respect of foreign currency borrowings for longer period, the interest rates are covered through interest rate swaps (IRS).

Particulars	31-Mar-21	31-Mar-20
Variable rate borrowings	206.47	347.59
Fixed rate borrowings	424.76	320.68

Sensitivity	Impact on profit after tax	
	31-Mar-21	31-Mar-20
Increase in interest rates by 100 bps	(1.55)	(3.09)
Decrease in interest rates by 100 bps	1.55	3.09

Notes to Financial Statements - (continued)

(Rupees in crores)

35 FINANCIAL RISK MANAGEMENT – (continued)

iii) Price risk

The company's exposure to equity securities price risk arises from investments held by the Company and classified in the balance sheet either as fair value through other comprehensive income or at fair value through statement of profit and loss. To manage its price risk from investments in equity securities, the Company diversifies its portfolio. The impact of the changes in price risk is not material.

(D) Impact of hedging activities

i) Disclosure of effects of hedge accounting on financial position

a) Disclosure of effects of hedge accounting on financial position as at 31-03-2021

Type of hedge and risks	Nominal value		Carrying amount of hedging instrument		Maturity Date	Changes in fair value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Foreign exchange forward contracts	138.55	–	1.43	0.18	Apr'21 to Jun'21	5.48	(5.48)
Principal only swaps, interest rate swaps (IRS) & Call Spread	–	318.26	10.66	5.70	Apr'21 to Feb'24	(7.05)	7.05

b) Disclosure of effects of hedge accounting on financial position as at 31-03-2020

Type of hedge and risks	Nominal value		Carrying amount of hedging instrument		Maturity Date	Changes in fair value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Foreign exchange forward contracts	106.54	–	0.06	4.29	Apr'20 to Jun'20	(6.24)	6.24
Principal only swaps, interest rate swaps (IRS) & Call spread	–	314.25	23.68	11.67	Apr'20 to Feb'24	14.74	(14.74)

ii) Disclosure of effects of hedge accounting on financial performance :

a) for the year ended 31-03-2021

Type of hedge	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedging reserve to statement of profit and loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge :				
Foreign exchange forward contracts & IRS	(5.90)	–	(9.33)	–

b) for the year ended 31-03-2020

Type of hedge	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedging reserve to statement of profit and loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge :				
Foreign exchange forward contracts & IRS	(12.75)	–	(3.42)	–

Notes to Financial Statements - (continued)

(Rupees in crores)

35 FINANCIAL RISK MANAGEMENT – (continued)

Movements in Cash flow hedging reserve

Particulars	Forward contracts	Interest rate swap	Total
Opening balance as at March 31, 2019	0.53	(3.95)	(3.42)
Change in fair value of hedging instruments	(1.31)	(9.28)	(10.59)
Reclassification to statement of profit and loss	–	–	–
Deferred tax on the above	0.45	4.23	4.68
Closing balance as at March 31, 2020	(0.33)	(9.00)	(9.33)
Change in fair value of hedging instruments	0.05	7.48	7.53
Reclassification to statement of profit and loss	–	–	–
Deferred tax on the above	(0.01)	(4.09)	(4.10)
Closing balance as at March 31, 2021	(0.29)	(5.61)	(5.90)

36 CAPITAL MANAGEMENT

(a) Risk management

The Company's objectives in regard to managing capital are

- safeguard its status as a going concern
- to ensure returns to shareholders
- to ensure benefits to stakeholders

In order to maintain optimum capital structure, the board may

- increase the capital by fresh issue of shares or
- reduce the same by return to equity holders
- vary the equity by increasing or reducing the quantum of dividend

Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:

Net debt divided by total equity

Gearing ratio refers to the level of a company's debt compared to its total equity.

The Company's strategy is to maintain an optimum gearing ratio. The gearing ratios were as follows:

Particulars	31-Mar-21	31-Mar-20
Net debt	606	617
Total equity	716	594
Net debt to equity ratio	85%	104%

(b) Dividends

Particulars	31-Mar-21	31-Mar-20
Equity shares:		
First Interim dividend paid for the year ended 31.03.2021 (₹ 15 / share)	30.35	–
Second Interim dividend declared for the year ended 31.03.2021 (₹ 11 / share)	22.26	–
Dividend paid for the year ended 31.03.2020 (₹ 31/ share)	–	62.72

Notes to Financial Statements - (continued)

(Rupees in crores)

37 OTHER DISCLOSURES

(i) Contingent liabilities

Details	31-Mar-21	31-Mar-20
(i) Claims against the company not acknowledged as debt		
- Income tax	4.35	4.35
- Service tax / Excise	0.61	0.87
- Value Added Tax	0.22	0.22
(ii) Guarantees excluding Financial Guarantees	0.59	0.05
(iii) Other money for which the Company is contingently liable	11.50	55.34
Total	17.27	60.83

(ii) Capital commitments

Details	31-Mar-21	31-Mar-20
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	22.21	11.80
(ii) Investments (On commitment for capital contribution to TVS Shriram Growth Fund 3 of TVS Capital Funds Limited, Chennai)	13.40	13.40
Total	35.61	25.20

(iii) Audit Fees

Details	31-Mar-21	31-Mar-20
As statutory auditors	0.48	0.48
Taxation matters	0.10	0.10
Certification matters	0.07	0.07
Total	0.65	0.65

(iv) Expenditure incurred on Corporate Social Responsibility activities:

Details	31-Mar-21	31-Mar-20
(a) Gross amount required to be spent by the Company during the year	–	0.01
(b) Amount spent during the year in cash:		
(i) Construction / acquisition of any asset	–	–
(ii) On purposes other than (i) above	0.05	0.02
Total	0.05	0.02

(v) Segment Reporting:

This disclosure is given as part of consolidated accounts.

Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

(Rupees in crores)

37 OTHER DISCLOSURES – (continued)

(vi)	Trade payables	31-Mar-21	31-Mar-20
	Trade payables include amount due to micro and small scale industrial units	43.66	0.03
	Disclosure under Micro, Small and Medium Enterprises Development Act, 2006	31-Mar-21	31-Mar-20
	(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)	43.66	0.03
	b) Interest (as no amount is overdue)	Nil	Nil
	(ii) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of payment made to the supplier beyond the appointed day during each accounting year.	Nil	Nil
	(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
	(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	Nil	Nil
	(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
(vii)	Trade receivables	31-Mar-21	31-Mar-20
	Considered good - Unsecured	234.73	162.96
	Having significant increase in credit risk	–	–
	Credit impaired	–	–
	Total	234.73	162.96
	Loss allowance	5.77	2.89
	Total trade receivables	228.96	160.07
(viii)	Research and development expenditure incurred and claimed under Income Tax Act, 1961		
	Details	31-Mar-21	31-Mar-20
	a) Revenue Expenditure		
	Salaries & wages	5.97	6.73
	Materials / consumables / spares	0.02	0.02
	Software / data processing	0.50	0.50
	Power	0.30	0.39
	Total - A	6.79	7.64
	b) Capital expenditure		
	Others	–	–
	Total - B	–	–
	Total expenditure (A + B)	6.79	7.64

Notes to Financial Statements - (continued)

(Rupees in crores)

37 OTHER DISCLOSURES – (continued)

(ix) **Leases:**

a. Lease obligations

Details	31-Mar-21
Net Debt as at 31 st March 2020, on adoption of IND AS 116	51.53
Cash flows	(12.36)
Deletions(preclosures)	–
Interest expenses	3.72
Net debt as at 31st March 2021	42.89
Current lease obligation	14.17
Non current lease obligation	28.72

(x) **Borrowing costs capitalised :**

Borrowing cost capitalised during the year ₹ 0.43 Crores (Previous year: ₹ 0.36 Cr)

The capitalisation rate used to determine borrowing costs to be capitalised is weighted average interest rate of 7.1%

(xi) **New tax regime - Transition:**

Finance Act, 2020 has given an option to the entities to pay taxes under 115ABA, at a reduced rate of 25.17%. On transition, the entity can pay taxes at this reduced rate, however, certain deductions earlier given under Income Tax Act, 1961 will not be available under the new tax regime. The company evaluated the tax outflows / savings under both the regimes and has chosen to adopt new tax regime and pay taxes under 115ABA. Consequently, certain ineligible tax assets earlier recognised in the books were written off.

(xii) **Labour code - Transition related:**

The Code on Social Security, 2020 which received the President's assent on 28th September 2020 subsumes nine laws relating to Social security, retirement and employee benefits, including the Provident Fund and Gratuity. The effective date of the Code and rules thereunder are yet to be notified. The impact of the changes, if any, will be assessed and recognised post notification of the relevant provisions.

Notes to Financial Statements - (continued)

38 RELATED PARTY DISCLOSURES

LIST OF RELATED PARTIES

a)	Reporting entity	Sundaram-Clayton Limited, Chennai (SCL)
b)	Holding Company	T V Sundram Iyengar & Sons Private Limited, Madurai
c)	Subsidiary companies	(i) TVS Motor Company Limited, Chennai (TVSM) (ii) Sundaram Auto Components Limited, Chennai - Subsidiary of TVSM (iii) TVS Housing Limited, Chennai - Subsidiary of TVSM (iv) TVS Motor Services Limited, Chennai - Subsidiary of TVSM (v) TVS Credit Services Limited, Chennai (TVSCS) - Subsidiary of TVS Motor Company Limited (vi) Harita Collection Services Private Limited, Chennai - Subsidiary of TVSCS (vii) Harita ARC Private Limited, Chennai - Subsidiary of TVSCS (viii) TVS Micro Finance Private Limited, Chennai - Subsidiary of TVSCS (ix) TVS Commodity Financial Solutions Private Limited, Chennai - Subsidiary of TVSCS (x) TVS Two Wheeler Mall Private Limited, Chennai - Subsidiary of TVSCS (xi) TVS Housing Finance Private Limited, Chennai- Subsidiary of TVSCS (xii) Sundaram Holding USA, Inc., Delaware USA - Subsidiary of Sundaram Auto Components Limited (xiii) Green Hills Land Holding LLC, South Carolina, USA - Subsidiary of Sundaram Holding USA, Inc. (xiv) Components Equipment Leasing LLC, South Carolina, USA - Subsidiary of Sundaram Holding USA, Inc. (xv) Sundaram-Clayton USA, LLC, South Carolina, USA - Subsidiary of Sundaram Holding USA, Inc. (xvi) Premier Land Holding LLC, South Carolina USA - Subsidiary of Sundaram Holding USA, Inc. (xvii) Sundaram-Clayton (USA) Limited, Illinois, USA (xviii) TVS Motor (Singapore) Pte. Limited, Singapore - Subsidiary of TVSM (xix) PT TVS Motor Company Indonesia, Jakarta - Subsidiary of TVSM (xx) TVS Motor Company (Europe) B.V. Amsterdam - Subsidiary of TVSM (xxi) The Norton Motorcycle Co Limited, UK (Formerly known as Project 303 Bidco Limited) Subsidiary of TVS Motor (Singapore) PTE Limited, Singapore (xxii) Intellicar Telematics Private Limited, Bengaluru - Subsidiary of TVSM Other related parties and their relationship where transaction exists
d)	Fellow Subsidiaries	(i) TVS Electronics Limited, Chennai (ii) TVS Investments Private Limited, Chennai (iii) Southern Roadways Private Limited, Madurai (iv) Sundaram Industries Private Limited, Madurai (v) Lucas TVS Limited, Chennai (vi) Lucas Indian Services Limited, Chennai (vii) TVS Auto Assist (India) Limited, Chennai (viii) Autosense Private Limited, Chennai (ix) TVS Lanka Private Limited, Colombo

Notes to Financial Statements - (continued)

38 RELATED PARTY DISCLOSURES - (continued)

e) Group member	(i) Sundram Fasteners Limited, Chennai (ii) Delphi TVS -Technologies Limited, Chennai (iii) India Nippon Electricals Limited, Chennai (iv) TVS Supply Chains Solutions Limited, Chennai (v) Sundaram Brake Linings Limited, Chennai (vi) TVS Autoserv GmbH, Germany (vii) TVS Dynamic Global Freight Services Limited, Chennai (viii) Emerald Haven Realty Developers (Paraniputhur) Pvt Ltd, Chennai (ix) Emerald Haven Town and Country Private Limited, Chennai (x) Brakes India Private Limited, Chennai (xi) TVS Srichakra Limited, Madurai (xii) Wheels India Limited, Chennai (xiii) TVS Auto Bangladesh Limited, Dhaka (xiv) TVS Upasana Limited, Chennai (Formerly known as Upasana Engineering Limited) (xv) TVS Commutation Solutions Limited, Chennai
f) Associate companies	(i) Sundram Non-Conventional Energy Systems Limited, Chennai (ii) Emerald Haven Realty Limited , Chennai (iii) TVS Training and Services Limited, Chennai (iv) Tagbox Solutions Private Limited, Bengaluru (v) Tagbox Pte Limited, Singapore
g) Enterprises in which directors are interested	(i) Dua Associates, Delhi (ii) Dua Consulting Private Limited, Delhi (iii) Harita Techserv Private Limited, Chennai
h) Key management personnel(KMP)	Executive Directors: (i) Mr Venu Srinivasan, Chairman and Managing Director (ii) Dr. Lakshmi Venu, Joint Managing Director Non-Executive Directors: Independent Directors: (i) Vice Admiral P.J.Jacob (Retd.) (ii) Mr. V.Subramanian (iii) Mr. S.Santhanakrishnan (iv) Mr. R.Gopalan (v) Mr. R.Vijayaraghavan (vi) Mr. Kamlesh Gandhi (vii) Mrs. Sasikala Varadachari Non-Independent Directors: (i) Mr. Sudarshan Venu (ii) Mr. T.K. Balaji (iii) Mr. Gopal Srinivasan (iv) Mr. Rajesh Narasimhan (w.e.f 24th March 2021)
i) Relative of KMP	(i) Mrs. Mallika Srinivasan
j) Enterprise over which KMP have significant influence	(i) Harita-NTI Limited, Chennai (ii) Emerald Haven Estates Limited, Chennai (iii) Sundram Services Limited, Chennai
k) Post employment benefit plans	(i) Sundaram- Clayton Limited Employees Provident Fund, Chennai (ii) Sundaram- Clayton Limited Employees Gratuity Fund, Chennai

Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

38 RELATED PARTY DISCLOSURES - (continued)

(Rupees in crores)

Sl. No.	Nature of transactions	Name of the Company	Holding Company	Subsidiaries	Fellow Subsidiaries	Associates	Group member	KMP- Significant Influence	KMP	Relative of KMP	Other related party	Total
1	Purchase of goods	Harita-NTI Limited, Chennai	-	-	-	-	-	2.65	-	-	-	2.65
		T V Sundram Iyengar & Sons Pvt Ltd., Madurai	0.18	-	-	-	-	-	-	-	-	0.18
		TVS Autoserv GmbH, Germany	-	-	-	-	0.49	-	-	-	-	0.49
		Sundram Fasteners Limited, Chennai	-	-	-	-	0.22	-	-	-	-	0.22
			0.18	-	-	-	0.71	2.65	-	-	-	3.54
			(0.11)	-	-	-	-	(2.77)	-	-	-	(2.88)
2	Sale of goods (including sub contract charges)	TVS Motor Company Limited, Chennai	-	248.73	-	-	-	-	-	-	-	248.73
		Sundaram-Clayton USA LLC, South Carolina, USA	-	0.12	-	-	-	-	-	-	-	0.12
		Sundram Fasteners Limited, Chennai	-	-	-	-	5.97	-	-	-	-	5.97
		Delphi -TVS Technologies Limited, Chennai	-	-	-	-	7.47	-	-	-	-	7.47
			-	248.85	-	-	13.44	-	-	-	-	262.29
			-	(268.49)	-	-	(15.71)	-	-	-	-	(284.20)
3	Purchase of power	Sundram Non Conventional Energy Systems Limited, Chennai	-	-	-	0.66	-	-	-	-	-	0.66
			-	-	-	(0.68)	-	-	-	-	-	(0.68)
4	Rendering of services	TVS Motor Company Limited, Chennai	-	46.85	-	-	-	-	-	-	-	46.85
		Sundaram Auto Components Limited, Chennai	-	3.78	-	-	-	-	-	-	-	3.78
		TVS Credit Services Limited, Chennai	-	1.46	-	-	-	-	-	-	-	1.46
		Sundaram-Clayton USA LLC, South Carolina, USA	-	0.59	-	-	-	-	-	-	-	0.59
		TVS Motor Services Limited, Chennai - (Subsidiary) - (₹ 7000)	-	-	-	-	-	-	-	-	-	-
		TVS Electronics Limited, Chennai	-	-	0.14	-	-	-	-	-	-	0.14
		TVS Investments Private Limited, Chennai - (Fellow Subsidiary) - (₹ 5000)	-	-	-	-	-	-	-	-	-	-
		Emerald Haven Realty Developers (Paraniputhur) Pvt Ltd , Chennai - (Group member)- (₹ 5000)	-	-	-	-	-	-	-	-	-	-
		Emerald Haven Town and Country Pvt Ltd , Chennai- (Group member) - (₹ 5000)	-	-	-	-	-	-	-	-	-	-
		Emerald Haven Life Spaces (Radial Road) Limited, Chennai- (Group Member) (₹ 5000)	-	-	-	-	-	-	-	-	-	-
		India Nippon Electricals Limited, Chennai	-	-	-	-	0.06	-	-	-	-	0.06
		TVS Training and Services Limited, Chennai - (Associates) - (₹ 5000)	-	-	-	-	-	-	-	-	-	-
		Emerald Haven Realty Limited, Chennai	-	-	-	0.26	-	-	-	-	-	0.26
		Emerald Haven Estates Limited, Chennai - (KMP) - (₹ 5000)	-	-	-	-	-	-	-	-	-	-
		Sundram Services Limited, Chennai - (KMP) - (₹ 24000)	-	-	-	-	-	-	-	-	-	-
		Harita-NTI Limited, Chennai	-	-	-	-	-	0.32	-	-	-	0.32
		Lucas TVS Limited, Chennai	-	-	0.01	-	-	-	-	-	-	0.01
		Sundaram Brake Linings Limited, Chennai	-	-	-	-	0.02	-	-	-	-	0.02
		Brakes India Private Limited, Chennai	-	-	-	-	0.02	-	-	-	-	0.02
		Wheels India Limited, Chennai	-	-	-	-	0.01	-	-	-	-	0.01
			-	52.68	0.15	0.26	0.11	0.32	-	-	-	53.52
			-	(51.18)	(0.15)	(0.21)	(0.05)	(0.39)	-	-	-	(51.98)
5	Receiving of services	Sundaram Auto Components Limited, Chennai	-	5.15	-	-	-	-	-	-	-	5.15
		Sundaram-Clayton (USA) Limited, Illinois, USA	-	0.05	-	-	-	-	-	-	-	0.05
		T V Sundram Iyengar & Sons Private Limited, Madurai	0.36	-	-	-	-	-	-	-	-	0.36
		TVS Training and Services Limited, Chennai	-	-	-	0.05	-	-	-	-	-	0.05
		TVS Motor Company Limited, Chennai	-	1.61	-	-	-	-	-	-	-	1.61
		TVS Electronics Limited, Chennai	-	-	0.61	-	-	-	-	-	-	0.61
		TVS Supply Chain Solutions Limited, Chennai	-	-	-	-	1.13	-	-	-	-	1.13
		Sundaram Brake Linings Limited, Chennai	-	-	-	-	0.04	-	-	-	-	0.04
		TVS Dynamic Global Freight Services Limited, Chennai	-	-	-	-	6.87	-	-	-	-	6.87
		TVS Autoserv GmbH, Germany	-	-	-	-	6.57	-	-	-	-	6.57
		Sundaram Holding USA INC, USA	-	0.90	-	-	-	-	-	-	-	0.90
			0.36	7.71	0.61	0.05	14.61	-	-	-	-	23.34
			(0.15)	(5.61)	(0.69)	(0.02)	(21.90)	-	-	-	-	(28.37)

Previous year's figures are furnished in brackets

Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

38 RELATED PARTY DISCLOSURES - (continued)

(Rupees in crores)

Sl. No.	Nature of transactions	Name of the Company	Holding Company	Subsidiaries	Fellow Subsidiaries	Associates	Group member	KMP- Significant Influence	KMP	Relative of KMP	Other related party	Total
6	Lease rent received	Sundram Non Conventional Energy Systems Limited, Chennai - ₹ 48,000 (Associates)	-	-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-	-
			-	(0.02)	-	-	-	-	-	-	-	(0.02)
7	Remuneration paid	Key Management Personnel	-	-	-	-	-	-	6.48	-	-	6.48
			-	-	-	-	-	-	(3.99)	-	-	(3.99)
8	Investments	Sundaram Holding USA Inc., USA	-	54.51	-	-	-	-	-	-	-	54.51
			-	(14.35)	-	-	-	-	-	-	-	(14.35)
9	Contribution to post employment benefit plan	Sundaram- Clayton Limited Employees Provident Fund, Chennai	-	-	-	-	-	-	-	-	10.02	10.02
		Sundaram- Clayton Limited Employees Gratuity Fund , Chennai	-	-	-	-	-	-	-	-	4.18	4.18
			-	-	-	-	-	-	-	-	14.20	14.20
			-	-	-	-	-	-	-	-	(16.12)	(16.12)
10	Dividend received	Sundram Non-Conventional Energy Systems Limited, Chennai	-	-	-	0.35	-	-	-	-	-	0.35
		TVS Motor Company Limited, Chennai	-	95.44	-	-	-	-	-	-	-	95.44
			-	95.44	-	0.35	-	-	-	-	-	95.79
			-	(95.44)	-	(0.35)	-	-	-	-	-	(95.79)
11	Outstanding as on 31 st March 2021 Receivables	TVS Motor Company Limited, Chennai	-	54.83	-	-	-	-	-	-	-	54.83
		TVS Motor Services Limited , Chennai - (₹ 14,160)	-	-	-	-	-	-	-	-	-	-
		Sundaram Auto Components Limited, Chennai	-	1.65	-	-	-	-	-	-	-	1.65
		TVS Credit Services Ltd, Chennai	-	0.18	-	-	-	-	-	-	-	0.18
		Sundaram-Clayton USA LLC, South Carolina, USA	-	1.13	-	-	-	-	-	-	-	1.13
		Delphi- TVS Technologies Limited, Chennai	-	-	-	-	2.69	-	-	-	-	2.69
		Sundaram-Clayton (USA) Limited, Illinois, USA (₹ 8,066)	-	-	-	-	-	-	-	-	-	-
		Harita-NTI Limited, Chennai	-	-	-	-	-	0.13	-	-	-	0.13
		Emerald Haven Realty Limited, Chennai	-	-	-	0.17	-	-	-	-	-	0.17
		India Nippon Electricals Limited, Chennai	-	-	-	-	0.01	-	-	-	-	0.01
		Emerald Haven Realty Developers (Paraniputhur) Pvt Ltd , Chennai - (Group member) (₹ 18,880)	-	-	-	-	-	-	-	-	-	-
		Sundram Fasteners Limited, Chennai	-	-	-	-	1.74	-	-	-	-	1.74
		TVS Electronics Limited, Chennai	-	-	0.04	-	-	-	-	-	-	0.04
		TVS Training and Services Limited, Chennai - (Associates) (₹ 11,800)	-	-	-	-	-	-	-	-	-	-
		Lucas TVS Limited, Chennai	-	-	0.02	-	-	-	-	-	-	0.02
		Sundaram Brake Linings Limited, Chennai	-	-	-	-	0.03	-	-	-	-	0.03
		Brakes India Private Limited, Chennai	-	-	-	-	0.03	-	-	-	-	0.03
		Wheels India Limited, Chennai	-	-	-	-	0.02	-	-	-	-	0.02
		Emerald Haven Estates Limited, Chennai (₹ 17,800)	-	-	-	-	-	-	-	-	-	-
		Emerald Haven Life Spaces (Radial Road) Limited, Chennai- (Group Member) (₹ 5,900)	-	-	-	-	-	-	-	-	-	-
			-	57.79	0.06	0.17	4.52	0.13	-	-	-	62.67
			-	(25.35)	(0.04)	(0.11)	(2.20)	(0.07)	-	-	-	(27.77)
12	Outstanding as on 31 st March 2021 Payables	TVS Motor Company Limited, Chennai	-	0.01	-	-	-	-	-	-	-	0.01
		TVS Credit Services Limited, Chennai	-	0.18	-	-	-	-	-	-	-	0.18
		Sundaram Auto Components Limited, Chennai	-	0.77	-	-	-	-	-	-	-	0.77
		T V Sundram Iyengar & Sons Private Limited, Madurai	0.03	-	-	-	-	-	-	-	-	0.03
		TVS Training and Services Limited, Chennai - (Associates) (Rs.31,799)	-	-	-	-	-	-	-	-	-	-
		TVS Supply Chain Solutions Limited, Chennai	-	-	-	-	0.08	-	-	-	-	0.08
		TVS Autoserv GmbH, Germany	-	-	-	-	1.52	-	-	-	-	1.52
		TVS Dynamic Global Freight Services Limited, Chennai	-	-	-	-	1.08	-	-	-	-	1.08
		Sundaram Brake Linings Limited, Chennai	-	-	-	-	0.09	-	-	-	-	0.09
		Harita-NTI Limited, Chennai	-	-	-	-	-	0.49	-	-	-	0.49
		Sundaram Holding USA Inc., USA	-	0.90	-	-	-	-	-	-	-	0.90
		TVS Electronics Limited, Chennai	-	-	0.21	-	-	-	-	-	-	0.21
			0.03	1.86	0.21	-	2.77	0.49	-	-	-	5.36
			(0.01)	(0.88)	(0.11)	-	(5.92)	(0.32)	-	-	-	(7.24)

Previous year's figures are furnished in brackets

Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

39 DISCLOSURE MADE IN TERMS OF REGULATION 34(3) OF SEBI (LODR) REGULATIONS, 2015

	Particulars	Name of the Company		Amount outstanding as on 31-03-2021	Amount outstanding as on 31-03-2020
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 ₹1/- each fully paid up)		19.59	19.59
		Maximum amount held at any time			
		During the year	19.59		
		During the previous year	19.59		
		Sundaram-Clayton (USA) Limited, Chicago, Illinois, USA (100 equity shares of USD 1 each fully paid up)		0.001	0.001
		Maximum amount held at any time			
		During the year	0.001		
		During the previous year	0.001		
		Sundaram Holding USA Inc., Delaware USA (2.24,00,000 (last year - 1,50,00,000) Equity Shares of USD - 1 each fully paid-up)		154.88	100.36
		Maximum amount held at any time			
		During the year	154.88		
		During the previous year	100.36		

Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

(Rupees in crores)

39 DISCLOSURE MADE IN TERMS OF REGULATION 34(3) OF SEBI (LODR) REGULATIONS, 2015 - (continued)

	Particulars	Name of the Company		Amount outstanding as on 31-03-2021	Amount outstanding as on 31-03-2020
(i)	In subsidiary companies - (continued)	TVS Credit Services Limited, Chennai (21,80,250 equity shares of ₹10/- each fully paid up)		17.01	17.01
		Maximum amount held at any time			
		During the year	17.01		
		During the previous year	17.01		
(ii)	In associate companies	Sundram Non-conventional Energy Systems Limited, Chennai (1,17,650 Equity shares of ₹ 10/- each fully paid-up)		0.12	0.12
		Maximum amount held at any time			
		During the year	0.12		
		During the previous year	0.12		
		TVS Training & Services Limited, Chennai (27,63,359 Equity shares of ₹ 10/- each fully paid-up)		2.76	2.76
		Maximum amount held at any time			
		During the year	2.76		
		During the previous year	2.76		

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

VENU SRINIVASAN
Chairman & Managing Director

Dr. LAKSHMI VENU
Joint Managing Director

As per our report annexed
For RAGHAVAN, CHAUDHURI & NARAYANAN
Chartered Accountants
Firm Regn. No. 007761S

VIVEK S JOSHI
President & CEO

K GOPALA DESIKAN
Chief Financial Officer

R RAJA PRAKASH
Company Secretary

V SATHYANARAYANAN
Partner
Membership No. 027716
Bengaluru
28th April 2021

Chennai
28th April 2021

Consolidated Financial Statements
of
Sundaram-Clayton Limited

Consolidated Financial Statements of Sundaram-Clayton Limited

Report on the Audit of the Consolidated Financial Statements for the year ended 31st March 2020

To the Members of
Sundaram-Clayton Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Sundaram-Clayton Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") its associates, which comprise the consolidated Balance Sheet as at 31st March, 2021, and the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act 2013, ('the Act') in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at 31st March, 2021, the consolidated profit, consolidated total comprehensive Income, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies act, 2013. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by Institute of Chartered Accountants of India (ICAI), together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Companies Act, 2013 and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of the most significant in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S.No.	Key Audit Matter	Auditor's Response
1	Carrying Value of Goodwill: The group has recognised a goodwill on consolidation of Rs. 185.67 crores in its Consolidated Financial Statements in the year ended 31 st March 2018, pursuant to a business combination in the said accounting year. The goodwill has to be tested for impairment annually, which requires significant judgment on the part of the management in identifying and valuing the relevant Cash Generating Unit that contains goodwill.	Principal Audit Procedures Management has obtained a valuation of the Cash Generating Unit wherein valuers have arrived at a fair value, based on weighted average of the Discounted Cash Flow Method and Comparable Companies Multiples Method. We gained an understanding of the key assumptions used to forecast the cash flows and the discount rates applied (WACC) as well as the Comparable Companies considered in arriving at the fair value. We consider that the management conclusions concerning the absence of impairment in the goodwill are adequately supported and consistent with the information currently available. WACC - Weighted Average Cost of Capital.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Company's Board of Directors and management is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report. Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors, for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation. Of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group, in accordance with the Ind AS and other accounting principles generally accepted in India, including the Accounting Standards

Consolidated Financial Statements of Sundaram-Clayton Limited

specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the respective financial statements that give a true and fair view and are free from material 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.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and its associates are responsible for assessing the ability of the each of the companies in the Group and its associates, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and its associates or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and its associates, are responsible for overseeing the financial reporting process of each of the companies in the Group and its associates.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher, than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company, its subsidiary companies and its associates which are

companies incorporated in India and outside India, has adequate internal financial controls system in place and the operating effectiveness of such controls;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and Board of Directors;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the companies in the Group and its associates, to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates, to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Consolidated Financial Statements of Sundaram-Clayton Limited

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

- (a) The consolidated annual financial statements include the audited financial statements of 12 subsidiaries, whose financial statements reflect Group's share of total assets (before consolidation adjustments) of Rs. 13509.35 crores as at 31 March 2021, Group's share of total revenue (before consolidation adjustments) of Rs. 17689.32 crores, Group's share of total net profit after tax (before consolidation adjustments) of Rs.520.77 crores, and the total comprehensive income (before consolidation adjustments) of Rs. 642.22 crores for year ended 31 March 2021, and Group's share of net cash inflows (before consolidation adjustments) of Rs 186.20 crores for the year ended on that date, as considered in the consolidated annual financial statements, which have been audited by their respective independent auditors. The consolidated annual financial statements also include the Group's share of net Loss (before consolidation adjustments) of Rs. 2.88 crores, and other comprehensive profit (before consolidation adjustments) of Rs.0.01 crores for the year ended 31 March 2021, as considered in the consolidated annual financial statements, in respect of 5 associates, whose financial statements have been audited by their respective independent auditors. The independent auditors' reports on financial statements of these entities have been furnished to us by the management and our opinion on the consolidated annual financial statements, in so far as it relates to the amounts and disclosures included in respect of these entities, is based solely on the report of such auditors and the procedures performed by us as stated in paragraph above.
- (b) The consolidated annual financial statements also include the unaudited financial results of 1 subsidiary whose financial statement reflects Total assets (before consolidation adjustments) of 0.68 crores as at 31 March 2021, total revenue (before consolidation adjustments) of Rs. Nil, total net loss after tax (before consolidation adjustments) of Rs.0.65 crores for the year ended 31 March 2021, as considered in the consolidated annual financial statements, in respect of one subsidiaries whose financial information have not been audited by us or by other auditors. This financial statements / financial information 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 subsidiary and associates, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to these subsidiary, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, this financial statements / financial information are not material to the Group.

- (c) The subsidiaries and associates are located outside India whose financial information and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries. The Holding Company's Management has converted these financial information from accounting principles generally accepted in their respective countries, to Indian accounting standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India. We have reviewed these conversion adjustments made by the Holding Company's Management. Our conclusion in so far as it relates to such subsidiaries and associates located outside India, is based on the aforesaid conversion adjustments prepared by the Holding Company's Management and reviewed by us. According to the information and explanations given to us by the Holding Company's Management, these financial information are not material to the Group.

Our opinion on the consolidated annual financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) Of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of 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 31st March, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate companies incorporated in India and outside India, none of the directors of the Group companies, its associate companies incorporated in India and outside India, is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of internal financial controls over financial reporting of the Group its associates consisting of

Consolidated Financial Statements of Sundaram-Clayton Limited

subsidiaries, which are all incorporated in India and outside India, and the operating effectiveness of such controls, refer to our separate report in "Annexure A".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. - Refer Note 38(i) to the consolidated financial statements.
- ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting Standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts. Refer Note 35

to the consolidated financial statements in respect of such items as it relates to the Group.

- iii. There has been no delay in transferring amounts, required to be transferred, to the investor Education and Protection Fund by the Holding Company, its subsidiary companies and associate companies incorporated in India.

For RAGHAVAN, CHAUDHURI & NARAYANAN
Chartered Accountants
Firm Regn. No. 007761S

V. SATHYANARAYANAN
Partner

Place : Bengaluru
Date : 28th April 2021

Membership No. 027716
UDIN : 21027716AAAAIM4698

Annexure 'A' to the Independent Auditors' Report on the Consolidated Financial Statements for the year ended 31st March 2021

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March 2021, we have audited the internal financial controls over financial reporting of Sundaram Clayton Limited (hereinafter referred to as the 'Holding Company'), "Chaitanya", No.12, Khader Nawaz Khan Road, Chennai 600 006, and its subsidiaries and its associate companies which are incorporated in India and outside India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary companies, its associate companies which are companies incorporated in India and outside India, are responsible for establishing and maintaining internal financial controls based on the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company, its subsidiary companies, based on our audit. We conducted our audit in accordance

with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained, and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material 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 internal financial controls system over financial reporting of the company, its subsidiaries and its associate companies, which are companies incorporated in India and outside India.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements

Consolidated Financial Statements of Sundaram-Clayton Limited

for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that;

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the 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 and to the best of our information and according to the explanations given to us, the Company its subsidiary companies and its associate companies which are all incorporated in India and Outside India, have, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2021, based on internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by Institute of Chartered Accountants of India.

Other matters

Our aforesaid report under Section 143 (3) (i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to its subsidiary companies and associate companies, which are companies incorporated in India and outside India, is based on the corresponding reports of the auditors of such companies incorporated in India and outside India.

For RAGHAVAN, CHAUDHURI & NARAYANAN
Chartered Accountants
Firm Regn. No. 007761S

V. SATHYANARAYANAN
Partner

Place : Bengaluru
Date : 28th April 2021

Membership No. 027716
UDIN : 21027716AAAAIM4698

Consolidated Financial Statements of Sundaram-Clayton Limited

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2021

(Rupees in crores)

Particulars	Notes	As at 31.03.2021	As at 31.03.2020
ASSETS			
Non-current assets			
Property, plant and equipment	2	3,784.17	3,741.66
Capital work in progress	2	883.37	858.19
Investment Properties		137.71	137.71
Goodwill	2	112.61	112.61
Other intangible assets	3	528.77	183.82
Intangibles under development		166.88	158.87
Right to use Assets	4	287.08	283.81
Financial assets			
i. Investments	5	540.14	334.74
ii. Loans (Receivable from financing activity)	10	5,361.97	4,069.81
iii. Others	13	30.06	52.55
Investments accounted using equity method	6	132.76	135.62
Deferred Tax Assets	19A	127.62	114.36
Non-Current tax assets (Net)		39.72	28.34
Other non-current assets	7	199.14	176.25
Total non-current assets		12,332.00	10,388.34
Current assets			
Inventories	8	1,668.30	1,459.47
Financial assets			
i. Trade receivables	9	1,206.55	1,590.42
ii. Loans (Receivable from financing activity)	10	5,794.23	5,385.52
iii. Cash and cash equivalents	11	1,599.08	1,130.58
iv. Investments		-	1.75
v. Bank balances other than (iii) above	12	106.74	29.55
vi. Others	13	96.92	128.75
Current tax assets (Net)		14.71	22.42
Other current assets	14	617.73	589.66
Total current assets		11,104.26	10,338.12
Total Assets		23,436.26	20,726.46
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15	10.12	10.12
Other equity	16	2,894.47	2,453.34
Equity attributable to owners		2,904.59	2,463.46
Non controlling interest	16	1,758.73	1,516.21
Total equity		4,663.32	3,979.67
Liabilities			
Non-current liabilities			
Financial liabilities			
i. Borrowings	17	6,634.88	5,468.98
ii. Lease Liabilities		213.48	231.18
iii. Others	22	31.29	19.38
Provisions	18	179.09	146.35
Deferred tax liabilities	19B	242.29	173.80
Total non-current liabilities		7,301.03	6,039.69
Current liabilities			
Financial liabilities			
i. Borrowings	20	3,217.47	4,036.69
ii. Trade payables	21	4,535.70	3,333.74
iii. Lease liabilities		77.83	62.26
iv. Other financial liabilities	22	3,013.14	2,724.42
Other current liabilities	23	522.49	427.59
Provisions	18	105.28	122.40
Current tax liabilities (Net)		-	-
Total current liabilities		11,471.91	10,707.10
Total liabilities		18,772.94	16,746.79
Total equity and liabilities		23,436.26	20,726.46

Significant accounting policies

The accompanying notes are an integral part of these financial statements

VENU SRINIVASAN
Chairman & Managing Director

Dr. LAKSHMI VENU
Joint Managing Director

As per our report annexed
For RAGHAVAN, CHAUDHURI & NARAYANAN
Chartered Accountants
Firm Regn. No. 007761S

VIVEK S JOSHI
President & CEO

K GOPALA DESIKAN
Chief Financial Officer

R RAJA PRAKASH
Company Secretary

V SATHYANARAYANAN
Partner
Membership No. 027716
Bengaluru
28th April 2021

Chennai
28th April 2021

Consolidated Financial Statements of Sundaram-Clayton Limited

STATEMENT OF CONSOLIDATED PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH 2021

		(Rupees in crores)	
Particulars	Notes	Year ended 31.03.2021	Year ended 31.03.2020
I Income			
Revenue from operations	24	20,298.73	19,858.74
Other income	25	62.95	56.17
Total income		20,361.68	19,914.91
II Expenses			
Cost of material consumed	26	13,028.33	12,364.70
Purchase of stock in trade	26	224.92	259.20
Changes in inventories of finished goods, stock-in-trade and work-in-process	26	(25.96)	42.64
Excise duty		—	—
Employee benefit expenses	27	1,879.05	1,761.02
Finance costs	28	929.11	909.94
Depreciation and amortisation expense	29	642.74	648.65
Other expenses	30	2,803.99	3,020.33
Total expenses		19,482.18	19,006.48
III Profit before exceptional items, share of net profit of investment and tax (I-II)		879.50	908.43
IV Share of net profit from associates using equity method		(2.88)	(2.49)
V Profit before exceptional items and tax (III+IV)		876.62	905.94
VI Exceptional items	30A	(22.36)	(60.73)
VII Profit before tax (V+VI)		854.26	845.21
VIII Tax expense			
Current tax	31	257.46	293.71
Deferred tax	32	4.71	(75.06)
IX Profit for the year (VII-VIII)		592.09	626.56
X (Profit) / Loss attributable to Non-controlling Interest		(268.41)	(289.44)
XI Profit for the year attributable to owners (IX+X)		323.68	337.12
XII Other comprehensive income			
(A) Items that will not be reclassified to profit and loss			
Remeasurements of post employment benefit obligations		(0.74)	(60.81)
Change in fair value of equity instruments		162.95	(109.54)
Share of other comprehensive income from associates using equity method		0.01	(0.06)
Income tax relating to these items		(9.26)	16.38
(B) Items that will be reclassified to profit and loss			
Fair value changes on cash flow hedges		70.89	(101.28)
Change in fair value of debt instruments		—	—
Foreign currency translation adjustments		11.16	32.42
Income tax relating to these items		(21.08)	27.67
Other comprehensive income for the year, net of tax		213.93	(195.22)
XIII Other Comprehensive income attributable to non-controlling interest (profit) / loss		(51.05)	49.90
XIV Total comprehensive income attributable to owners (XI + XII + XIII)		486.56	191.80
Earnings per equity share			
Basic & Diluted earnings per share	33	159.98	166.63

The accompanying notes are an integral part of these financial statements

VENU SRINIVASAN
Chairman & Managing Director

Dr. LAKSHMI VENU
Joint Managing Director

As per our report annexed
For RAGHAVAN, CHAUDHURI & NARAYANAN
Chartered Accountants
Firm Regn. No. 007761S

VIVEK S JOSHI
President & CEO

K GOPALA DESIKAN
Chief Financial Officer

R RAJA PRAKASH
Company Secretary

V SATHYANARAYANAN
Partner
Membership No. 027716
Bengaluru
28th April 2021

Chennai
28th April 2021

Consolidated Financial Statements of Sundaram-Clayton Limited

STATEMENT OF CHANGES IN EQUITY

(Rupees in crores)

a. Equity Share Capital

As at 01-04-2019	10.12
Changes in equity share capital	—
As at 31-03-2020	10.12
Changes in equity share capital	—
As at 31-03-2021	10.12

b. Other equity

Particulars	Reserves & Surplus					Other Reserves			Non Controlling Interest	Total
	General reserve	Capital reserve	Securities Premium	Statutory reserve	Retained earnings	Equity Instruments Fair Value through Other Comprehensive Income	Foreign currency translation reserve	Hedging reserves		
Balance as at 01-04-2019	658.10	99.11	36.42	25.32	1,467.33	193.06	(8.16)	(7.51)	1,425.66	3,889.33
Add : Profit for the year 2019-20	—	—	—	—	337.12	—	—	—	289.44	626.56
Add : Other comprehensive income for the year 2019-20	—	—	—	—	(31.60)	(92.51)	22.40	(43.54)	(49.90)	(195.16)
Less: OCI share of an associate	—	—	—	—	(0.06)	—	—	—	—	(0.06)
Less : Opening Reserve adjustment on IND AS 115,	—	—	—	—	(5.52)	—	—	—	—	(5.52)
Less: Opening Reserve adjustment on IND AS116,	—	—	—	—	(7.00)	—	—	—	(2.32)	(9.32)
Less: Fair value loss on Non Cumulative Redeemable Preference shares and other equity investments, net of taxes	—	—	—	—	(115.87)	(5.63)	—	—	(86.00)	(207.50)
Add : Transferred from retained earnings to statutory reserve	—	—	—	17.28	(17.28)	—	—	—	—	—
Add : Transaction with non controlling interest	—	—	—	—	13.78	—	—	—	24.54	38.32
Less : Distribution to shareholders :	—	—	—	—	—	—	—	—	—	—
2019-20 First Interim dividend paid	—	—	—	—	—	—	—	—	(42.50)	(42.50)
2019-20 Second Interim dividend paid	—	—	—	—	(62.52)	—	—	—	(28.33)	(90.85)
Less : Dividend Tax *	—	—	—	—	(19.37)	—	—	—	(14.38)	(33.75)
Balance as at 31-03-2020	658.10	99.11	36.42	42.60	1,559.00	94.92	14.24	(51.05)	1,516.21	3,969.55
Add : Profit for the year 2020-21	—	—	—	—	323.68	—	—	—	268.41	592.09
Add : Other comprehensive income for the year 2020-21	—	—	—	—	(3.95)	132.32	4.24	30.26	51.05	213.92
Less: OCI share of an associate	—	—	—	—	0.01	—	—	—	—	0.01
Add : Transferred from retained earnings to statutory reserve	—	—	—	9.04	(9.04)	—	—	—	—	—
Add : Transaction with non controlling interest	—	—	—	—	7.18	—	—	—	(6.11)	1.07
Less : Distribution to shareholders :	—	—	—	—	—	—	—	—	—	—
2020-21 First Interim dividend paid	—	—	—	—	(30.35)	—	—	—	(42.50)	(72.85)
2020-21 Second Interim dividend declared	—	—	—	—	(22.26)	—	—	—	(28.33)	(50.59)
Balance as at 31-03-2021	658.10	99.11	36.42	51.64	1,824.27	227.24	18.48	(20.79)	1,758.73	4,653.20

* The Company has taken credit for the dividend distribution tax paid by one of the subsidiary companies on the dividend declared as per Section 115-O (1A) of the Income Tax Act, 1961.

Nature and purpose of reserves:

Security premium reserve: This consist of premium realised on issue of shares and will be applicable / utilised in accordance with the provisions of the Companies Act, 2013
General reserve: General reserve is part of retained earnings. This is available for distribution to shareholders as dividend and capitalisation.

VENU SRINIVASAN
Chairman & Managing Director

Dr. LAKSHMI VENU
Joint Managing Director

As per our report annexed
For RAGHAVAN, CHAUDHURI & NARAYANAN
Chartered Accountants
Firm Regn. No. 007761S

VIVEK S JOSHI
President & CEO

K GOPALA DESIKAN
Chief Financial Officer

R RAJA PRAKASH
Company Secretary

V SATHYANARAYANAN
Partner
Membership No. 027716
Bengaluru
28th April 2021

Chennai
28th April 2021

Consolidated Financial Statements of *Sundaram-Clayton Limited*

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2021

		(Rupees in crores)
	Year ended 31.03.2021	Year ended 31.03.2020
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	854.26	845.21
Adjustments for:		
Depreciation and amortisation for the year	642.74	648.65
Loss on sale/scrapping of property, plant and equipment	2.68	3.69
Profit on sale of property, plant and equipment	(0.30)	(2.55)
Dividend income	(1.56)	(2.54)
Interest income	(36.03)	(28.37)
Unrealised exchange (gain) / Loss	8.81	10.78
Increase in fair value of financial assets	(1.32)	(1.10)
Loss on sale of investment	—	0.21
Profit on sale of investment	(0.05)	(0.03)
Interest expense (excluding relatable to financial enterprise)	199.67	210.14
	<u>814.64</u>	<u>838.88</u>
Operating profit before working capital changes	1,668.90	1,684.09
Adjustments for:		
Inventories	(208.83)	163.40
Trade Receivables	356.34	134.83
Other financial assets	111.91	(34.73)
Other Bank balances	(77.19)	15.45
Other non-current assets	(22.89)	(6.84)
Other current assets	(31.74)	27.58
Loans (Receivable from financing activity)	(1,700.87)	(1,230.70)
Provisions	14.88	9.07
Trade Payables	1,201.96	(9.64)
Other Financial liabilities	66.59	(74.78)
Other current liabilities	94.90	22.26
	<u>(194.94)</u>	<u>(984.10)</u>
Cash generated from operations	1,473.96	699.99
Direct taxes paid	(259.35)	(241.82)
Net cash from operating activities (A)	1,214.61	458.17
B CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment (including Capital work in progress)	(980.29)	(1,040.30)
Sale of fixed assets	4.10	31.42
Investment accounted using equity method	—	(14.06)
(Purchase) / Sale of investments	(40.65)	(107.73)
Contribution from non controlling interest	—	45.00
Interest received	36.03	28.37
Dividend received	1.56	2.54
Net Cash from / (used in) investing activities (B)	(979.25)	(1,054.76)

Consolidated Financial Statements of Sundaram-Clayton Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2021 - (continued)

		(Rupees in crores)	
		Year ended 31.03.2021	Year ended 31.03.2020
C CASH FLOW FROM FINANCING ACTIVITIES			
Net Borrowings:			
Term loans availed / (repaid)		1,391.97	1,511.22
Short term borrowings availed / (repaid)		(791.67)	720.57
Interest paid		(199.67)	(210.14)
Dividend and dividend tax paid		(72.85)	(167.11)
Repayment of lease liabilities		(67.09)	(59.18)
Net cash from financing activities	(C)	<u>260.69</u>	<u>1,795.36</u>
D NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(A + B + C)	<u>496.05</u>	<u>1,198.77</u>
Cash and cash equivalents at the beginning of the year			
Cash and Bank balances	1130.58		164.67
Cash credit balance	<u>(38.35)</u>		<u>(271.21)</u>
		1,092.23	(106.54)
Cash and cash equivalents at the end of the year			
Cash and Bank balances	1599.08		1,130.58
Cash credit balance	<u>(10.80)</u>	1,588.28	<u>(38.35)</u>
			1,092.23

Change in liability arising from financing activities						
Particulars	Note	01/04/2020	Cash flow	Fair Value change	Foreign exchange movement	31/03/2021
Long term borrowings (including current maturities)	17	7,984.00	1391.97	5.16	(36.62)	9,344.51
Short term borrowings	20	3,998.34	(791.67)	—	—	3,206.67

Notes:

- 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.
- Cash and cash equivalents include cash and bank balances.

VENU SRINIVASAN
Chairman & Managing Director

Dr. LAKSHMI VENU
Joint Managing Director

As per our report annexed
For RAGHAVAN, CHAUDHURI & NARAYANAN
Chartered Accountants
Firm Regn. No. 007761S

VIVEK S JOSHI
President & CEO

K GOPALA DESIKAN
Chief Financial Officer

R RAJA PRAKASH
Company Secretary

V SATHYANARAYANAN
Partner
Membership No. 027716
Bengaluru
28th April 2021

Chennai
28th April 2021

Consolidated Financial Statements of Sundaram-Clayton Limited

1 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies mentioned herein are relating to the Consolidated financial statements of Sundaram-Clayton Limited and its subsidiaries and associates.

a) Brief description of the Company

Sundaram -Clayton Limited ('the Company') is a public limited company incorporated in India whose shares are publicly traded. The registered office is located at "Chaitanya", 12, Khader Nawaz Khan Road, Nungambakkam Chennai - 600006, Tamil Nadu, India. The Company together with its subsidiaries and associates (collectively referred to as the "Group") operate in a wide range of activities such as manufacturing of automotive vehicles, automotive components, spare parts & accessories thereof, housing development and financial services.

b) Basis of preparation

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

The financial statements have been prepared on historical cost basis under accrual basis of accounting except for certain financial assets and liabilities (as per the accounting policy below), which have been measured at fair value.

Principles of consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together, items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests (if any) in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet, respectively.

Associates

Associates are all entities over which the Group has significant influence but not control or joint control. (This is generally the case where the Group holds between 20% and 50% of the voting rights). Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit and loss and the Group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

c) Use of estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future period. The estimates and underlying assumptions are reviewed on an ongoing basis.

This note provides an overview of the areas that involved a higher degree of judgment or complexity. It also provides an overview of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in the relevant notes together with the information about the basis of calculation for each affected line item in the financial statements.

Consolidated Financial Statements of Sundaram-Clayton Limited

SIGNIFICANT ACCOUNTING POLICIES - (continued)

d) Significant estimates and judgments

The areas involving significant estimates or judgments are:

- i) Estimation of fair value of unlisted securities - (Refer Note 34)
- ii) Estimation of defined benefit obligation - (Refer Note 39)
- iii) Estimation of useful life of Property, Plant and Equipment (Refer Note 1(f) and 1(g))
- iv) Estimation of impairment of goodwill.

e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and net of returns, trade allowances and rebates and amounts collected on behalf of third parties.

i) **Sale of products:**

Revenue from sale of products is recognised when significant risk and rewards of ownership pass to the customers, as per the terms of the contract and it is probable that the economic benefits associated with the transaction will flow to the Group.

ii) **Revenue from Services:**

Revenue from Services is recognised in the accounting period in which the services are rendered and when invoices are raised.

iii) **Revenue from Real Estate:**

The revenue from sale of land is recognised on transferring all significant risk and rewards of ownership on land to the buyers and Group does not retain any effective control over the same.

iv) **Revenue from Financing:**

- Interest income for loans (other than Purchase of Originally Credit Impaired (POCI) is recognised using the Effective Interest Rate (EIR) method.
- For financial assets that are not "POCI" but have subsequently become credit-impaired (or 'stage-3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision).
- Income in the nature of overdue interest and bounce charges are recognized on realization, due to uncertainty of collection.

v) **Significant judgements:**

There are no significant judgements made by the Group in determining the timing of satisfaction of performance obligation. It is determined as per the terms of the contract. In case of multiple performance obligations, the Group uses the adjusted market assessment approach to allocate the transaction price between multiple performance obligations. If a discount is granted, the same is adjusted against the transaction price of the contract.

f) Property, Plant and Equipment

Freehold Land is stated at historical cost. All other items of Property, Plant and Equipment are stated at cost of acquisition / construction less accumulated depreciation / amortization and impairment, if any. Cost includes:

- i) purchase price,
- ii) taxes and duties,
- iii) labour cost, and
- iv) directly attributable overheads incurred upto the date the asset is ready for its intended use.
- v) Government grants that are directly attributable to the assets acquired.

However, cost excludes GST, to the extent credit of the duty or tax is availed of.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as separate asset is derecognized when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Government grants relating to the purchase of property, plant and equipment are capitalized and included as cost to fixed assets.

Gains or losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Statement of Profit and Loss within Other gains / (losses).

g) Depreciation

- i) Depreciation on tangible fixed assets is charged over the estimated useful life of the asset or part of the asset (after considering double/triple shifts) as evaluated by a Chartered Engineer, on straight line method and in accordance with Ind AS 16, taking into consideration both usage, useful life and legal limitations on the use of assets, on straight line method, in accordance with Part A of Schedule II to the Companies Act, 2013. Depreciation is adjusted for the proportionate usage with reference to the asset's expected capacity or physical output during the reporting period.

Consolidated Financial Statements of Sundaram-Clayton Limited

SIGNIFICANT ACCOUNTING POLICIES - (continued)

- ii) The estimated useful life of the tangible fixed assets as assessed by the Chartered Engineer and followed by the Group is furnished below:

Description	Years
Factory building and other buildings	5 to 64
Plant and Equipment	4 to 21
Electrical Equipment	15
Furniture and Fixtures	4 to 10
Computers	3 to 4
Mobile phones	1 to 2
Vehicles	5 to 6

- iii) Tools and dies used for two wheelers are depreciated based on quantity of components manufactured and the life of tools and dies, subject to a maximum of 5 years. Tools and dies used for three wheeler operations are depreciated at 11.31 per cent.
- iv) The residual value for all the above assets are retained at 5% of the cost except for Mobile phones for which nil residual value is considered. Residual values and useful lives are reviewed, and adjusted, if appropriate, for each reporting period.
- v) On tangible fixed assets added / disposed off during the year, depreciation is charged on pro-rata basis for the period for which the asset was purchased and used.
- vi) Depreciation in respect of tangible assets costing individually less than ₹ 5, 000/- is provided at 100%.

h) Investment properties

Property that is held for long term rental yields or for capital appreciation or both, and that is not occupied by the Group is classified as investment property. Investment Property is measured initially at its cost and including related transaction cost where applicable, borrowing cost. Subsequent expenditure is capitalized to the assets carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item is measured reliably.

i) Intangible assets

Goodwill

Goodwill on acquisition of business is included in intangible assets. Goodwill is not amortized but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Goodwill is allocated to the cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or group of cash generating units that are expected to benefit from the business combination in which the goodwill arose. The units or group of units are identified at the lowest level at which goodwill is monitored for internal management purposes, which in our case are the cash generating units.

Other intangible assets

Intangible assets acquired are accounted at their acquisition cost and are amortized over its useful life, viz., 2 years in the case of software and 6-10 years in case of Design, Development and Technical knowhow.

j) Loans (receivable from financing activity)

The loans to borrowers are stated at the contract value after netting off un-matured Interest Income, Un-matured Upfront Incomes and advance EMIs and adding unamortized portion of upfront expenses wherever applicable, installments appropriated up to the year end and amount written off.

k) Impairment

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

l) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). i.e. in Indian rupees (INR) and all values are rounded off to nearest crores except where otherwise indicated.

Consolidated Financial Statements of Sundaram-Clayton Limited

SIGNIFICANT ACCOUNTING POLICIES - (continued)

(ii) **Transactions and balances**

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction.

- (a) Foreign currency monetary assets and liabilities such as cash, receivables, payables, etc., are translated at year end exchange rates.
- (b) Non-monetary items denominated in foreign currency such as investments, fixed assets, etc., are valued at the exchange rate prevailing on the date of transaction.
- (c) Exchange differences arising on settlement of transactions and translation of monetary items are recognised as income or expense in the year in which they arise.

(iii) **Group companies**

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- a) assets and liabilities are translated at the closing rate at the date of that balance sheet
- b) income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- c) all resulting exchange differences are recognised in other comprehensive income.

m) **Hedge accounting**

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedges)
- hedges of a particular risk associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 34. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in the Statement of Profit and Loss, within other gains / (losses).

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognized in other comprehensive income in cash flow hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains and losses relating to the effective portion of the change in fair value of the entire forward contract are recognized in the cash flow hedging reserve within equity.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects the Statement of Profit and Loss (for example, when the forecast sale that is hedged takes place).

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to the Statement of Profit and Loss within other gains / (losses).

n) **Inventories**

Inventories are valued at the lower of cost and net realizable value.

- i. Cost of raw materials, components, stores, spares, work-in-process and finished goods are determined on a moving average basis.

Consolidated Financial Statements of Sundaram-Clayton Limited

SIGNIFICANT ACCOUNTING POLICIES - (continued)

- ii. Cost of finished goods and work-in-process comprises of direct materials, direct labour and an applicable proportion of variable and fixed overhead expenditure, fixed overhead expenditure absorbed on the basis of normal operating capacity.
- iii. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.
- iv. Materials and supplies held for use in production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost. Slow and non-moving material, obsolescence, defective inventories are duly provided for.

Land held for development / sale by the real estate subsidiary is valued at the lower of cost and net realizable value. Cost includes cost of acquisition and all related costs.

o) Employee benefits

i) Short term obligations:

Short term obligations are those that are expected to be settled fully within 12 months after the end of the reporting period. They are recognized upto the end of the reporting period at the amounts expected to be paid at the time of settlement.

ii) Other long term employee benefit obligations:

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are, therefore, recognized and provided for at the present value of the expected future payments to be made in respect of services provided by employee upto the end of reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in the Statement of Profit and Loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for atleast twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

iii) Post-employment obligation:

The Group operates the following post-employment schemes:

- a) Defined benefit plans such as gratuity for its eligible employees, pension plan for eligible senior managers; and
- b) Defined contribution plan such as provident fund.

a) Pension and gratuity obligation:

The liability or asset recognized in the balance sheet in respect of defined benefit pension and gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on the government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income (net of deferred tax). They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the Statement of Profit and Loss as past service cost.

b) Provident fund:

The eligible employees of the Group are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Group make monthly contributions at a specified percentage of the covered employees' salary.

The provident fund contributions are made to an irrevocable trust set up by the Group. The Group is generally liable for annual contributions and any shortfall in the fund assets based on the Government specified minimum rates of return and recognizes such contributions and shortfall, if any, as an expense in the year in which it is incurred.

iv) Bonus plans:

The Group recognizes a liability and an expense for bonus. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Consolidated Financial Statements of Sundaram-Clayton Limited

SIGNIFICANT ACCOUNTING POLICIES - (continued)

p) Taxes on income

Tax expense comprises of (i) current tax and (ii) deferred tax.

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Where the Group is entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (the Research and Development or other investment allowances), the Group accounts for such allowances as tax credits, which means that the allowance reduce income tax payable and current tax expense. A deferred tax asset is recognized for unclaimed tax credits that are carried forward as deferred tax assets.

q) Government Grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants receivable as compensation for expenses or financial support are recognized in profit or loss of the period in which it becomes available.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

In case of waiver of duty under EPCG licence, such grant is considered as revenue grant and recognized in "Other Income" on completion of export obligation as approved by Regulatory Authorities.

r) MAT Credit

MAT credit can be carried forward upto a period of 15 years. MAT credit recognized in the books is in line with the latest assessment orders received by the Company.

s) Provisions and contingent liabilities

i) Provision:

A provision is recorded when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated. The estimated liability for product warranties is accounted based on technical evaluation, when the products are sold.

Provisions are evaluated at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expenses.

ii) Contingent liabilities:

Wherever there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from

Consolidated Financial Statements of Sundaram-Clayton Limited

SIGNIFICANT ACCOUNTING POLICIES - (continued)

past events but is not recognized because (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) the amount of the obligation cannot be measured with sufficient reliability are considered as contingent liability. Show cause notices are not considered as Contingent Liabilities unless converted into demand.

t) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The group has identified the following business segments as reportable segments, (on the basis of products and production process) viz., (1) Automotive vehicles and parts, (2) Automotive components (3) Financial Services and (4) Others.

u) Leases

From 1 April 2019, leases are recognized as a right-to-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognized in profit and loss in the period in which the condition that triggers those payments occurs.

Right-to-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- Restoration costs.

Right-to-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Consolidated Financial Statements of Sundaram-Clayton Limited

SIGNIFICANT ACCOUNTING POLICIES - (continued)

Payments associated with short-term leases of equipment and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

v) Cash and Cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

w) Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, less provision for impairment.

x) Contract Liabilities

A contract liability is the obligation to transfer goods to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the consideration is received. Contract liabilities are recognized as revenue when the Company performs under the contract.

y) Investments and Other financial assets

i) Classification

The Group classifies its financial assets in the following categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through statement of profit and loss), and
- Those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flow.

ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus (in the case of a financial asset not a fair value through profit or loss) transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit and Loss.

A) Debt Instruments:

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments.

i) Amortised Cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on debt instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in the Statement of Profit and Loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

ii) Fair Value through profit or loss:

Assets that do not meet the criteria for amortized cost or Fair Value through Other Comprehensive Income (FVOCI) are measured at Fair Value Through Profit or Loss (FVTPL). A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented in the statement of profit and loss within other gains / (losses) in the period in which it arises. Interest income from these financial assets is included in other income.

B) Equity instruments:

The Group subsequently measures all investments in equity (except of the subsidiaries / associates) at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there will be no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognized in the Statement of Profit and Loss as other income when the Group's right to receive payments is established.

Consolidated Financial Statements of Sundaram-Clayton Limited

SIGNIFICANT ACCOUNTING POLICIES - (continued)

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately. Where the Group elects to measure fair value through profit and loss, changes in the fair value of such financial assets are recognized in the statement of profit and loss.

iii) Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been significant increase in credit risk. Note 35(A) details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected credit losses to be recognized from initial recognition of the receivables.

For loans given by financial enterprise the impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 35 details how the Group determines whether there has been a significant increase in credit risk.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

iv) Derecognition of financial assets

A financial asset is derecognised only when:

- a) the Group has transferred the rights to receive cash flows from the financial asset or
- b) The Group retains the contractual rights to receive the cash flows of the financial asset, but expects a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised, if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

v) Income recognition

Interest income:

Interest income from debt instruments is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying value of a financial asset. While calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options), but does not consider the expected credit losses.

Dividend income:

Dividends are recognized in statement of profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of dividend can be reliably measured.

z) **Borrowings**

Borrowings are initially recognized at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction cost) and the redemption amount is recognized in the Statement of Profit and Loss over the period of the borrowings, using the effective interest rate method. Fees paid on the established loan facilities are recognized as transaction cost of the loan, to the extent that it is probable that some or all the facility will be drawn down.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the Statement of Profit and Loss as other gain / (loss).

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for over or atleast 12 months after the reporting period.

Consolidated Financial Statements of Sundaram-Clayton Limited

SIGNIFICANT ACCOUNTING POLICIES - (continued)

za) Current and Non-current classification

The Group presents assets and liabilities in the balance sheet based on current / non-current classification.

Cash or cash equivalent is treated as current, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. In respect of other assets, it is treated as current when it is:

- expected to be realized or intended to be sold or consumed in the normal operating cycle
- held primarily for the purpose of trading
- expected to be realized within twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when:

- it is expected to be settled in the normal operating cycle
- it is held primarily for the purpose of trading
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. In Group's considered view, twelve months is its operating cycle for all entities within the Group other than real estate.

The normal operating cycle in respect of operation relating to real estate project depends on signing of agreement, size of the project, phasing of the project, type of development, project complexities, approvals needed and realization of project into cash and cash equivalents and range from 3 to 7 years. Accordingly, assets and liabilities have been classified into current and non-current based on operating cycle.

zb) Borrowing cost

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

zc) Earnings Per Share (EPS)

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year / period.

Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

2 PROPERTY, PLANT & EQUIPMENT

(Rupees in crores)

Description	Property, Plant & Equipment							
	Freehold land	Leasehold land	Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Vehicles	Total
	1	2	3	4	5	6	7	8
Cost of Assets								
As at 01-04-2019	303.32	11.42	911.50	3,479.68	96.27	155.85	42.79	5,000.83
Additions	12.64	—	64.32	446.92	11.06	28.93	34.81	598.68
Foreign currency translation reserve difference	(2.55)	—	(1.74)	(4.19)	0.17	(0.11)	0.12	(8.30)
Sub-total	313.41	11.42	974.08	3,922.41	107.50	184.67	77.72	5,591.21
Sales / deletion	(6.97)	—	(0.30)	(88.19)	(1.15)	(1.60)	(9.24)	(107.45)
Total	306.44	11.42	973.78	3,834.22	106.35	183.07	68.48	5,483.76
Depreciation / Amortisation								
Upto 31-03-2019	—	0.38	105.70	1,049.62	36.12	80.66	12.89	1,285.37
For the year	—	—	42.30	433.73	15.79	17.11	26.36	535.29
Amortisation	—	0.13	—	—	—	—	—	0.13
Foreign currency translation reserve difference	—	—	(1.11)	(2.74)	0.04	(0.03)	0.04	(3.80)
Sub-total	—	0.51	146.89	1,480.61	51.95	97.74	39.29	1,816.99
Withdrawn on assets sold / deleted	—	—	(0.18)	(63.75)	(0.80)	(1.57)	(8.59)	(74.89)
Total	—	0.51	146.71	1,416.86	51.15	96.17	30.70	1,742.10
Net Carrying amount								
As at 31-03-2020	306.44	10.91	827.07	2,417.36	55.20	86.90	37.78	3,741.66

Goodwill

2019-20 2018-19

(i) Goodwill arising on business combination

2.20 2.20

(ii) Goodwill arising on consolidation

110.41 110.41

Total

112.61 112.61

Capital Work-In-Progress (At Cost)

2019-20 2018-19

(i) Building

34.12 8.56

(ii) Plant & equipment

820.37 602.33

(iii) Others

3.70 4.14

Total

858.19 615.03

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements

2 PROPERTY, PLANT & EQUIPMENT - (continued)

(Rupees in crores)

Description	Property, Plant & Equipment							
	Freehold land	Leasehold land	Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Vehicles	Total
	1	2	3	4	5	6	7	8
As at 01-04-2020	306.44	11.42	973.78	3,834.22	106.35	183.07	68.48	5,483.76
Additions	39.29	34.05	29.35	386.17	14.34	26.46	11.44	541.10
Foreign currency translation reserve difference	7.61	—	3.30	7.95	(0.10)	—	0.02	18.78
Sub-total	353.34	45.47	1,006.43	4,228.34	120.59	209.53	79.94	6,043.64
Sales / deletion	—	(0.03)	—	(46.35)	(0.42)	(3.45)	(4.11)	(54.36)
Total	353.34	45.44	1,006.43	4,181.99	120.17	206.08	75.83	5,989.28
Depreciation / Amortisation								
Upto 31-03-2020	—	0.51	146.71	1,416.86	51.15	96.17	30.70	1,742.10
For the year	—	—	43.15	395.99	17.40	40.68	6.61	503.83
Amortisation	—	0.13	—	—	—	—	—	0.13
Foreign currency translation reserve difference	—	—	1.90	4.79	(0.02)	0.21	0.05	6.93
Sub-total	—	0.64	191.76	1,817.64	68.53	137.06	37.36	2,252.99
Withdrawn on assets sold / deleted	—	—	—	(41.44)	(0.33)	(3.33)	(2.78)	(47.88)
Total	—	0.64	191.76	1,776.20	68.20	133.73	34.58	2,205.11
Net Carrying amount								
As at 31-03-2021	353.34	44.80	814.67	2,405.79	51.97	72.35	41.25	3,784.17

Goodwill

(i) Goodwill arising on business combination

(ii) Goodwill arising on consolidation

Total

2020-21 **2019-20**

2.20 2.20

110.41 110.41

112.61 **112.61**

Capital Work-In-Progress (At Cost)

(i) Building

(ii) Plant & equipment

(iii) Others

Total

2020-21 **2019-20**

44.84 34.12

836.45 820.37

2.08 3.70

883.37 **858.19**

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

3 INTANGIBLE ASSETS

(Rupees in crores)

Description	Software	Design Development	Trademark	Total
Cost of assets				
As at 01-04-2019	88.54	88.28	–	176.82
Additions	11.67	168.51	–	180.18
Foreign currency translation reserve difference	–	–	–	–
Sub-total	100.21	256.79	–	357.00
Sales / deletion	(0.46)	–	–	(0.46)
Total	99.75	256.79	–	356.54
Depreciation / Amortisation				
Upto 31-03-2019	62.01	50.54	–	112.55
For the year	19.44	41.19	–	60.63
Amortisation	–	–	–	–
Sub-total	81.45	91.73	–	173.18
Withdrawn on assets sold / deleted	(0.46)	–	–	(0.46)
Total	80.99	91.73	–	172.72
Net Carrying amount				
As at 31-03-2020	18.76	165.06	–	183.82

Description	Software	Design Development	Trademark	Total
As at 01-04-2020	99.75	256.79	–	356.54
Additions	14.36	171.19	240.23	425.78
Foreign currency translation reserve difference	–	–	–	–
Sub-total	114.11	427.98	240.23	782.32
Sales / deletion	–	–	–	–
Total	114.11	427.98	240.23	782.32
Depreciation / Amortisation				
Upto 31-03-2020	80.99	91.73	–	172.72
For the year	–	–	–	–
Amortisation	16.80	64.03	–	80.83
Sub-total	97.79	155.76	–	253.55
Withdrawn on assets sold / deleted	–	–	–	–
Total	97.79	155.76	–	253.55
Net Carrying amount				
As at 31-03-2021	16.32	272.22	240.23	528.77

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

4 RIGHT-TO-USE ASSETS

(Rupees in crores)

Description	Right-to-use assets				
	Land	Building	Plant & equipment	Others	Total
Gross block 01-04-2019					
Opening on transition to IND AS 116	18.95	67.58	70.04	1.45	158.02
Add: Additions during the year	–	77.70	–	102.53	180.23
Total	18.95	145.28	70.04	103.98	338.25
Less: Amortisations for the year	0.33	45.72	5.17	1.45	52.67
Foreign exchange translation reserve adjustments	–	–	–	0.45	0.45
Deletions (Preclosures)	–	1.11	–	0.21	1.32
Closing net balance as on 31-03-2020	18.62	98.45	64.87	101.87	283.81
Additions	–	41.98	–	22.21	64.19
Foreign exchange translation reserve adjustments	–	–	–	2.52	2.52
Total	–	41.98	–	24.73	66.71
Amortisations for the year	0.32	27.55	5.62	24.46	57.95
Foreign exchange translation reserve adjustments	–	0.02	0.06	0.37	0.45
Deletions (Preclosures)	5.02	–	0.02	–	5.04
Closing net balance as on 31-03-2021	13.28	112.86	59.17	101.77	287.08

The Company has leased warehouses, sales offices across the country, plant and equipment. The lease period ranges from 5-10 years, lease terms included for workings is the non-cancellable period and expected lease term.

Company also has vehicles on leases, the lease term here ranges for about 5-7 years.

	2020-21	2019-20
Payment towards short term leases	53.76	52.89
Payment towards low value asset leases	–	–

5 INVESTMENTS

Sl. No.	Particulars	No. of shares / units		Face Value	Currency	Rupees in crores	
		As at 31.03.2021	As at 31.03.2020			As at 31.03.2021	As at 31.03.2020
1	2	3	4	5	6	7	8
(a)	Investment in Equity Instruments Fair valued through OCI:						
	Quoted:						
(i)	Suprajit Engineering Limited, Bengaluru	28,92,000	28,92,000	1.00	INR	79.67	32.56
(ii)	Ucal Fuel Systems Limited, Chennai	91,760	91,760	10.00	INR	1.28	0.67
(iii)	Suprajit Engineering Limited, Bengaluru	57,72,000	57,72,000	1.00	INR	159.02	64.99
(iv)	Harita Seating Systems Limited, Chennai	7,280	7,280	10.00	INR	0.54	0.23
	Unquoted:						
(v)	Green Infra BTV Limited, New Delhi (formerly known as TVS Energy Limited)	32,50,000	32,50,000	10.00	INR	1.50	1.39
(vi)	Green Infra BTV Limited, New Delhi (formerly known as TVS Energy Limited)	45,00,000	45,00,000	10.00	INR	4.50	4.50
(vii)	TVS Lanka (Private) Limited, Colombo	50,00,000	50,00,000	10.00	LKR	8.23	9.62
(viii)	Green Infra Wind Power Projects Limited, New Delhi	1,11,600	1,11,600	10.00	INR	0.06	0.06
(ix)	Green Infra Wind Energy Theni Limited, New Delhi (formerly known as TVS Wind Energy Limited)	34,34,477	34,34,477	10.00	INR	1.59	1.47
(x)	Green Infra Wind Power Generation Limited, New Delhi	2,16,000	2,16,000	10.00	INR	0.15	0.13
(xi)	Condivision Solutions Pvt. Limited, Bengaluru	6,760	6,760	10.00	INR	-	-
(xii)	Ultra Violette Automotive Private Limited	14,850	14,850	10.00	INR	11.00	11.00
(xiii)	Mulanur Renewable Energy Pvt. Limited, Chennai	15,000	15,000	10.00	INR	0.02	0.02
(xiv)	PHI Research Pvt. Limited,	3,50,000	3,50,000	10.00	INR	3.01	3.01

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

5 INVESTMENTS - (continued)

(Rupees in crores)

Sl. No.	Particulars	No. of shares / units		Face Value	Currency	Rupees in crores	
		As at 31.03.2021	As at 31.03.2020			As at 31.03.2021	As at 31.03.2020
1	2	3	4	5	6	7	8
(xv)	Sai Regency Power Corporation Private Limited, Chennai	3,75,000	3,75,000	10.00	INR	0.38	0.38
(xvi)	Adyar Property Holding Company Limited, Chennai (Cost ₹ 6,825)	105	105		INR	-	-
(xvii)	Atria Wind Power Bijapur 1 Limited, Bengaluru	85,788	90,610	10.00	INR	1.66	1.72
(xviii)	Atria Wind Power (Chitradurga) P Ltd	80,948	80,948	100.00	INR	0.41	0.38
(xix)	Altizon Systems Private Ltd, Pune	10	10	10.00	INR	0.01	0.01
(xx)	Altizon Inc, USA	530,543	530,543	0.00001	USD	25.34	17.76
(xxi)	Scienaptic Systems	21,95,999	2,195,999	0.001	USD	64.81	49.83
(xxii)	Predictronics Corporation, USA	24,827	24,827	0.01	USD	22.35	22.35
	Private equity instruments:						
(xxiii)	TVS Shriram Growth fund Scheme 1B of TVS Capital Funds Limited, Chennai (₹ 1000)	1	1	1,000.00	INR	4.38	-
(xxiv)	TVS Shriram Growth fund Scheme 3 of TVS Capital Funds Limited, Chennai	66,000	66,000		INR	8.04	6.60
	Total value of Equity Instruments (a)					397.95	228.68
(b)	Investments in Preference Shares: (Unquoted)						
(i)	Pinnacle Engines Inc., USA (face value 0.01 cent)	24,09,638	24,09,638	0.0001	USD	11.70	11.70
(ii)	Axiom Research Labs Private Limited, Delhi	82	82	10.00	INR	1.00	1.00
(iii)	TVS Lanka (Private) Limited, Colombo	37,00,00,000	37,00,00,000	1.00	LKR	-	15.92
(iv)	Ultraviolette Automotive Private Limited	990	990	50,545.00	INR	35.00	5.00
(v)	Tagbox Solutions Private Ltd, Bengaluru	3,83,983	3,83,983	16.00	INR	9.99	9.99
	Total value of Preference shares (b)					57.69	43.61
(c)	Other non-current Investments:						
	<u>Investments valued through OCI:</u>						
(i)	Autotech Fund L.L.P. USA				USD	40.43	21.01
(ii)	Harita Accessories LLP				INR	1.07	1.07
	<u>Pension Funds / Government Securities (Unquoted)</u>						
(iii)	ICICI Prudential Life Insurance Group Superannuation Fund, Mumbai				INR	6.69	6.25
(iv)	Life Insurance Corporation Pension Policy, Mumbai				INR	21.55	19.73
(v)	ICICI Prudential Life Insurance Group Superannuation Fund, Mumbai				INR	2.58	3.05
(vi)	Life Insurance Corporation Pension Policy, Chennai				INR	11.31	10.43
(vii)	5 Years National Savings Certificates VIII Issue (in the name of nominee) - Face Value - ₹ 10,000				INR	-	-
(viii)	Tulsyan NEC Limited, Chennai	1,63,125	1,63,125	10.00	INR	0.50	0.50
(ix)	Investment in Mutual Funds				INR	0.37	0.41
	Debt Instruments						
(x)	National Savings Certificates (₹ 37100/- deposited with Sales Tax authorities)					-	-
	Total value of other investments (c)					84.50	62.45
	Total (a) + (b) + (c)					540.14	334.74
	Aggregate amount of quoted investments and market value thereof					240.51	98.45
	Aggregate amount of unquoted investments					299.63	238.29
	Aggregate amount of impairment in value of investments					-	(2.00)
	Total					540.14	334.74

Consolidated Financial Statements of *Sundaram-Clayton Limited*

Notes to Financial Statements – (continued)

	(Rupees in crores)	
	As at 31.03.2021	As at 31.03.2020
6 INVESTMENTS ACCOUNTED USING EQUITY METHOD		
Cost of investment in Associates (Emerald Haven Realty Limited, Chennai, Sundram Non-conventional Energy Systems Limited, Chennai, TVS Training and Services Limited, Chennai and Tagbox)	130.71	130.71
Add: Share of Other Equity	2.05	4.91
Total	132.76	135.62
7 OTHER NON-CURRENT ASSETS		
Capital advances	62.42	90.83
<u>Advances other than capital advances:</u>		
Prepaid expenses	24.66	14.43
Indirect taxes receivable	–	12.46
Vendor Advance	55.00	–
Statutory and other deposits	57.06	58.53
Total	199.14	176.25
8 INVENTORIES		
Raw materials and components	773.14	662.14
Goods-in-transit - Raw materials and components	149.65	80.73
Work-in-process	66.40	73.25
Finished goods	430.14	407.51
Stock-in-trade	85.49	75.31
Stores and spares	163.48	160.53
Total	1,668.30	1,459.47
9 TRADE RECEIVABLES		
Secured, considered good	26.12	21.18
Unsecured, considered good	1,226.77	1,589.79
Doubtful	5.77	4.03
Total	1,258.66	1,615.00
Less: Allowance for doubtful receivables	52.11	24.58
Total	1,206.55	1,590.42

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

10 LOANS (RECEIVABLE FROM FINANCING ACTIVITY)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Current	Non Current	Current	Non Current
<u>Secured</u>				
Automobile Financing				
Considered good	4,392.94	4,776.07	4,210.61	3,739.99
Considered Doubtful	233.71	107.03	224.20	78.68
Less: Loss allowance				
Provision for expected credit loss (Refer Note No. 36)	(103.86)	(109.61)	(46.86)	(88.89)
<u>Unsecured:</u>				
Financing (Others)				
Considered good	1,081.41	591.57	879.50	348.21
Considered doubtful	46.12	36.88	32.25	29.63
Less: Loss allowance				
Provision for expected credit loss	(28.48)	(41.36)	(14.78)	(37.81)
<u>Unsecured and considered good:</u>				
Trade Advance and Term loan	178.76	1.39	104.36	–
Provision for expected credit loss (Refer Note No. 36)	(6.37)	–	(3.76)	–
	5,794.23	5,361.97	5,385.52	4,069.81

11 CASH AND CASH EQUIVALENTS

	As at 31.03.2021	As at 31.03.2020
Balances with banks in current accounts	894.85	878.29
Deposits with maturity of less than three months	702.61	250.28
Cash on hand	1.62	2.01
Total	<u>1,599.08</u>	<u>1,130.58</u>

12 OTHER BANK BALANCES

Earmarked balances with banks (for unpaid dividend)	94.48	6.54
Balance with banks (with more than 3 months and less than 12 months maturity)	12.26	23.01
Total	<u>106.74</u>	<u>29.55</u>

Consolidated Financial Statements of *Sundaram-Clayton Limited*

Notes to Financial Statements – (continued)

	(Rupees in crores)	
	As at 31.03.2021	As at 31.03.2020
13 FINANCIAL ASSETS - OTHERS		
<u>Non-Current</u>		
Deposits	20.97	18.48
Loans given to employees	1.39	1.82
Loans to others	–	13.02
Derivatives (Forwards, POS, IRS, Call spread)	6.90	19.10
Bank deposits	0.80	0.13
	30.06	52.55
<u>Current</u>		
<u>Unsecured, Considered Good :</u>		
Employee Advances	13.20	21.45
Security Deposits	8.20	7.32
Claims receivable	0.90	3.32
Derivative financial instruments - receivable	8.22	29.76
Receivable towards sale of fixed assets	62.98	62.98
Drawback receivable	3.42	3.92
	96.92	128.75
Total	126.98	181.30
14 OTHER CURRENT ASSETS		
VAT/IT/Excise/GST receivable	344.09	360.34
Prepaid expense	46.44	39.95
Vendor advance	164.25	103.83
Trade Deposits	3.49	2.66
Export Incentive receivable	53.83	76.44
Others	5.63	6.44
Total	617.73	589.66

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

15 SHARE CAPITAL

(a) Details of authorised, issued and subscribed share capital

Particulars	As at 31-03-2021		As at 31-03-2020	
	Number	Rupees in crores	Number	Rupees in crores
Authorised Capital				
Equity Shares of ₹ 5/- each	5,00,00,000	25.00	5,00,00,000	25.00
Issued, Subscribed & Paid up Capital				
Equity Shares of ₹ 5/- each fully paid	2,02,32,085	10.12	2,02,32,085	10.12
	2,02,32,085	10.12	2,02,32,085	10.12

(b) Reconciliation of equity shares outstanding at the beginning and at the end of the year

Particulars	As at 31-03-2021		As at 31-03-2020	
	Number	Rupees in crores	Number	Rupees in crores
Shares outstanding at the beginning of the year	2,02,32,085	10.12	2,02,32,085	10.12
Shares Issued during the year	–	–	–	–
Shares outstanding at the end of the year	2,02,32,085	10.12	2,02,32,085	10.12

(c) Rights and preferences attached to equity share:

- i) 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 31st March 2021

Name of shareholder	Relationship	Class of share	As at 31-03-2021		As at 31-03-2020	
			Number of shares held	% of holding	Number 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 Private 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 31st March 2021 (other than 15 (d)) above

Name of shareholder	Class of share	As at 31-03-2021		As at 31-03-2020	
		Number of shares held	% of holding	Number of shares held	% of holding
Sundaram Finance Holdings Limited - Chennai	Equity	22,73,081	11.24	22,73,081	11.24

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

16 OTHER EQUITY

Particulars	As at 31-03-2021	As at 31-03-2020
General Reserve	658.10	658.10
Capital Reserve	99.11	99.11
Securities Premium Reserve	36.42	36.42
Statutory Reserve	51.64	42.60
Retained Earnings	1,824.27	1,559.00
Other Reserves	224.93	58.11
	2,894.47	2,453.34
Non-controlling interest	1,758.73	1,516.21

17 NON CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS

Nature	Lenders	As at 31-03-2021	As at 31-03-2020	Status as at 31-03-2021			
				Interest Rate	Frequency	No. of Instalments Due	Maturity
Secured Borrowings:							
FCNRB Term Loan - I	Bank	–	75.66	3 Month USD LIBOR plus Margin	Bullet	–	Mar-21
FCNRB Term Loan - II	Bank	43.87	75.67	Overnight LIBOR plus margin	Half Yearly	3	Sep-22
FCNRB Term Loan - III	Bank	–	75.67	–	–	–	–
FCNRB Term Loan - IV	Bank	141.05	–	1 year LIBOR plus margin	Yearly	24	Dec-27
ECB Loan 1	Bank	41.40	63.94	3 Month USD LIBOR plus Margin	Half Yearly	7	Mar-23
ECB Loan 2	Bank	24.24	50.18	6 Month USD LIBOR plus Margin	Half Yearly	2	Mar-22
ECB Loan 3	Bank	109.10	112.74	3 Month USD LIBOR plus Margin	Quarterly	12	Feb-24
ECB Loan 4	Bank	218.70	225.98	3 Month USD LIBOR plus Margin	Quarterly	4	Feb-23
ECB Loan 5	Bank	146.05	150.78	8.25%	Bullet	1	Aug-22
ECB Loan 6	Bank	146.05	150.78	8.25%	Bullet	1	Sep-22
ECB Loan 7	Bank	182.56	188.48	8.60%	Bullet	1	May-22
ECB Loan 8	Bank	182.56	188.48	8.60%	Bullet	1	Jun-22
ECB Loan 10	Bank	363.87	–	6.94%	Bullet	1	Jul-23
ECB Loan 11	Bank	343.22	–	6.94%	Bullet	1	Oct-23
Rupee Term loan I	Bank	58.25	91.59	MCLR plus margin	Quarterly	7	Dec-23
Rupee Term loan II	Bank	72.50	75.00	MCLR plus margin	Quarterly	16	Sep-26
Term Loan	Bank	–	199.56	–	–	–	–
Term Loan	Bank	79.99	99.98	7.25%	Quarterly	8	Mar-23
Term Loan	Bank	52.50	75.00	6.90%	Quarterly	7	Oct-22
Term Loan	Bank	159.97	199.95	6.90%	Quarterly	8	Feb-23
Term Loan	Bank	16.67	33.34	8.00%	Half Yearly	2	Jan-22
Term Loan	Bank	141.64	241.62	5.10%	Monthly	17	Aug-22
Term Loan	Bank	100.00	166.67	5.50%	Monthly	18	Sep-22
Term Loan	Bank	333.33	500.00	5.85%	Monthly	24	Mar-23
Term Loan	Bank	166.63	249.95	7.50%	Quarterly	8	Feb-23
Term Loan	Bank	100.00	100.00	7.90%	Half Yearly	4	Dec-22
Term Loan	Bank	–	200.00	–	–	–	–
Term Loan	Bank	199.96	199.93	7.45%	Bullet	1	Nov-22
Term Loan	Bank	179.97	299.95	7.35%	Quarterly	6	Aug-22

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

17 NON CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS - (continued)

Nature	Lenders	As at 31-03-2021	As at 31-03-2020	Status as at 31-03-2021			
				Interest Rate	Frequency	No. of Instalments Due	Maturity
Term Loan	Bank	24.59	44.27	6.43%	Quarterly	5	Jun-22
Term Loan	Bank	199.87	249.78	7.35%	Quarterly	8	Mar-23
Term Loan	Bank	—	20.00	—	—	—	—
Term Loan	Bank	—	59.96	—	—	—	—
Term Loan	Bank	—	49.99	—	—	—	—
Term Loan	Bank	—	63.33	—	—	—	—
Term Loan	Bank	—	24.99	—	—	—	—
Term Loan	Bank	—	30.00	—	—	—	—
Term Loan	Bank	37.50	112.50	7.9%	Half Yearly	1	Sep-21
Term Loan	Bank	41.67	125.00	7.5%	Monthly	6	Sep-21
Term Loan	Bank	—	50.00	—	—	—	—
Term Loan	Bank	100.00	100.00	8.0%	Bullet	1	May-21
Term Loan	Bank	—	74.99	—	—	—	—
Term Loan	Bank	59.89	139.78	7.4%	Quarterly	3	Dec-21
Term Loan	Bank	33.33	66.66	8.0%	Half Yearly	2	Dec-21
Term Loan	Bank	123.98	290.05	7.5%	Quarterly	3	Dec-21
Term Loan	Bank	39.97	79.93	7.9%	Quarterly	4	Feb-22
Term Loan	Bank	238.90	477.59	7.9%	Quarterly	4	Feb-22
Term Loan	Bank	199.97	402.81	7.4%	Quarterly	4	Feb-22
Term Loan	Bank	130.00	—	6.3%	Quarterly	8	Sep-23
Term Loan	Bank	199.96	—	5.9%	Quarterly	8	Nov-23
Term Loan	Bank	299.93	—	5.6%	Quarterly	8	Mar-24
Term Loan	Bank	241.67	—	5.9%	Monthly	29	Aug-23
Term Loan	Bank	183.33	—	5.0%	Monthly	33	Dec-23
Term Loan	Bank	150.00	—	7.4%	Half Yearly	6	Feb-24
Term Loan	Bank	224.89	—	8.0%	Quarterly	9	May-23
Term Loan	Bank	250.00	—	7.3%	Quarterly	10	Mar-24
Term Loan	Bank	99.95	—	7.4%	Monthly	36	Mar-24
Term Loan	Bank	179.87	—	7.8%	Quarterly	9	Jun-23
Term Loan	Bank	265.34	301.45	3.5%	Yearly	8	Dec-24
Term Loan	Others	—	12.57	—	—	—	—
Term Loan	Bank	0.11	—	7.5%	Monthly	36	May-24
Term Loan	State owned corporation I	6.95	6.43	0.1%	Bullet	1	Apr-31
Term Loan	State owned corporation II	2.63	2.43	0.1%	Yearly	1	Apr-29
Term Loan (5 tranches)	State owned corporation III	151.20	160.89	0.1%	Yearly	5	2021-2031
Debentures	8.35% Secured Non Convertible Debenture	300.00	—	8.4%	Bullet	1	Mar-23
Debentures	8.35% Secured Non Convertible Debenture	25.00	—	8.4%	Bullet	1	Mar-23
Debentures	7.4% Secured Non Convertible Debenture	99.74	—	7.4%	Bullet	1	Apr-22
Debentures	8% Secured Non Convertible Debenture	6.37	—	8.0%	Bullet	1	Mar-26
Debentures	8% Secured Non Convertible Debenture	45.00	45.12	8.0%	Bullet	1	Sep-21

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

17 NON CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS - (continued)

Nature	Lenders	As at 31-03-2021	As at 31-03-2020	Status as at 31-03-2021			
				Interest Rate	Frequency	No. of Instalments Due	Maturity
Unsecured Borrowings:							
Non Convertible Debentures	7.5% Non Convertible Debenture	498.21	–	7.5%	Bullet	1	May-23
Non Convertible Debentures	7.65% Non Convertible Debenture	99.55	–	7.7%	Yearly	2	Aug-25
Sub Debt	Bank	–	–	10.1%	Annual	2	Jun-20
Sub Debt	Others	24.96	24.94	9.7%	Bullet	1	Sep-22
Sub Debt	Bank	49.98	49.97	8.7%	Bullet	1	May-23
Sub Debt	Bank	50.00	50.00	9.8%	Bullet	1	Jul-23
Sub Debt	Bank	25.00	25.00	9.4%	Bullet	1	Sep-22
Sub Debt	Bank	49.99	49.96	10.0%	Bullet	1	Apr-22
Sub Debt	Others	–	14.50	–	–	–	–
Sub Debt	Others	–	49.96	–	–	–	–
Sub Debt	Others	50.00	50.00	11.8%	Bullet	1	Jul-21
Sub Debt	Others	49.96	49.92	11.3%	Bullet	1	Sep-21
Sub Debt	Bank	49.98	50.00	11.3%	Bullet	1	May-22
Sub Debt	Bank	99.00	98.71	10.9%	Bullet	1	Aug-24
Sub Debt	Others	146.62	–	9.4%	Bullet	1	Jun-26
Sub Debt	Others	122.46	–	9.4%	Bullet	1	Aug-26
Sub Debt	Others	25.00	–	9.4%	Bullet	1	Aug-26
Sub Debt	Others	100.00	–	10.0%	Bullet	1	Jul-26
Perpetual Debt	Others	99.84	99.81	11.5%	Bullet	1	Nov-27
ECB Loan 9	Bank	121.85	151.33	3 Month USD LIBOR plus Margin	Half Yearly	6	Sep-23
Sales Tax Deferral Phase I	Others	6.33	12.66	0.0%	Annual	3	2021-22
Sales Tax Deferral Phase II	Others	110.09	125.82	0.0%	Annual	10	2027-28
		9,344.51	7,984.00				
Less: Current Maturities of Long Term Borrowings (Refer Note 22)		2,709.63	2,515.02				
Total Non Current Financial Liabilities (Borrowings)		6,634.88	5,468.98				

Details of securities created:

- ECB Loan 1 - Hypothecation of Movable fixed assets
- ECB Loan 4 - Exclusive charge over assets procured out of proceeds of the loan.
- ECB Loan 5 to 8, 10 & 11 - availed by a subsidiary is secured against hypothecation of receivables under the financing activity of the Company.
- Term Loan of ₹ 265.34 Crores (Previous year ₹ 301.45 Crores) in USD from bank obtained by a subsidiary - secured by land and building
- Term Loan of ₹ 301.41 Cr in USD from bank obtained by a subsidiary - secured by land and building.
- Term loan received from bank of ₹ 72.5 crores - charge created on land and building and paripasu charge on plant and machinery.
- Term loan received from bank of ₹ 0.11 crores - hypothecation of inventory and book debts.
- Term Loan received from Banks and Other Parties of ₹ 4,589.92 crores inclusive of Current and Non Current Dues by a subsidiary (Previous Year: ₹ 4,837.71 Crores) is secured against hypothecation of receivables under the financing activity of the Company.
- Loan from State owned corporation - I & II viz., SIPCOT - First charge on the specific plant and equipment.
- Loan from State owned corporation - III viz., SIPCOT - First charge on the specific plant and equipment and also secured by equitable mortgage created by way of deposit of title deeds of land.
- Debentures of ₹ 51.37 Cr (Previous Year: ₹ 45.12 Cr) issued by the subsidiary are secured against the immovable property
- Debentures of ₹ 424.74 Cr (Previous Year: Nil) issued by the subsidiary are secured against hypothecation of receivables under the financing activity of the Company.

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

18 PROVISIONS

Particulars	As at 31-03-2021		As at 31-03-2020	
	Current	Non-current	Current	Non-current
Provision for Employee Benefits				
(a) Pension	51.12	103.30	48.82	94.20
(b) Leave salary	6.78	61.88	11.17	50.27
(c) Gratuity	3.07	2.25	9.11	1.88
Others				
(a) Warranty	40.80	11.66	42.10	–
(b) Disputed tax provided for	3.51	–	11.20	–
Total	105.28	179.09	122.40	146.35

Movement in provision :

Particulars	Warranty	Disputed tax provided for
Opening balance as on 01.04.2020	42.10	11.20
Additional provisions made during the year	–	–
Amounts utilised	(1.30)	(7.69)
Closing balance as on 31-03-2021	40.80	3.51

As at 31.03.2021 As at 31.03.2020

19A DEFERRED TAX ASSETS

The balance comprises temporary differences attributable to:

Others	4.06	3.89
Total deferred tax liability	4.06	3.89
Deferred tax asset consists of :		
- Depreciation	5.07	(62.84)
- tax on employee benefit expenses	9.53	18.04
- tax on expected credit losses provision	78.31	34.76
- tax on investment property	14.72	14.72
- tax on MAT Credit	–	31.68
- tax on others	24.05	81.89
Total deferred tax assets	131.68	118.25
Deferred tax asset	127.62	114.36

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

19A DEFERRED TAX LIABILITIES / ASSETS - (continued)

Movement in deferred tax:	Depreciation	Others	Total
As at 01-04-2020	(62.84)	177.20	114.36
Charged / (credited):			
- to profit or loss	67.91	(55.89)	12.02
- to other comprehensive income	–	1.24	1.24
- to retained earnings towards IND AS 116 initial adoption	–	–	–
- to share of associate adjustment as per Ind AS 115 (Tax on retrospective application with cumulative effect)	–	–	–
- utilisation tax credits (MAT credit utilisation)	–	–	–
- Unused tax credits (MAT credit entitlement)	–	–	–
- to tax relating to earlier years	–	–	–
- Carried forward loss	–	–	–
As at 31-03-2021	5.07	122.55	127.62

As at
31.03.2021 As at
31.03.2020

19B DEFERRED TAX LIABILITIES

The balance comprises temporary differences attributable to:

Depreciation	329.76	261.14
Others	41.16	–
Total deferred tax liability	370.92	261.14
Deferred tax asset consists of :		
- tax on employee benefit expenses	41.87	29.85
- tax on warranty provision	14.02	11.29
- tax on expected credit losses provision	–	–
- tax on investment property	–	–
- tax on finance cost provision	–	–
- tax on financial assets and liabilities	–	–
- tax on others	72.74	42.69
- Unused tax credits (MAT credit entitlement)	–	3.51
- Carried forward loss	–	–
Total deferred tax assets	128.63	87.34
Deferred tax asset	242.29	173.80

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

19B DEFERRED TAX LIABILITIES / (ASSETS) - (continued)

Movement in deferred tax:	Depreciation	Others	Total
As at 01-04-2020	261.14	(87.34)	173.80
Charged / (credited):			
- to profit or loss	68.62	(63.39)	5.23
- to other comprehensive income	–	31.58	31.58
- to retained earnings towards IND AS 116 initial adoption	–	–	–
- to share of associate adjustment as per Ind AS 115 (Tax on retrospective application with cumulative effect)	–	–	–
- utilisation tax credits / write offs	–	24.93	24.93
- to tax relating to others	–	–	–
- to tax relating to earlier years	–	6.75	6.75
- Carried forward loss	–	–	–
As at 31-03-2021	329.76	(87.47)	242.29
		As at 31.03.2021	As at 31.03.2020

20 FINANCIAL LIABILITIES - BORROWINGS (CURRENT)

Borrowings repayable on demand from banks		
Secured*	1,967.16	2,594.50
Unsecured	340.00	610.00
Short term loans:		
From banks:		
Secured	25.00	–
Unsecured	139.20	336.00
From others (secured)	746.11	496.19
Total Borrowings under Current Liabilities	3,217.47	4,036.69

* Details of securities created for loans repayable on demand:

First charge by way of hypothecation and / or pledge of current assets viz., inventories of raw materials, semi finished and finished goods, stores and spares not relating to plant and machinery, bills receivable, book debts and all other movable assets located in all plants.

Short term borrowings from banks of a subsidiary include :

- A loan of ₹ 67.51 crores in USD obtained from a bank, secured by a letter of credit issued by a bank in India and
- Working capital loan and cash credit of ₹ 1,721.88 crores obtained by a subsidiary company are secured by hypothecation of receivables under the financing activity of the Company.
- Short term loan of ₹ 25.00 crores obtained by a subsidiary company are secured by hypothecation of receivables under the financing activity of the Company.
- Cash credit of ₹ 10.80 crores obtained by a subsidiary company are secured by hypothecation of receivables and inventories of the Company, both present and future.

21 TRADE PAYABLES

Current

Dues to Micro and Small Enterprises **	88.66	121.52
Dues to enterprises other than Micro and Small Enterprises	4,447.04	3,212.22
Total trade payables	4,535.70	3,333.74

** Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information received by the management. The entire closing balance represents the principal amount payable to these enterprises. There are no interests due or outstanding on the same.

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

	As at 31.03.2021	As at 31.03.2020
22 OTHER FINANCIAL LIABILITIES		
Non-Current		
Derivative Instruments - Payable	5.18	19.38
Others advances	26.11	–
	31.29	19.38
Current		
Current Maturities of long term borrowings	2709.63	2515.02
Interest accrued but not due on loans	123.64	51.63
Trade deposits received	89.84	67.34
Unclaimed Dividends	5.71	6.54
(Not due for transfer to Investor Education and Protection Fund)		
Dividend declared but not paid	50.59	–
Payables against capital goods	19.65	23.59
Liabilities for expenses	12.92	11.93
Derivative Instruments - Payable	1.16	48.37
Total other current financial liabilities	3,013.14	2,724.42
23 OTHER CURRENT LIABILITIES		
Statutory dues	160.42	145.09
Employee related	165.12	117.49
Advance received from customers	189.99	156.42
Deferred income - Government grants	6.96	2.12
Money held under trust	–	6.47
Total other current liabilities	522.49	427.59
24 REVENUE FROM OPERATIONS		
Sale of products	17,879.87	17,439.48
Sale of services	16.26	30.18
Interest income of financial enterprise	2,041.82	1,821.51
Other operating revenue	360.78	567.57
Total revenue	20,298.73	19,858.74
25 OTHER INCOME		
Dividend income	1.56	2.54
Interest income	36.03	28.37
Profit on sale of Investments	0.05	0.03
Profit on sale of property, plant and equipment	0.30	2.55
Increase in Fair value of Investments	1.32	1.10
Government Grant	0.20	–
Provision for debtors no longer required	1.33	11.57
Fair value losses on derivatives not designated as hedges	9.59	–
Other non-operating income	12.57	10.01
Total other income	62.95	56.17

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

	Year ended 31.03.2021	Year ended 31.03.2020
26 COST OF MATERIALS CONSUMED		
Opening stock of raw materials and components	662.14	742.73
Add: Purchases	13,139.33	12,284.11
	<u>13,801.47</u>	<u>13,026.84</u>
Less: Closing stock of raw materials and components	773.14	662.14
Consumption of raw materials and components	<u>13,028.33</u>	<u>12,364.70</u>
Purchases of stock-in-trade	<u>224.92</u>	<u>259.20</u>
Changes in inventories of finished goods, work-in-process and stock-in-trade:		
Opening stock:		
Work-in-process	73.25	110.72
Stock-in-trade	75.31	75.48
Finished goods	407.51	412.51
Total (A)	<u>556.07</u>	<u>598.71</u>
Closing stock:		
Work-in-process	66.40	73.25
Stock-in-trade	85.49	75.31
Finished goods	430.14	407.51
Total (B)	<u>582.03</u>	<u>556.07</u>
Changes in inventories (A)-(B)	<u>(25.96)</u>	<u>42.64</u>
27 EMPLOYEE BENEFIT EXPENSE		
Salaries, wages and bonus	1,655.21	1,522.83
Contribution to provident and other funds	109.36	94.65
Welfare expenses	114.48	143.54
Total employee benefit expense	<u>1,879.05</u>	<u>1,761.02</u>
28 FINANCE COSTS		
Interest	887.60	823.71
Other borrowing cost	46.34	45.46
Interest on lease liabilities	15.61	16.94
Exchange differences	(20.44)	23.83
Total finance costs	<u>929.11</u>	<u>909.94</u>
29 DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation on Property, Plant and Equipment	503.96	535.42
Depreciation on Right-to-use asset	57.95	52.60
Amortisation on Intangible assets & Others	80.83	60.63
Total depreciation and amortisation expense	<u>642.74</u>	<u>648.65</u>

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

	Year ended 31.03.2021	Year ended 31.03.2020
30 OTHER EXPENSES *		
Consumption of stores, spares and tools	103.88	129.76
Power and fuel	178.21	204.73
Repairs - buildings	32.75	34.33
Repairs - plant and equipment	98.99	127.56
Insurance	32.33	24.03
Rates and taxes (excluding taxes on income)	20.05	9.67
Audit fees (Refer note 38 (iii))	3.39	3.45
Packing and freight charges	384.79	455.14
Advertisement and publicity	322.64	424.31
Other marketing expenses	290.84	373.16
Loss on sale of property, plant and equipment	2.68	3.69
Loss on sale of investments	–	0.21
Foreign exchange loss	32.92	10.78
Loss allowance for expected credit losses relating to loans	466.79	273.73
Corporate social responsibility expenditure	22.76	20.98
Contributions to electoral trust	–	6.00
Miscellaneous expenses (under this head there is no expenditure which is in excess of 1% of revenue from operations or ₹ 10 lakh, whichever is higher)	810.97	918.80
Total other expenses	2,803.99	3,020.33
* Net of recoveries and claims made		
30A EXCEPTIONAL ITEMS		
Voluntary separation costs	(19.19)	(19.94)
Cancellation of long term lease	(3.17)	–
Covid-19 expenses	–	(40.79)
Total exceptional items	(22.36)	(60.73)
31 CURRENT TAX		
Current tax on profits for the year	257.46	284.81
Adjustments for current tax of prior periods	–	8.90
Total current tax	257.46	293.71
32 DEFERRED TAX		
Decrease / (increase) in deferred tax assets	(60.22)	(21.18)
(Decrease) / increase in deferred tax liabilities	40.00	(53.84)
Unused tax (credit) (MAT credit entitlement)	–	(0.04)
Unused tax (credit) / reversal (MAT credit entitlement) of prior periods (net)	24.93	–
Total deferred tax expense / (benefit)	4.71	(75.06)

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

	Year ended 31.03.2021	Year ended 31.03.2020
32 DEFERRED TAX - (continued)		
Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
Profit before income tax expense	876.62	908.43
Tax at the Indian tax rate of 25.17% (2019-20 – 34.94%)	220.65	317.40
Additional deduction towards Research & Development expenses	–	(48.97)
Capital Receipts	(0.76)	(1.97)
Restatement of Deferred Tax Liability	39.56	(74.00)
Others	8.10	(0.15)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Other items	(0.24)	–
Tax credit availed in books / (entitlement)	(5.14)	17.44
Tax Relating to Earlier Years	–	8.90
Income tax expense	262.17	218.65
33 EARNINGS PER SHARE		
(a) Basic and diluted earnings per share		
Basic and diluted earnings per share attributable to the equity holders of the Company	159.98	166.63
(b) Earnings used in calculating earnings per share		
Basic and diluted earnings per share		
Profit attributable to equity holders of the company used in calculating basic earnings per share	323.68	337.12
(c) Weighted average number of equity shares used as the denominator in calculating basic earnings per share	2,02,32,085	2,02,32,085

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

34 FAIR VALUE MEASUREMENTS

Financial instruments by category	March 31, 2021			March 31, 2020		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments						
- Equity instruments	–	397.95	–	–	228.68	–
- Preference shares	–	–	57.69	–	–	43.61
- Debt instruments	–	–	–	–	–	–
- Others	0.37	41.50	42.63	2.16	22.08	39.96
Trade receivables	–	–	1,206.55	–	–	1,590.42
Loans (Receivable from financing activity)	–	–	11,156.20	–	–	9,455.33
Other Bank balances	–	–	1,705.82	–	–	1,160.13
Derivative financial assets	15.12	–	–	48.80	0.06	–
Security Deposits	–	–	20.97	–	–	18.48
Other Financial assets	–	–	90.89	–	–	113.96
Total financial assets	15.49	439.45	14,280.75	50.96	250.82	12,421.89
Financial liabilities						
Borrowings	–	–	12,561.98	–	–	12,020.69
Trade Payables	–	–	4,535.70	–	–	3,333.74
Derivative Financial Liability	–	6.34	–	–	67.75	–
Other Financial Liability	–	–	619.77	–	–	454.47
Total financial liabilities	–	6.34	17,717.45	–	67.75	15,808.90

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

34 FAIR VALUE MEASUREMENTS - (continued)

Financial assets and liabilities measured at fair value - recurring fair value measurements

At 31 March 2021	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL	5	0.37	–	–	0.37
Financial Investments at FVOCI	5	240.51	53.92	145.02	439.45
Derivatives designated as hedges	13	–	15.12	–	15.12
Total financial assets		240.88	69.04	145.02	454.94
Financial liabilities					
Derivatives	22	–	6.34	–	6.34
Total financial liabilities		–	6.34	–	6.34

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

At 31 March 2021	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Preference shares	5	–	–	57.69	57.69
Others	5	–	–	42.63	42.63
Debt instruments	5			–	–
Total financial assets		–	–	100.32	100.32
Financial Liabilities					
Borrowings	17,18,22	–	–	12,561.98	12,561.98
Total financial liabilities		–	–	12,561.98	12,561.98

Financial assets and liabilities measured at fair value - recurring fair value measurements

At 31 March 2020	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL	5	2.16	–	–	2.16
Financial Investments at FVOCI	5	98.45	28.68	123.63	250.76
Derivatives designated as hedges	13	–	48.86	–	48.86
Total financial assets		100.61	77.54	123.63	301.78
Financial Liabilities					
Derivatives	22	–	67.75	–	67.75
Total financial liabilities		–	67.75	–	67.75

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

34 FAIR VALUE MEASUREMENTS - (continued)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

At 31 March 2020	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Preference shares	5	–	–	43.61	43.61
Others	5	–	–	39.96	39.96
Debt Instruments	5	–	–	–	–
Total financial assets		–	–	83.57	83.57
Financial Liabilities					
Borrowings	17, 18, 22	–	–	12,020.69	12,020.69
Total financial liabilities		–	–	12,020.69	12,020.69

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, preference shares and other non current investments included in level 3.

There are no transfers between levels 1 and 2 during the year.

(ii) Valuation technique used to determine fair value (Level 2)

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments.
- the fair value of interest rate swaps is calculated as the present value of estimated cash flows based on observable yield curves.
- the fair value of forward exchange contract and principle only swap is determined using forward exchange rate at the balance sheet date.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

(iii) Fair value measurement using significant unobservable inputs (Level 3)

Particulars	Unlisted Preference Shares	Unlisted Equity Shares	Total
As at 01-04-2019	–	36.21	36.21
Additions	–	90.33	90.33
Gains / (losses) recognised in profit or loss	–	–	–
Gains / (losses) recognised in other comprehensive income	–	(2.91)	(2.91)
As at 31-03-2020	–	123.63	123.63
Additions / (deletions)	–	22.50	22.50
Gains / (losses) recognised in profit or loss	–	–	–
Gains / (losses) recognised in other comprehensive income	–	(1.11)	(1.11)
As at 31-03-2021	–	145.02	145.02

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

34 FAIR VALUE MEASUREMENTS - (continued)

(iv) Valuation inputs & relationships to fair value

Particulars	Fair value as at		Significant unobservable input	Probability weighted range for the year ended		Sensitivity
	31-Mar-21	31-Mar-20		31-Mar-21	31-Mar-20	
Unquoted Equity shares	145.02	123.63	a) Earnings growth rate	1-3%	1-3%	Not significant
			b) Risk adjusted discount rate	8%	8%	

(v) Valuation processes

Discount rates are determined using a capital asset pricing model to calculate a pretax rate that reflects current market assessments of the time value of money and the risk specific to the asset. Earnings growth factor of preference shares are based on cash flow projections of future earnings of the Company and unlisted equity securities are estimated based on market information for similar types of companies.

Risk adjustments have been derived based on the market risk premium adjusted for companies relevered financial data.

(vi) Fair value of financial assets and liabilities measured at amortised cost

Particulars	31-Mar-21		31-Mar-20	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Investments				
Preference shares	57.69	57.69	43.61	43.61
Debt Instruments	—	—	—	—
Others	42.63	42.63	39.96	39.96
Total financial assets	100.32	100.32	83.57	83.57
Financial Liabilities				
Borrowings	12,561.98	12,561.98	12,020.69	12,020.69
Total financial liabilities	12,561.98	12,561.98	12,020.69	12,020.69

The carrying amounts of trade receivables, trade payables, cash and cash equivalents and other current financial assets and liabilities are considered to be the same as their fair values, due to their short-term nature.

The fair values for Preference shares and other debt instruments were calculated based on cash flows discounted using a current lending rate, which approximates the carrying value. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs, including counterparty credit risk.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate, which approximates the carrying value. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including own credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

35 FINANCIAL RISK MANAGEMENT

The group's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements.

Risk	Exposure arising from	Risk Parameters and Mitigation
Market Risk - Foreign exchange		i) The Group operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions. ii) Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Group's functional currency (INR). iii) The risk is measured through a forecast of highly probable foreign currency cash flows. The Group has a forex management policy which is duly approved by the Board. iv) The objective of the hedges when taken is to minimise the volatility of the INR cash flows of highly probable forecast transactions.
Market Risk - Interest rate	Foreign currency denominated borrowings	i) The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. ii) Group's policy is to maintain most of its borrowings at fixed rate using interest rate swaps to achieve this when necessary. iii) The Group's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.
Liquidity Risk	INR denominated borrowings [Other than soft loans given by Govt. Authorities)	i) The Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans. ii) The Group prepares a detailed annual operating plans to assess the fund requirements - both short term and long term. iii) Detailed month wise cash flow forecast is also carried out along with required sensitivities. Based on these factors adequate working capital credit limits are organised in advance. iv) Group has pre-approved credit lines with various banks and these are constantly reviewed and approved by the Board. v) For long term fund requirements, Group targets various options such as rupee term loan, external commercial borrowing, debentures etc. vi) The Group obtains a credit rating for the various borrowing facilities on annual basis. Group constantly monitors the free cash flow from operations to ensure that the borrowing is minimized.
Credit Risk		i) Credit risk primarily arises from cash and cash equivalents, trade receivables and investments carried at amortised cost. ii) The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. iii) To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. iv) It considers available reasonable and supportive forwarding-looking information (more specifically described below). In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due. v) A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.
a.	Cash and Cash Equivalents	Surplus cash is deposited only with banks / financial institutions with a high external credit rating.
b.	Domestic Trade Receivables	i) Domestic sales to the Dealers are based on advance payments received through banking channels or through inventory funding facilities availed by them from the banks. ii) The Group extends limited credit to the dealers and such extension of credit is based on dealers' credit worthiness, ability to repay and past track record. iii) The Group has extensive reporting systems and review to constantly monitor the outstandings.
c.	Export Trade Receivables	The Group's export business is mostly based on Letters of credit. Export receivables are also covered through Insurance with Export Credit Guarantee Corporation of India Limited.

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

35 FINANCIAL RISK MANAGEMENT – (continued)

Risk	Exposure arising from	Risk Parameters and Mitigation
Export trade receivables and Import Payables		i) The Group has a forex management policy duly approved by the Board. The Group's policy is to hedge most of its net currency exposure. ii) Group reviews the forex exposure on a regular basis and also reports its adherence to the Board on a quarterly basis. The recording and reporting requirements under are strictly adhered.
Foreign currency denominated borrowings		The Group has hedged its borrowings by covering the principal repayments.

(A) Credit risk

Basis of recognition of expected credit loss provision					
Rating	Category	Description of category	Investments	Loans and deposits	Trade receivables
1	High Quality assets, negligible credit risk	Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil.	12 month expected credit losses		Life time expected credit losses (simplified approach)
2	Quality assets, low credit risk	Assets where there is low risk of default and where the counter-party has sufficient capacity to meet the obligations and where there has been low frequency of defaults in the past.			
3	Standard Assets, moderate credit risk	Assets where the probability of default is considered moderate and where the counter-party's capacity to meet the obligations is not strong.			
4	Substandard Assets, relatively high credit risk	Assets where there has been a significant increase in credit risk since initial recognition.	Life time expected credit losses		
5	Low quality assets, very high credit risk	Assets where there is a high probability of default. Also includes assets where the credit risk of counter-party has increased significantly though payments may not be more than 180 days past due.			
6	Doubtful assets, credit impaired	Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the group. Where loans or receivables have been written off, the group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in statement of profit and loss.	Asset is written off		

31-Mar-21

a) Expected credit loss for investments, loans and other financial assets

Particulars	Internal rating	Asset/ Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	2	Investments at amortised cost	100.32	0%	–	100.32
	1	Other financial assets	111.86	0%	–	111.86

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

35 FINANCIAL RISK MANAGEMENT – (continued)

b) Expected credit loss for trade receivables under simplified approach

Particulars	0 to 180 days past due	More than 180 days past due	Total
Gross carrying amount	1,145.99	112.67	1,258.66
Expected loss rate	–	46%	–
Expected credit losses	–	52.11	52.11
Carrying amount of trade receivables	1,145.99	60.56	1,206.55

31-Mar-20

a) Expected credit loss for investments, loans and other financial assets

Particulars	Internal rating	Asset/ Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	2	Investments at amortised cost	83.57	0%	–	83.57
	1	Other financial assets	132.44	0%	–	132.44

b) Expected credit loss for trade receivables under simplified approach

Particulars	0 to 180 days past due	More than 180 days past due	Total
Gross carrying amount	1,610.97	4.03	1,615.00
Expected loss rate	–	100%	–
Expected credit losses	20.55	4.03	24.58
Carrying amount of trade receivables	1,590.42	–	1,590.42

Reconciliation of loss allowance provision - Trade receivables

Loss allowance April 1, 2019	19.19
Changes in loss allowance	5.39
Loss allowance March 31, 2020	24.58
Changes in loss allowance	27.53
Loss allowance March 31, 2021	52.11

(B) Liquidity risk

(i) Financing arrangements

The group had access to the following undrawn borrowing facilities at the end of the reporting period:

	31-Mar-21	31-Mar-20
Floating rate		
- Expiring within one year (bank overdraft and other facilities)	2,586.98	1,648.12
- Expiring beyond one year (bank loans)	–	–

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR and have an average maturity ranging 30 to 180 days.

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

35 FINANCIAL RISK MANAGEMENT – (continued)

(ii) Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- a) all non-derivative financial liabilities, and
- b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

31-Mar-21

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	1,579.85	938.60	3,416.20	6,065.20	562.13	12,561.98
Trade payables	4,274.84	197.52	63.34	–	–	4,535.70
Lease Liabilities	19.92	19.86	38.05	171.75	41.73	291.31
Other financial liabilities	279.41	19.61	7.77	21.67	–	328.46
Derivatives	0.64	–	0.52	5.18	–	6.34

31-Mar-20

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	2,541.21	684.28	3,370.73	5,302.22	122.25	12,020.69
Trade payables	3,178.67	120.47	34.60	–	–	3,333.74
Lease Liabilities	17.13	16.56	28.72	228.78	2.25	293.44
Other financial liabilities	126.13	17.78	17.12	–	–	161.03
Derivatives	46.24	–	2.13	19.38	–	67.75

Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

(C) Market risk

i) Foreign exchange risk

The Group's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows

Particulars	31-Mar-21		31-Mar-20	
	USD	EUR	USD	EUR
Financial assets				
Trade receivables	634.47	62.74	615.74	57.39
Investments	52.13	–	32.71	–
Derivatives - Forward contracts	1,548.03	76.00	1,219.63	56.63
Financial liabilities				
Foreign currency loan	2,064.52	–	1,466.01	–
Trade payables	317.22	8.46	145.06	1.90
Derivatives - Forward contracts and principal swap	1,757.51	–	1,167.03	0.99

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

35 FINANCIAL RISK MANAGEMENT – (continued)

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments

Particulars	Impact on profit after tax*		Impact on other components of equity*	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
USD sensitivity				
INR / USD Increases by 10%	(3.36)	6.84	(109.77)	(88.31)
INR / USD Decreases by 10%	3.36	(6.84)	109.77	88.31
EURO sensitivity				
INR / EURO Increases by 10%	4.54	4.46	(5.52)	(4.23)
INR / EURO Decreases by 10%	(4.54)	(4.46)	5.52	4.23

* Holding all other variables constant

ii) Interest Rate risk

For short term borrowings the marginal cost of lending rate of the bank is followed. Whenever, group resorts to short term borrowing through Commercial Paper the rate of interest is fixed in advance. In respect of foreign currency borrowings for longer period the interest rates are covered through interest rate swaps (IRS).

	31-Mar-21	31-Mar-20
Variable rate borrowings	8,123.55	8,156.77
Fixed rate borrowings	4,438.43	3,863.92

Sensitivity	Impact on profit after tax	
	31-Mar-21	31-Mar-20
Increase in interest rates by 100 bps	(60.44)	(61.66)
Decrease in interest rates by 100 bps	60.44	61.66

iii) Price risk

The Group's exposure to equity securities price risk arises from investments held by the group and classified in the balance sheet either as fair value through OCI or at fair value through statement of profit and loss. To manage its price risk from investments in equity securities, the Group diversifies its portfolio. The impact of the changes in price risk is not material.

(D) Impact of hedging activities

i) Disclosure of effects of hedge accounting on financial position

a) Disclosure of effects of hedge accounting on financial position as at 31-03-2021

Type of hedge and risks	Nominal value		Carrying amount hedging instrument		Maturity Date	Changes in fair value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Cash flow hedge							
(i) Foreign exchange forward contracts, PCFC	1,750.49	5.37	9.64	0.23	Apr'21 to Mar'22	13.68	(13.68)
(ii) Principal only swaps & Interest rate swaps	–	2,064.52	19.01	19.68	Apr'21 to Feb'24	(12.68)	12.68

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

35 FINANCIAL RISK MANAGEMENT – (continued)

b) Disclosure of effects of hedge accounting on financial position as at 31-03-2020

Type of hedge and risks	Nominal value		Carrying amount hedging instrument		Maturity Date	Changes in fair value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Cash flow hedge							
(i) Foreign exchange forward contracts, PCFC	1,380.31	1.46	48.46	5.74	Apr'20 to Mar'21	40.71	(40.71)
(ii) Principal only swaps & Interest rate swaps	–	1,290.39	23.68	102.08	Apr'20 to Feb'24	(75.67)	75.67

ii) Disclosure of effects of hedge accounting on financial performance :

a) for the year ended 31-03-2021

Type of hedge	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedging reserve to statement of profit and loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge : Foreign exchange forward contracts, PCFC & Interest Rate Swap	30.26	–	(51.05)	Revenue

b) for the year ended 31-03-2020

Type of hedge	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedging reserve to statement of profit and loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge : Foreign exchange forward contracts, PCFC & Interest Rate Swap	(51.05)	–	(7.51)	Revenue

36 FINANCIAL RISK MANAGEMENT RELATING TO LOANS RECEIVABLE FROM FINANCING ACTIVITY

Credit Risk

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The exposure is continuously monitored to determine significant increase in credit risk. The Company monitors the credit assessment on a portfolio basis, assesses all credit exposures in excess of designated limits. The Company does a risk grading based upon the credit worthiness of the borrowers. All these factors are taken into consideration for computation of ECL.

Other financial assets

Credit risk with respect to other financial assets are extremely low. Based on the credit assessment the historical trend of low default is expected to continue. No provision for Expected Credit Loss (ECL) has been created for Other financial Assets.

Loans

The following table sets out information about credit quality of retail loan assets measured at amortised cost based on number of days past due information. The amount represents gross carrying amount.

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

36 FINANCIAL RISK MANAGEMENT RELATING TO LOANS RECEIVABLE FROM FINANCING ACTIVITY - (continued)

Particulars	As at 31-03-2021	As at 31-03-2020
Gross carrying value of loan assets:		
Stage-1 (less than 30 days)	9,540.86	8,406.94
Stage-2 (30-90 days)	1,481.27	869.84
Stage-3 (more than 90 days)	423.75	370.66
Total gross carrying value on reporting date	11,445.88	9,647.44

Credit Quality

Financial services business has a comprehensive framework for monitoring credit quality of its retail and other loans based on days past due monitoring. Repayment by individual customers and portfolio is tracked regularly and required steps for recovery is taken through follow ups and legal recourse.

Inputs considered in the ECL model

In assessing the impairment of loans assets under Expected Credit Loss (ECL) Model, the loan assets have been segmented into three stages. The three stages reflect the general pattern of credit deterioration of a financial instrument. The differences in accounting between stages relate to the recognition of expected credit losses and the calculation and presentation of interest revenue.

The Company categorises loan assets into stages based on the days past due status:

- Stage 1 : 30 days past due
- Stage 2 : 31-90 days past due
- Stage 3 : more than 90 days past due

Assumptions considered in the ECL model

The financial services business has made the following assumptions in the ECL Model:

- "Loss given default" (LGD) is common for all three stages and is based on loss in past portfolio. Actual cash flows are discounted with average rate for arriving loss rate. Effective Interest Rate (EIR) has been taken as discount rate for all loans.

Estimation Technique

The financial services business has applied the following estimation technique in its ECL model :

- "Probability of default" (PD) is applied on Stage 1 and Stage 2 on portfolio basis and for Stage 3 PD is 100%.
- Probability of default for Stage 1 loan assets is calculated as average of historical trend from Stage 1 to Stage 3 in next 12 months.
- Probability of default for Stage 2 loan assets is calculated based on the lifetime PD as average of historical trend from Stage 2 to Stage 3 for the remaining tenor.
- Loss given default is calculated based on discounted actual cash flow on past portfolio in default along with reversals.

There is no change in estimation techniques or significant assumptions during the reporting period.

Assessment of significant increase in credit risk

When determining whether the risk of default has increased significantly since initial recognition, the financial services business considers both quantitative and qualitative information and analyses based on the business historical experience, including forward-looking information. The financial services business considers reasonable and supportable information that is relevant and available without undue cost and effort.

The financial services business uses the number of days past due to classify a financial instrument in low credit risk category and to determine significant increase in credit risk in retail. As a backstop, the financial services business considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due.

In accordance with the board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated March 27, 2020 and April 17, 2020 relating to 'CoVID-19 – Regulatory Package', the Company has offered moratorium upto six months on the payment of installments falling due between March 1, 2020 and August 31, 2020 to all eligible borrowers. The Company has extended One-Time Resolution framework as for CoVID-19-related Stress to eligible customers as per applicable RBI guidelines and as per the policy of the Company. The staging classification under ECL computation has been done based on the performance of the restructured accounts as per revised the terms and conditions and credit risk assessment by the Company.

CoVID-19 (including second wave) has severe impact on global as well as domestic macro and micro economies, businesses and consumers. Due to this uncertainty, Company's assessments of impairment loss allowance on its loans are subject to a number of management judgements

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

36 FINANCIAL RISK MANAGEMENT RELATING TO LOANS RECEIVABLE FROM FINANCING ACTIVITY - (continued)

and estimates. The Company has followed same methodologies and assumptions for impairment loss allowance calculations followed in earlier quarters with additional consideration for Covid related impact and the associated support packages in the measurement of impairment loss allowance. Since the Company's impairment loss allowance estimates are inherently uncertain, actual results may differ from these estimates.

Definition of default

The definition of default used for internal credit risk management purposes is based on RBI Guidelines. Under Ind AS, financial asset to be in default when it is more than 90 days past due. The financial services business considers a financial asset under default as 'credit impaired'

Impairment loss

The expected credit loss allowance provision is determined as follows:

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross balance as at 31 st March 2021	9,540.86	1,481.27	423.75	11,445.88
Expected Credit Loss	81.90	42.35	165.43	289.68
Expected Credit Loss Rate	0.86%	2.86%	39.04%	2.53%
Net of impairment provision	9,458.96	1,438.92	258.32	11,156.20

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross Balance as at 31 st March 2020	8,406.93	869.84	370.66	9,647.44
Expected Credit Loss	39.22	9.50	143.38	192.10
Expected Credit Loss Rate	0.47%	1.09%	38.68%	1.99%
Net of impairment provision	8,367.71	860.34	227.28	9,455.33

Reconciliation of Expected Credit Loss

Particulars	Stage 1	Stage 2	Stage 3	Grand Total
Balance as at 1 st April 2019	30.99	3.42	104.60	139.01
Transfer to Stage 1	(4.92)	3.27	1.65	–
Transfer to Stage 2	0.28	(1.89)	1.61	–
Transfer to Stage 3	0.71	1.33	(2.04)	–
Loans that have derecognised during the period	(6.58)	(0.72)	(25.18)	(32.48)
New Loans originated during the year	25.12	3.91	12.98	42.01
Net Remeasurement of Loss Allowance	(6.38)	0.19	49.75	43.56
Balance as at 31st March 2020	39.22	9.51	143.37	192.10
Transfer to Stage 1	(9.66)	7.54	2.12	–
Transfer to Stage 2	2.44	(4.61)	2.17	–
Transfer to Stage 3	0.99	0.45	(1.44)	–
Loan that have derecognised during the period	(8.35)	(1.43)	(41.06)	(50.84)
New Loans originated during the year	33.56	4.26	14.79	52.61
Net Remeasurement of Loss Allowance	23.69	26.63	45.49	95.81
Balance as at 31st March 2021	81.89	42.35	165.44	289.68

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

36 FINANCIAL RISK MANAGEMENT RELATING TO LOANS RECEIVABLE FROM FINANCING ACTIVITY - (continued)

Concentration of Credit Risk

The business manages concentration of risk primarily by geographical region. The following details show the geographical concentrations of the loans at the year end:

Concentration by geographical region in India

Carrying value	31-Mar-21	31-Mar-20
South	4,428.05	3,822.70
West	3,123.68	2,091.72
East	2,042.22	1,602.03
North	1,851.93	2,130.99
Total Loans as at reporting period	11,445.88	9,647.44

37 CAPITAL MANAGEMENT

(a) Risk management

The Group's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents) divided by Total 'equity' (as shown in the balance sheet).

The group's strategy is to maintain an optimum gearing ratio. The gearing ratios were as follows:

Particulars	31-Mar-21	31-Mar-20
Net debt	10,962.90	10,890.11
Total equity	4,663.32	3,979.67
Net debt to equity ratio	235.09%	273.64%

The Group also monitors interest coverage ratio :

Group's Earnings Before Interest and Taxes (EBIT) divided by interest .

The Group's strategy is to maintain a optimum interest coverage ratio The interest coverage ratio were as follows:

Particulars	31-Mar-21	31-Mar-20
EBIT	1,783.37	1,755.15
Interest	929.11	909.94
Interest coverage ratio	1.92	1.93

(b) Dividends

Particulars	31-Mar-21	31-Mar-20
<i>(i) Equity shares</i>		
First Interim dividend paid for the year ended 31 March 2021 of ₹ 15 per fully paid share during 2020-21	30.35	—
Second dividend declared for the year ended 31 March 2021 of ₹ 11 per fully paid share during 2020-21	22.26	—
Dividend paid for the year ended 31 March 2020 of ₹ 31 per fully paid share during 2019-20	—	62.72
<i>(ii) Dividends not recognised at the end of the reporting period</i>	—	—

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

38 OTHER DISCLOSURES

(i) Contingent liabilities

Details	31-Mar-21	31-Mar-20
(i) Claims against the company not acknowledged as debt		
- Income tax	50.41	47.00
- Service tax	2.57	2.83
- Value added tax / Sales tax	2.22	2.22
- Excise	53.37	52.99
- Customs	40.63	1.36
- GST	2.82	2.82
- Others	—	—
(ii) Guarantees excluding Financial Guarantees	0.59	0.05
(iii) Other money for which the company is contingently liable	223.68	128.04
Total	376.29	237.31

(ii) Capital commitments

Details	31-Mar-21	31-Mar-20
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	257.58	249.27
(ii) Investments	18.52	23.19
(iii) Undrawn Loans sanctioned to customers by financial enterprise	22.89	1.99

(iii) Audit fees

Details	31-Mar-21	31-Mar-20
As statutory auditors	2.49	2.24
Taxation matters	0.42	0.42
Certification matters	0.34	0.34
Others	0.14	0.45
Total	3.39	3.45

(iv) Expenditure incurred on Corporate Social Responsibility activities:

Details	31-Mar-21	31-Mar-20
(a) Gross amount required to be spent by the Company during the year	21.12	20.16
(b) Amount spent during the year in cash:		
(i) Construction / acquisition of any asset	—	—
(ii) On purposes other than (i) above	22.76	45.98
Total	22.76	45.98

(v) Borrowing Costs Capitalised :

Borrowing cost capitalised during the year ₹ 31.08 Cr (last year - ₹ 24.04 Cr).

The interest rate used for capitalisation :

- 3 Month USD LIBOR plus Margin for borrowing cost of ₹ 12.26 Crores;
- Interest rate of 7.9% for borrowing cost of ₹ 6.89 Crores
- Interest rate of 3.75% for borrowing cost of ₹ 11.50 Crores
- Interest rate of 7.1% for borrowing cost of ₹ 0.43 Crores

(vi) Labour code - Transition related

The Code on Social Security, 2020 which received the President's assent on 28th September 2020 subsumes nine laws relating to Social security, retirement and employee benefits, including the Provident Fund and Gratuity. The effective date of the Code and rules thereunder are yet to be notified. The impact of the changes, if any, will be assessed and recognised post notification of the relevant provisions.

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

39 AMOUNT RECOGNISED IN THE BALANCE SHEET AND THE MOVEMENTS IN THE NET DEFINED BENEFIT OBLIGATION / OTHER EMPLOYEE BENEFITS

Particulars	Defined benefit obligation						Other employee benefits		
	Gratuity			Pension			Leave salary		
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2019	127.59	126.65	0.94	95.22	–	95.22	40.33	–	40.33
Current service cost	21.74	–	21.74	–	–	–	–	–	–
Interest expense / (income)	9.22	9.56	(0.33)	7.14	–	7.14	3.15	–	3.15
Experience (gains) / losses	–	–	–	–	–	–	–	–	–
Total amount recognised in statement of profit and loss	30.96	9.56	21.41	7.14	–	7.14	3.15	–	3.15
<i>Remeasurements</i>									
Return on plan assets, excluding amounts included in interest expense / (income)	–	1.48	(1.48)	–	–	–	–	–	–
(Gain) / loss from change in demographic assumptions	–	–	–	–	–	–	–	–	–
(Gain) / loss from change in financial assumptions	13.26	–	13.26	18.29	–	18.29	3.24	–	3.24
Experience (gains) / losses	(0.26)	–	(0.26)	10.43	–	10.43	23.90	–	23.90
Total amount recognised in other comprehensive income	13.00	1.48	11.52	28.72	–	28.72	27.14	–	27.14
Employer contribution	–	22.88	(22.88)	–	–	–	–	–	–
Benefit payments	(13.91)	(13.91)	–	(0.79)	–	(0.79)	(9.18)	–	(9.18)
March 31, 2020	157.64	146.65	10.99	130.29	–	130.29	61.44	–	61.44

Particulars	Defined benefit obligation						Other employee benefits		
	Gratuity			Pension			Leave salary		
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2020	157.64	146.65	10.99	130.29	–	130.29	61.44	–	61.44
Balance from incumbent subsidiary	0.52	–	0.52	–	–	–	–	–	–
Current service cost	23.47	–	23.47	–	–	–	–	–	–
Interest expense / (income)	10.67	9.92	0.75	7.07	–	7.07	4.04	–	4.04
Experience (gains) / losses	–	–	–	–	–	–	–	–	–
Total amount recognised in statement of profit and loss	34.14	9.92	24.22	7.07	–	7.07	4.04	–	4.04
<i>Remeasurements</i>									
Return on plan assets, excluding amounts included in interest expense / (income)	–	(2.15)	2.15	–	–	–	–	–	–
(Gain) / loss from change in demographic assumptions	–	–	–	–	–	–	–	–	–
(Gain) / loss from change in financial assumptions	(4.39)	–	(4.39)	2.21	–	2.21	(1.45)	–	(1.45)
Experience (gains) / losses	(7.23)	–	(7.23)	(5.50)	–	(5.50)	22.63	–	22.63
Total amount recognised in other comprehensive income	(11.62)	(2.15)	(9.47)	(3.29)	–	(3.29)	21.18	–	21.18
Employer contribution	–	20.94	(20.94)	–	–	–	–	–	–
Benefit payments	10.93	10.93	–	(1.96)	–	(1.96)	(9.41)	–	(9.41)
March 31, 2021	191.61	186.29	5.32	132.11	–	132.11	77.25	–	77.25

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

39 AMOUNT RECOGNISED IN THE BALANCE SHEET AND THE MOVEMENTS IN THE NET DEFINED BENEFIT OBLIGATION / OTHER EMPLOYEE BENEFITS - (continued)

(i) Post-Employment benefits

Significant estimates: actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

Details	Gratuity		Pension		Leave salary	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Discount rate	6.57%	6.66%	5.38%	5.51%	6.70%	6.64%
Salary growth rate	6.15%	5.50%	6.15%	5.50%	6.15%	5.50%
Mortality rate	IALM (2006-08) Ultimate					

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at 58 years.

(ii) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Gratuity Details	Change in assumption March 31, 2021 March 31, 2020		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Discount rate	0.50%	0.50%	167.86	143.17	182.57	171.59
Salary growth rate	0.50%	0.50%	182.62	171.64	167.74	157.08
Mortality rate	5.00%	5.00%	174.95	164.11	174.89	164.24

Pension Details	Change in assumption March 31, 2021 March 31, 2020		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Discount rate	1.00%	1.00%	117.53	115.72	149.75	147.83
Salary growth rate	1.00%	1.00%	150.37	148.51	107.81	114.98
Mortality rate	5.00%	5.00%	130.69	128.98	133.63	131.46

Leave salary Details	Change in assumption March 31, 2021 March 31, 2020		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Discount rate	0.50%	0.50%	74.80	59.44	79.88	63.57
Salary growth rate	0.50%	0.50%	79.89	63.58	74.77	59.41
Mortality rate	5.00%	5.00%	77.26	61.43	77.25	61.43

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied when calculating the defined benefit liability recognised in the balance sheet.

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

39 AMOUNT RECOGNISED IN THE BALANCE SHEET AND THE MOVEMENTS IN THE NET DEFINED BENEFIT OBLIGATION / OTHER EMPLOYEE BENEFITS - (continued)

(iii) Risk exposure

Through its defined benefit plans, The Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility: The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments is in fixed income securities with high grades and in government securities. These are subject to interest rate risk and the fund manages interest rate risk with derivatives to minimise risk to an acceptable level. A portion of the funds are invested in equity securities and in alternative investments which have low correlation with equity securities. The equity securities are expected to earn a return in excess of the discount rate and contribute to the plan deficit. The group has a risk management strategy where the aggregate amount of risk exposure on a portfolio level is maintained at a fixed range. Any deviations from the range are corrected by rebalancing the portfolio. The group intends to maintain the above investment mix in the continuing years.

Changes in bond yield: A decrease in bond yields will increase plan liabilities, although this will be partially offset by an yields increase in the value of the plans' bond holdings.

Inflation risks: In the pension plans, the pensions in payment are not linked to inflation, so this is a less material risk.

Life expectancy: The pension plan obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

(iv) Defined contribution plans:

The Company's contribution to defined contribution plan i.e., provident fund of ₹ 40.92 crores (previous year: ₹ 40.26 crores) has been recognised in the Statement of Profit and Loss.

40 RELATED PARTY DISCLOSURES

LIST OF RELATED PARTIES

a) Reporting entity	Sundaram-Clayton Limited, Chennai (SCL)
b) Holding Company	T V Sundram Iyengar & Sons Private Limited, Madurai
c) Subsidiary companies	(i) TVS Motor Company Limited, Chennai (TVSM) (ii) Sundaram Auto Components Limited, Chennai - Subsidiary of TVSM (iii) TVS Housing Limited, Chennai - Subsidiary of TVSM (iv) TVS Motor Services Limited, Chennai - Subsidiary of TVSM (v) TVS Credit Services Limited, Chennai (TVSCS) - Subsidiary of TVSM (vi) Harita Collection Services Private Limited, Chennai - Subsidiary of TVSCS (vii) Harita ARC Private Limited, Chennai - Subsidiary of TVSCS (viii) TVS Micro Finance Private Limited, Chennai - Subsidiary of TVSCS (ix) TVS Commodity Financial Solutions Private Limited, Chennai - Subsidiary of TVSCS (x) TVS Two Wheeler Mall Private Limited, Chennai - Subsidiary of TVSCS (xi) TVS Housing Finance Private Limited, Chennai - Subsidiary of TVSCS (xii) Sundaram Holding USA, Inc., Delaware USA - Subsidiary of Sundaram Auto Components Limited (xiii) Green Hills Land Holding LLC, South Carolina, USA - Subsidiary of Sundaram Holding USA, Inc. (xiv) Components Equipment Leasing LLC, South Carolina, USA - Subsidiary of Sundaram Holding USA, Inc.

Consolidated Financial Statements of *Sundaram-Clayton Limited*

Notes to Financial Statements – (continued)

40 RELATED PARTY DISCLOSURES - (continued)

- (xv) Sundaram-Clayton (USA) LLC, South Carolina, USA -
Subsidiary of Sundaram Holding USA, Inc.
- (xvi) Premier Land Holding LLC, South Carolina, USA -
Subsidiary of Sundaram Holding USA, INC.
- (xvii) Sundaram-Clayton (USA) Limited, Illinois, USA
- (xviii) TVS Motor (Singapore) Pte. Limited, Singapore - Subsidiary of TVSM
- (xix) PT TVS Motor Company Indonesia, Jakarta - Subsidiary of TVSM
- (xx) TVS Motor Company (Europe) B.V. Amsterdam - Subsidiary of TVSM
- (xxi) The Norton Motorcycle Co Limited, UK (Formerly known as Project 303 Bidco Limited)
Subsidiary of TVS Motor (Singapore) PTE Limited, Singapore
- (xxii) Intellicar Telematics Private Limited, Bengaluru - Subsidiary of TVSM

Other related parties and their relationship where transaction exists

d) Fellow Subsidiaries

- (i) TVS Electronics Limited, Chennai
- (ii) TVS Investments Private Limited, Chennai
- (iii) Southern Roadways Private Limited, Madurai
- (iv) Sundaram Industries Private Limited, Madurai
- (v) Lucas TVS Limited, Chennai
- (vi) Lucas Indian Services Limited, Chennai
- (vii) TVS Auto Assist (India) Limited, Chennai
- (viii) TVS Lanka Private Limited, Colombo
- (ix) Autosense Private Limited, Chennai

e) Group member

- (i) Sundram Fasteners Limited, Chennai
- (ii) Delphi-TVS Technologies Limited, Chennai
- (iii) India Nippon Electricals Limited, Chennai
- (iv) TVS Supply Chain Solutions Limited, Madurai
- (v) Sundaram Brake Linings Limited, Chennai
- (vi) TVS Autoserv GmbH, Germany
- (vii) TVS Dynamic Global Freight Services Limited, Chennai
- (viii) Emerald Haven Realty Developers (Paraniputhur) Pvt Ltd, Chennai
- (ix) Emerald Haven Town and Country Private Limited, Chennai
- (x) Brakes India Private Limited, Chennai
- (xi) TVS Srichakra Limited, Madurai
- (xii) Wheels India Limited, Chennai
- (xiii) TVS Auto Bangladesh Limited, Dhaka
- (xiv) TVS Upasana Limited, Chennai (Formerly known as Upasana Engineering Limited)
- (xv) TVS Commutation Solutions Limited, Chennai
- (xvi) Designo Lifestyle Solutions Private Limited, Bengaluru

Consolidated Financial Statements of *Sundaram-Clayton Limited*

Notes to Financial Statements – (continued)

40 RELATED PARTY DISCLOSURES - (continued)

f)	Associate companies	(i) Sundram Non-Conventional Energy Systems Limited, Chennai (ii) Emerald Haven Realty Limited , Chennai (iii) TVS Training and Services Limited, Chennai (iv) Tagbox Solutions Private Limited, Bengaluru (v) Tagbox Pte Limited, Singapore
g)	Key management personnel (KMP)	Executive Directors: (i) Mr. Venu Srinivasan, Chairman and Managing Director (ii) Dr. Lakshmi Venu, Joint Managing Director Non-Executive Directors: Independent Directors: (i) Vice Admiral P.J. Jacob (Retd.) (ii) Mr. V. Subramanian (iii) Mr. S. Santhanakrishnan (iv) Mr. R. Gopalan (v) Mr. R. Vijayaraghavan (vi) Mr. Kamlesh Gandhi (vii) Mrs. Sasikala Varadachari Non-Independent Directors: (i) Mr. Sudarshan Venu (ii) Mr. T.K. Balaji (iii) Mr. Gopal Srinivasan (iv) Mr. Rajesh Narasimhan (w.e.f 24th March 2021)
h)	Relative of KMP	(i) Mrs. Mallika Srinivasan (ii) Dr. Malini Srinivasan
i)	Enterprise over which directors are interested	(i) Dua Associates, Delhi (ii) Dua Consulting Private Limited, Delhi (iii) TVS Organics Private Limited, Chennai (iv) Lakshmi Energy and Environment Design Private Limited, Coimbatore (v) Harita Techserv Private Limited, Chennai
j)	Enterprise over which KMP have significant influence	(i) Harita-NTI Limited, Chennai (ii) Emerald Haven Estates Limited, Chennai (iii) Sundram Services Limited, Chennai
k)	Post employment benefit plans	(i) Sundaram- Clayton Limited Employees Provident Fund, Chennai (ii) Sundaram- Clayton Limited Employees Gratuity Fund, Chennai (iii) TVS Motor Company Employees Provident Fund, Chennai (iv) TVS Motor Company Employees Gratuity Fund, Chennai

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

40 RELATED PARTY DISCLOSURES - (continued)

(Rupees in crores)

Sl. No.	Nature of transactions	Name of the Company	Holding Company	Fellow Subsidiaries	Associates	Group member	KMP- Significant Influence	KMP	Relative of KMP	Other related party	Total
1	Purchase of goods	Harita-NTI Limited, Chennai	-	-	-	-	4.36	-	-	-	4.36
		TVS Electronics Limited, Chennai	-	0.01	-	-	-	-	-	-	0.01
		Sundaram Industries Private Limited, Madurai	-	0.04	-	-	-	-	-	-	0.04
		Lucas TVS Limited, Chennai	-	136.37	-	-	-	-	-	-	136.37
		Lucas Indian Services Limited, Chennai	-	8.34	-	-	-	-	-	-	8.34
		Brakes India Private Limited, Chennai	-	-	-	22.92	-	-	-	-	22.92
		TVS Srichakra Limited, Madurai	-	-	-	374.06	-	-	-	-	374.06
		Wheels India Limited, Chennai	-	-	-	0.20	-	-	-	-	0.20
		Sundaram Fasteners Limited, Chennai	-	-	-	43.37	-	-	-	-	43.37
		India Nippon Electricals Limited, Chennai	-	-	-	326.25	-	-	-	-	326.25
		Sundaram Brake Linings Limited, Chennai	-	-	-	8.10	-	-	-	-	8.10
		TVS Autoserv GMBH, Germany	-	-	-	0.49	-	-	-	-	0.49
		TVS Upasana Limited, Chennai	-	-	-	16.35	-	-	-	-	16.35
		TVS Organics Private Limited, Chennai	-	-	-	-	-	0.28	-	-	0.28
		T V Sundram Iyengar & Sons Pvt Ltd., Madurai	0.56	-	-	-	-	-	-	-	0.56
			0.56	144.76	-	791.74	4.36	0.28	-	-	941.70
			(0.74)	(182.03)	-	(903.21)	(3.94)	-	-	-	(1,089.92)
2	Sale of goods (including sub contract charges)	Lucas TVS Limited, Chennai	-	0.52	-	-	-	-	-	-	0.52
		Sundram Fasteners Limited, Chennai	-	-	-	5.97	-	-	-	-	5.97
		Delphi TVS Technologies Limited, Chennai	-	-	-	7.47	-	-	-	-	7.47
		TVS Auto Bangladesh Limited, Dhaka	-	-	-	540.49	-	-	-	-	540.49
		TVS Lanka Private Limited, Colombo	-	12.84	-	-	-	-	-	-	12.84
		T V Sundram Iyengar & Sons Pvt Ltd., Madurai	360.58	-	-	-	-	-	-	-	360.58
			360.58	13.36	-	553.93	-	-	-	-	927.87
			(367.49)	(213.54)	-	(605.16)	-	-	-	-	(1,186.19)
3	Purchase of power	Sundram Non Conventional Energy Systems Limited, Chennai	-	-	0.66	-	-	-	-	-	0.66
			-	-	(0.68)	-	-	-	-	-	(0.68)
4	Purchase of Asset	TVS Electronics Limited, Chennai	-	0.15	-	-	-	-	-	-	0.15
		Tagbox Solutions Private Limited, Bengaluru	-	-	1.01	-	-	-	-	-	1.01
			-	0.15	1.01	-	-	-	-	-	1.16
			(1.53)	-	-	(0.44)	(0.23)	-	-	-	(2.20)
5	Sale of Land	Emerald Haven Realty Limited, Chennai	-	-	0.25	-	-	-	-	-	0.25
			-	-	(0.56)	-	-	-	-	-	(0.56)
6	Rendering of services	Southern Roadways Private Limited, Chennai	-	0.01	-	-	-	-	-	-	0.01
		Lucas-TVS Limited, Chennai	-	0.02	-	-	-	-	-	-	0.02
		Lucas Indian Service Limited, Chennai	-	0.01	-	-	-	-	-	-	0.01
		Brakes India Private Limited, Chennai	-	-	-	0.02	-	-	-	-	0.02
		Sundaram Fastners Limited, Chennai	-	-	-	0.01	-	-	-	-	0.01
		Wheels India Limited, Chennai	-	-	-	0.01	-	-	-	-	0.01
		TVS Electronics Limited, Chennai	-	0.14	-	-	-	-	-	-	0.14
		TVS Investments Private Limited, Chennai - (Fellow Subsidiary) - (₹ 5000)	-	-	-	-	-	-	-	-	-
		Emerald Haven Realty Developers (Paraniputhur) Pvt Ltd, Chennai - (Group member)- (₹ 5000)	-	-	-	-	-	-	-	-	-
		Emerald Haven Town and Country Pvt Ltd, Chennai - (Group member)- (₹ 5000)	-	-	-	-	-	-	-	-	-
		Emerald Haven Realty Limited, Chennai	-	-	0.33	-	-	-	-	-	0.33
		India Nippon Electricals Limited, Chennai	-	-	-	0.07	-	-	-	-	0.07
		TVS Srichakra Limited, Madurai	-	-	-	0.01	-	-	-	-	0.01
		Sundaram Brake Linings Limited, Chennai	-	-	-	0.03	-	-	-	-	0.03
		TVS Training and Services Limited, Chennai - (Associates) - (₹ 5000)	-	-	-	-	-	-	-	-	-
		Emerald Haven Estates Limited, Chennai - (KMP)- (₹ 5000)	-	-	-	-	-	-	-	-	-
		Emerald Haven Life Spaces Radial Road Limited- (Group Member) (₹ 5000)	-	-	-	-	-	-	-	-	-
		TVS Upasana Limited, Chennai	-	-	-	0.01	-	-	-	-	0.01
		Sundaram Services Limited, Chennai - (KMP) - (₹ 24000)	-	-	-	-	-	-	-	-	-
		Harita-NTI Limited, Chennai	-	-	-	-	0.32	-	-	-	0.32
			-	0.18	0.33	0.16	0.32	-	-	-	0.99
			-	(0.18)	(0.34)	(1.36)	(0.39)	-	-	-	(2.27)

Previous year's figures are furnished in brackets

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

40 RELATED PARTY DISCLOSURES - (continued)

(Rupees in crores)

Sl. No.	Nature of transactions	Name of the Company	Holding Company	Fellow Subsidiaries	Associates	Group member	KMP- Significant Influence	KMP	Relative of KMP	Other related party	Total
7	Receiving of services	T V Sundram Iyengar & Sons Private Limited, Madurai	0.61	-	-	-	-	-	-	-	0.61
		TVS Training and Services Limited, Chennai	-	-	0.16	-	-	-	-	-	0.16
		TVS Electronics Limited, Chennai	-	2.51	-	-	-	-	-	-	2.51
		Southern Roadways Private Limited, Chennai	-	2.56	-	-	-	-	-	-	2.56
		Lucas TVS Limited, Chennai	-	0.14	-	-	-	-	-	-	0.14
		Emerald Haven Realty Limited, Chennai	-	-	0.01	-	-	-	-	-	0.01
		TVS Supply Chain Solutions Limited, Madurai	-	-	-	97.97	-	-	-	-	97.97
		Harita Techserv Private Limited, Chennai	-	-	-	-	-	3.50	-	-	3.50
		Sundaram Brake Linings Limited, Chennai	-	-	-	0.04	-	-	-	-	0.04
		TVS Dynamic Global Freight Services Limited, Chennai	-	-	-	107.27	-	-	-	-	107.27
		TVS Autoserv GmbH, Germany	-	-	-	6.57	-	-	-	-	6.57
		Tagbox Solutions Private Limited, Bengaluru	-	-	0.32	-	-	-	-	-	0.32
		Dua Associates, Delhi	-	-	-	-	-	0.18	-	-	0.18
		Lakshmi Energy and Environment Design Private Limited, Coimbatore	-	-	-	-	-	0.07	-	-	0.07
		Dua Consulting Private Limited, Delhi	-	-	-	-	-	5.30	-	-	5.30
			0.61	5.21	0.49	211.85	-	9.05	-	-	227.21
			(0.35)	(7.35)	(0.03)	(226.51)	(4.85)	-	-	-	(239.09)
8	Lease rent received	Sundram Non Conventional Energy Systems Limited, Chennai - ₹ 48,000 (Associates)	-	-	-	-	-	-	-	-	-
9	Remuneration Paid	Key Management Personnel						39.80			39.80
			-	-	-	-	-	(37.90)	-	-	(37.90)
10	Investments		-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-
			-	-	(26.60)	-	-	-	-	-	(26.60)
11	Dividend received	Sundram Non-Conventional Energy Systems Limited, Chennai			0.35						0.35
			-	-	0.35	-	-	-	-	-	0.35
			-	-	(0.35)	-	-	-	-	-	(0.35)
12	Contribution to post employment benefit	Sundaram- Clayton Limited Employees Provident Fund, Chennai	-	-	-	-	-	-	-	10.02	10.02
		Sundaram- Clayton Limited Employees Gratuity Fund , Chennai	-	-	-	-	-	-	-	4.18	4.18
		TVS Motor Company Employees Provident Fund , Chennai	-	-	-	-	-	-	-	47.52	47.52
		TVS Motor Company Employees Gratuity Fund , Chennai	-	-	-	-	-	-	-	10.84	10.84
			-	-	-	-	-	-	-	72.56	72.56
			-	-	-	-	-	-	-	(76.28)	(76.28)
13	Outstanding as on 31 st March 2021 Receivables	T V Sundram Iyengar & Sons Private Limited, Madurai	8.11	-	-	-	-	-	-	-	8.11
		TVS Auto Bangladesh Limited, Dhaka	-	-	-	190.79	-	-	-	-	190.79
		TVS Lanka Private Limited, Colombo	-	6.91	-	-	-	-	-	-	6.91
		Emerald Haven Estates Limited, Chennai (₹ 17,800) (Group Member)	-	-	-	-	-	-	-	-	-
		Delphi-TVS Technologies Limited, Chennai	-	-	-	2.69	-	-	-	-	2.69
		Harita-NTI Limited, Chennai	-	-	-	-	0.13	-	-	-	0.13
		Emerald Haven Realty Limited, Chennai	-	-	0.93	-	-	-	-	-	0.93
		India Nippon Electricals Limited, Chennai	-	-	-	0.01	-	-	-	-	0.01
		Emerald Haven Life Spaces (Radial Road) Limited, Chennai (₹ 5,900) (Group Member)	-	-	-	-	-	-	-	-	-
		Emerald Haven Realty Developers (Paraniputhur) Pvt Ltd, Chennai - (Group member) (₹ 18,880)	-	-	-	-	-	-	-	-	-
		Sundram Fasteners Limited, Chennai	-	-	-	1.74	-	-	-	-	1.74
		TVS Training and Services Limited, Chennai (Associate) (₹ 11,800)	-	-	-	-	-	-	-	-	-
		Lucas TVS Limited, Chennai	-	0.02	-	-	-	-	-	-	0.02
		Sundaram Brake Linings Limited, Chennai	-	-	-	0.03	-	-	-	-	0.03
		Brakes India Private Limited, Chennai	-	-	-	0.03	-	-	-	-	0.03
		TVS Electronics Limited, Chennai	-	0.04	-	-	-	-	-	-	0.04
		Wheels India Limited, Chennai	-	-	-	0.02	-	-	-	-	0.02
			8.11	6.97	0.93	195.31	0.13	-	-	-	211.45
			(79.50)	(11.33)	(0.11)	(97.85)	(0.07)	-	-	-	(188.86)

Previous year's figures are furnished in brackets

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

40 RELATED PARTY DISCLOSURES - (continued)

Sl. No.	Nature of transactions	Name of the Company	Holding Company	Fellow Subsidiaries	Associates	Group member	KMP- Significant Influence	KMP	Relative of KMP	Other related party	Total
14	Outstanding as on 31 st March 2021 Payables	TVS Electronics Limited, Chennai	-	0.24	-	-	-	-	-	-	0.24
		Lucas-TVS Limited, Chennai	-	27.38	-	-	-	-	-	-	27.38
		Lucas Indian Services Limited, Chennai	-	1.43	-	-	-	-	-	-	1.43
		Southern Roadways Private Limited, Madurai	-	0.02	-	-	-	-	-	-	0.02
		Brakes India Private Limited, Chennai	-	-	-	5.48	-	-	-	-	5.48
		TVS Srichakra Limited, Madurai	-	-	-	53.31	-	-	-	-	53.31
		Harita Techserv Private Limited, Chennai	-	-	-	-	-	0.42	-	-	0.42
		India Nippon Electricals Limited, Chennai	-	-	-	57.15	-	-	-	-	57.15
		Sundaram Brake Linings Limited, Chennai	-	-	-	1.94	-	-	-	-	1.94
		T V Sundram Iyengar & Sons Private Limited, Madurai	0.03	-	-	-	-	-	-	-	0.03
		TVS Training and Services Limited, Chennai (Associates), (₹ 31,799)	-	-	-	-	-	-	-	-	-
		TVS Supply Chain Solutions Limited, Madurai	-	-	-	8.38	-	-	-	-	8.38
		TVS Autoserv GmbH, Germany	-	-	-	1.52	-	-	-	-	1.52
		Sundram Fasteners Limited, Chennai	-	-	-	7.74	-	-	-	-	7.74
		TVS Dynamic Global Freight Services Limited, Chennai	-	-	-	8.46	-	-	-	-	8.46
		TVS Upasana Limited, Chennai	-	-	-	2.42	-	-	-	-	2.42
		Tagbox Solutions Private Limited, Bengaluru	-	-	0.09	-	-	-	-	-	0.09
		Dua Consulting Private Limited, Delhi	-	-	-	-	-	0.27	-	-	0.27
		TVS Organics Private Limited, Chennai	-	-	-	-	-	0.01	-	-	0.01
		Lakshmi Energy & Environment Private Limited, Coimbatore	-	-	-	-	-	0.14	-	-	0.14
		Harita-NTI Limited, Chennai	-	-	-	-	0.66	-	-	-	0.66
			0.03	29.07	0.09	146.40	0.66	0.84	-	-	177.09
			(0.01)	(26.28)	(0.23)	(150.31)	(0.21)	-	-	-	(177.04)

Previous year's figures are furnished in brackets

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

41 SEGMENT REVENUES, RESULTS AND OTHER INFORMATION

Information about primary business segments

Particulars	Business Segments									
	Automotive components		Motor vehicles		Financial Services		Others		Total	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
External sales - domestic	596.27	680.10	12,295.73	12,226.70	2,238.59	1,989.64	2.06	0.63	15,132.65	14,897.07
- exports	505.70	587.30	4,660.38	4,374.37	–	–	–	–	5,166.08	4,961.67
Inter segment sales	537.84	585.59	–	–	–	–	–	–	537.84	585.59
Total sales	1,639.81	1,852.99	16,956.11	16,601.07	2,238.59	1,989.64	2.06	0.63	20,836.57	20,444.33
Less: Inter segment sales	537.84	585.59	–	–	–	–	–	–	537.84	585.59
Net Revenue	1,101.97	1,267.40	16,956.11	16,601.07	2,238.59	1,989.64	2.06	0.63	20,298.73	19,858.74
Segment results before interest and tax	68.27	46.15	883.87	810.60	104.54	201.07	0.13	0.02	1,056.81	1,057.84
Add: Share of Associate profit									(2.88)	(2.49)
Less: Interest									199.67	210.14
Profit before tax									854.26	845.21
Taxes									262.17	218.65
Profit after tax									592.09	626.56
Segment Assets	2,733.20	2,635.28	8,256.36	7,619.35	12,414.21	10,468.08	32.49	3.75	23,436.26	20,726.46
Segment Liabilities	1,696.24	1,628.45	6,337.55	6,149.38	10,731.25	8,966.06	7.90	2.90	18,772.94	16,746.79
Segment Depreciation	102.25	117.41	519.70	511.14	19.92	20.10	0.87	–	642.74	648.65

Notes:

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

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

42 INTERESTS IN OTHER ENTITIES

a) Subsidiaries

The Group's subsidiaries at 31 March 2021 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business / country of incorporation	Ownership interest held by the Group		Ownership interest held by non-controlling interests		Principal activities
		31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20	
TVS Motor Company Limited	India	57.40%	57.40%	42.60%	42.60%	Motor vehicles manufacturing
Sundaram Holding USA Inc., Delaware, USA	USA	71.15%	68.20%	28.85%	31.80%	Automotive components
TVS Housing Limited	India	57.40%	57.40%	42.60%	42.60%	Housing
Sundaram Auto Components Limited (SACL)	India	57.40%	57.40%	42.60%	42.60%	Automotive components
TVS Motor Company (Europe) B.V., Amsterdam	Netherlands	57.40%	57.40%	42.60%	42.60%	Others
TVS Motor (Singapore) Pte. Limited, Singapore	Singapore	57.40%	57.40%	42.60%	42.60%	Others
PT.TVS Motor Company Indonesia, Jakarta	Indonesia	57.40%	57.40%	42.60%	42.60%	Motor vehicles manufacturing
The Norton Motorcycle Co. Limited, UK	United Kingdom	57.40%	57.40%	42.60%	42.60%	Motor vehicles manufacturing
Intellicar Telematics Private Limited, Bengaluru	India	57.40%	–	42.60%	–	Vehicular Telematics
TVS Motor Services Limited	India	57.40%	57.40%	42.60%	42.60%	Financial Service
TVS Credit Services Limited	India	49.98%	49.71%	50.02%	50.29%	Financial Service
Harita ARC Private Limited	India	49.98%	49.71%	50.02%	50.29%	Financial Service
Harita Collection Services Private Limited	India	49.98%	49.71%	50.02%	50.29%	Financial Service
TVS Commodity Solutions Private Limited	India	49.98%	49.71%	50.02%	50.29%	Financial Service
TVS Housing Finance Private Limited	India	49.98%	49.71%	50.02%	50.29%	Financial Service
TVS Micro Finance Private Limited	India	49.98%	49.71%	50.02%	50.29%	Financial Service
TVS Two Wheeler Mall Private Limited	India	49.98%	49.71%	50.02%	50.29%	Financial Service

b) Non-Controlling Interest

Set out below is summarised financial information for each subsidiary that has non controlling interest that are material to the Group. The amount disclosed for each subsidiary are before inter company eliminations.

Summarised balance sheet	TVS Motor Company Limited		Sundaram Auto Components Limited		TVS Credit Services Limited	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
Current assets	3,446.79	3,229.43	154.09	124.43	6,547.19	5,897.42
Current liabilities	4,585.41	4,511.39	213.09	170.97	5,694.62	4,990.17
Net current assets / (liabilities)	(1,138.62)	(1,281.96)	(59.00)	(46.54)	852.57	907.25
Non-current assets	6,750.66	6,131.73	575.22	594.59	5,680.34	4,311.59
Non-current liabilities	1,441.09	1,231.87	97.41	142.98	4,967.53	3,845.71
Net non-current assets	5,309.57	4,899.86	477.81	451.61	712.81	465.88
Net assets	4,170.95	3,617.90	418.81	405.07	1,565.38	1,373.13
Accumulated NCI	1,776.82	1,541.23	178.41	172.56	783.00	690.55

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

(Rupees in crores)

42 INTERESTS IN OTHER ENTITIES - (continued)

Summarised Statement of Profit and loss	TVS Motor Company Limited		Sundaram Auto Components Limited		TVS Credit Services Limited	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
Revenue	16,783.51	16,455.44	462.69	529.50	2,240.93	2,015.39
Profit for the year	612.04	592.06	(12.49)	4.90	96.98	151.02
Other comprehensive income	107.09	(114.26)	3.23	(5.39)	(5.28)	(17.65)
Total comprehensive income	719.13	477.80	(9.26)	(0.49)	91.70	133.37
Profit allocated to NCI	306.35	203.54	(3.94)	(0.21)	45.87	67.07
Dividends paid to NCI	70.83	85.21	–	1.08	–	–

Summarised Cash Flow Statement	TVS Motor Company Limited		Sundaram Auto Components Limited		TVS Credit Services Limited	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
Cash flow from operating activities	2,560.88	1,393.62	16.25	48.36	(1,428.23)	(1,031.48)
Cash flow from investing activities	(920.61)	(1,288.85)	(0.13)	(64.97)	3.11	6.89
Cash flow from financing activities	(1,195.59)	270.51	12.06	2.33	1,983.36	1,881.45
Net increase/ (decrease) in cash and cash equivalents	444.68	375.28	28.18	(14.28)	558.24	856.86

c) Interests in associates and joint ventures

Individually immaterial associates

The group has interests in 5 individually immaterial associates that are accounted using equity method.

Particulars	31-Mar-21	31-Mar-20
Aggregate carrying amount of individually immaterial associates	132.76	135.62

Particulars	31-Mar-21	31-Mar-20
Share of profits from associates	(2.88)	(2.49)
Other Comprehensive Income	0.01	(0.06)
Total Comprehensive Income	(2.87)	(2.55)

Consolidated Financial Statements of Sundaram-Clayton Limited

Notes to Financial Statements – (continued)

43 ADDITIONAL INFORMATION ON NET ASSETS AND SHARE OF PROFITS AS AT 31st MARCH 2021

	Net Assets (Total Assets - Total Liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount Rs. in crores	As % of consolidated profit or loss	Amount Rs. in crores	As % of other comprehensive income	Amount Rs. in crores	As % of total comprehensive income	Amount Rs. in crores
1	2	3	4	5	6	7	8	9
Parent								
Sundaram-Clayton Limited, Chennai	24.65%	715.88	23.43%	75.84	60.29%	98.20	35.77%	174.04
Subsidiaries - Indian								
TVS Motor Company Limited, Chennai	143.60%	4,170.95	189.09%	612.04	65.75%	107.09	147.80%	719.13
TVS Credit Services Limited, Chennai	53.84%	1,563.70	29.96%	96.98	(3.24%)	(5.28)	18.85%	91.70
TVS Motor Services Limited, Chennai	2.20%	64.04	(1.54%)	(4.97)	0.95%	1.55	(0.70%)	(3.42)
Sundaram Auto Components Limited, Chennai	14.42%	418.81	(3.86%)	(12.49)	1.99%	3.24	(1.90%)	(9.25)
TVS Housing Limited, Chennai	0.03%	0.88	0.01%	0.02	0.00%	–	0.00%	0.02
Intellicar Telematics Private Limited, Bengaluru	(0.10%)	(2.87)	0.58%	1.88	0.02%	0.03	0.39%	1.91
Subsidiaries – Foreign								
Sundaram-Clayton (USA) Limited, Illinois	0.00%	0.02	0.00%	–	0.00%	–	0.00%	–
TVS Motor (Singapore) Pte Limited, Singapore	27.22%	790.53	(7.54%)	(24.42)	3.08%	5.02	(3.99%)	(19.40)
TVS Motor Company Europe B.V., Amsterdam	0.02%	0.64	(0.20%)	(0.65)	(0.02%)	(0.03)	(0.14%)	(0.68)
PT. TVS Motor Company Indonesia, Jakarta	5.89%	171.00	6.70%	21.70	4.63%	7.54	6.01%	29.24
Sundaram Holding USA Inc., Delaware, USA	16.69%	484.77	(1.25%)	(4.05)	(9.68%)	(15.76)	(4.07%)	(19.81)
The Norton Motorcycle Co Limited, UK	10.05%	291.92	(23.47%)	(75.97)	8.83%	14.39	(12.66%)	(61.58)
Sub-total		8,670.27		685.91		215.99		901.90
Non controlling Interest in all subsidiaries	60.55%	1,758.73	82.92%	268.41	31.34%	51.05	65.66%	319.46
Sub-total		6,911.54		417.50		164.94		582.44
Add: Associates -Indian (Investment as per the equity method)								
Sundram Non-Conventional Energy Systems Limited , Chennai	0.07%	2.06	0.11%	0.37	0.00%	–	0.08%	0.37
TVS Training and Services Limited, Chennai	0.16%	4.61	(0.16%)	(0.52)	0.00%	–	(0.11%)	(0.52)
Emerald Haven Realty Limited, Chennai	3.77%	109.59	(0.81%)	(2.62)	(0.01%)	(0.01)	(0.54%)	(2.63)
Tagbox Solutions Private Limited	0.05%	1.35	0.05%	0.16	0.00%	–	0.03%	0.16
Tagbox PTE Limited, Singapore	0.52%	15.15	(0.08%)	(0.27)	0.00%	–	(0.06%)	(0.27)
Sub-total	242.52%	7,044.30	128.10%	414.62	101.26%	164.93	119.11%	579.55
Less: Effect of intercompany eliminations	142.52%	4,139.71	28.10%	90.94	1.26%	2.05	19.11%	92.99
Total	100%	2,904.59	100%	323.68	100%	162.88	100%	486.56

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

Notes to Financial Statements – (continued)

44 BUSINESS COMBINATION

On 7th September 2017 TVS Motor Company acquired 16,20,000 (81%) equity shares of M/s. TVS Motor Services Limited, Chennai. This would further strengthen the retail financing for the customers of the Company through its subsidiaries.

Details of the purchase consideration and goodwill are follows:

The purchase consideration of ₹1.62 crores for this business combination is paid by cash.

Calculation of goodwill

Particulars	Rupees in crores
Consideration transferred	1.62
Non-controlling interest in the acquired entity	135.61
Acquisition date fair value of previously held equity interest	0.38
Less : Net identifiable assets acquired	(48.06)
Goodwill on consolidation	185.67
- Goodwill attributable to Minority Interest	78.54
- Goodwill attributable to Parent company	107.13

The goodwill is attributable to the expected synergies on acquisition of the financial services business.

Goodwill is tested for impairment on an annual basis and whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business is allocated to the Group's cash generating units (CGU) or groups of CGUs expected to benefit from the synergies arising from the business combination.

Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rate on the basis of carrying amount of each asset in CGU. An impairment loss on goodwill is recognized in net profit in the Consolidated Statement of Profit and Loss and is not reversed in the subsequent period.

Company assessed impairment of goodwill based on the expected earnings growth of the acquired business.

Revenue and profit contribution.

The acquired business contributed revenues of ₹ 770.13 crores and profit before tax of ₹ 85.15 crores for the period between 7th September 2017 and 31st March 2018.

If the acquisition had occurred on 1st April 2017, consolidated pro-forma revenue and profit before tax for the year ended 31st March 2018 would have been ₹ 17,340.83 crores and ₹ 937.57 crores, respectively.

VENU SRINIVASAN
Chairman & Managing Director

Dr. LAKSHMI VENU
Joint Managing Director

As per our report annexed
For RAGHAVAN, CHAUDHURI & NARAYANAN
Chartered Accountants
Firm Regn. No. 007761S

VIVEK S JOSHI
President & CEO

K GOPALA DESIKAN
Chief Financial Officer

R RAJA PRAKASH
Company Secretary

V SATHYANARAYANAN
Partner
Membership No. 027716
Bengaluru
28th April 2021

Chennai
28th April 2021

Consolidated Financial Statements of Sundaram-Clayton Limited

Annexure Form AOC-I

(Pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/ associate companies

Part "A": Subsidiaries

Information in respect of each subsidiary to be presented with amounts

(Rupees in crores)

S. No.	Particulars	Indian Subsidiaries											
		TVS Motor Company Limited	Sundaram Auto Components Limited	TVS Housing Limited	TVS Motor Services Limited	Intellicar Telematics Private Limited	TVS Credit Services Limited	TVS Two Wheeler Mall Private Limited	TVS Micro Finance Private Limited	Harita ARC Private Limited	Harita Collection Services Private Limited	TVS Commodity Financial Solutions Private Ltd	TVS Housing Finance Private Limited
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1.	Date on which subsidiary was acquired	15-11-2001	01-04-2003	21-06-2010	07-09-2017	31-12-2020	07-09-2017	07-09-2017	07-09-2017	07-09-2017	07-09-2017	07-09-2017	08-09-2017
2.	Reporting period	01/04/2020 to 31/03/2021											
3.	Reporting currency	INR											
	Closing Exchange rate	Not applicable											
4.	Share capital	47.51	44.57	0.05	53.63	0.06	191.94	0.0025	0.0025	0.0025	0.0025	0.0025	12.00
5.	Reserves & Surplus	4123.44	374.24	0.83	10.41	(2.93)	1,371.76	(0.0094)	(0.0091)	(0.0096)	(0.0094)	(0.0096)	1.72
6.	Total assets	10,197.45	729.31	3.47	206.53	10.06	12,225.85	0.0024	0.0024	0.0024	0.0025	0.0024	13.72
7.	Total Liabilities	6,026.50	310.50	2.59	142.49	12.93	10,662.15	0.0093	0.009	0.0095	0.0094	0.0095	-
8.	Investments	3,314.52	320.52	-	19.53	-	12.01	-	-	-	-	-	-
9.	Turnover	16,783.51	462.69	0.32	0.03	3.07	2,240.93	-	-	-	-	-	0.79
10.	Profit before taxation	826.24	(19.08)	0.03	(5.32)	0.90	105.40	(0.0029)	(0.0027)	(0.0031)	(0.0029)	(0.0031)	0.79
11.	Provision for taxation	214.20	(6.59)	0.01	(0.35)	(0.98)	8.42	-	-	-	-	-	0.20
12.	Profit after taxation	612.04	(12.49)	0.02	(4.97)	1.88	96.98	(0.0029)	(0.0027)	(0.0031)	(0.0029)	(0.0031)	0.59
13.	Proposed Dividend	Nil											
14.	% of shareholding	57.40	57.40	57.40	57.40	57.40	49.98	49.98	49.98	49.98	49.98	49.98	49.98

S. No.	Particulars	Foreign Subsidiaries					
		Sundaram-Clayton (USA) Limited	PT TVS Motor Company Indonesia	TVS Motor Company (Europe) B.V.	TVS Motor (Singapore) Pte. Ltd.	Sundaram Holding USA Inc	The Norton Motorcycle Co Limited, UK (Formerly Project 303 Bidco Limited)
		(13)	(14)	(15)	(16)	(17)	(18)
1.	Date on which subsidiary was acquired	15-06-2012	05-09-2005	21-07-2005	21-10-2005	09-09-2015	03-04-2020
2.	Reporting period	01-04-2020 to 31-03-2021					
3.	Reporting currency	USD	IDR	USD	SGD	USD	GBP
	Closing Exchange rate	INR 75.67/USD	INR 0.503 / IDR 100	INR 73.11/USD	INR 54.35/SGD	INR 73.11/USD	INR 100.75/GBP
4.	Share capital	-	906.08	126.52	922.20	471.91	353.50
5.	Reserves & Surplus	0.02	(735.09)	(125.88)	(131.67)	12.86	(61.58)
6.	Total assets	0.12	539.76	0.68	870.50	782.71	386.02
7.	Total Liabilities	0.10	368.77	0.04	79.97	297.94	94.10
8.	Investments	-	-	-	734.61	-	-
9.	Turnover	0.05	398.37	-	33.66	3.43	7.29
10.	Profit before taxation	-	21.70	(0.65)	(24.42)	(4.05)	(75.97)
11.	Provision for taxation	-	-	-	-	-	-
12.	Profit after taxation	-	21.70	(0.65)	(24.42)	(4.05)	(75.97)
13.	Proposed Dividend	Nil					
14.	% of shareholding	100.00	57.40	57.40	57.40	71.15%	57.40%

Notes: 1. The figures include the consolidation of its subsidiaries viz, Green Hills Land Holding LLC, Component Equipment Leasing LLC, Sundaram-Clayton USA LLC and Premier Land Holding LLC, all located at South Carolina, USA.

2. Subsidiaries which are yet to commence operations: (1) TVS Two Wheeler Mall Private Ltd, (2) TVS Micro Finance Private Ltd, (3) Harita ARC Private Ltd, (4) Harita Collection Services Private Ltd, (5) TVS Commodity Financial Solutions Private Ltd, (6) TVS Housing Finance Private Ltd, (7) Sundaram Holding USA Inc, (8) The Norton Motorcycle Co.Limited

3. Subsidiaries which have been liquidated or sold during the year - Nil.

Consolidated Financial Statements of Sundaram-Clayton Limited

Part "B": Associates

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

(Rupees in crores)

S. No	Name of Associates	Emerald Haven Realty Limited	Sundram Non-Conventional Energy Systems Limited	TVS Training and Services Limited	Tagbox Solutions Private Limited	Tagbox Pte Limited
1.	Latest audited Balance Sheet Date	31-03-2021	31-03-2021	31-03-2021	31-03-2021	31-03-2021
2.	Date on which the Associate was acquired	26-03-2012	24-03-1995	20-02-2013	08-05-2019	08-05-2019
3.	Shares of Associate held by the Company on the year end					
	(i) No. of shares	11,12,19,512	1,17,650	27,63,359	45,710	2,43,243
	(ii) Amount of investment in Associates / Joint Venture	111.22	0.12	2.76	1.19	15.42
	(iii) Extent of holding %	28.01	23.53	30.53	24.2	24.2
4.	Description of how there is significant influence	Holding more than 20% of share capital	Holding more than 20% of share capital	Holding more than 20% of share capital	Holding more than 20% of share capital	Associate of subsidiary
5.	Reason why the associate/joint venture is not consolidated	-	-	-	-	-
6.	Net worth attributable to Shareholding as per latest audited Balance Sheet	77.79	0.85	4.52	1.09	3.60
7.	Profit / Loss for the year:					
	(i) Considered in consolidation	(2.62)	0.37	(0.51)	0.16	(0.27)
	(ii) Not considered in consolidation	(6.75)	1.20	(1.17)	0.52	(0.86)

* Unaudited financial statement.

Note: 1. Associates which are yet to commence Operations - Nil.

2. Associates which have been liquidated or sold during the year - Nil.

VENU SRINIVASAN
Chairman & Managing Director

Dr. LAKSHMI VENU
Joint Managing Director

As per our report annexed
For RAGHAVAN, CHAUDHURI & NARAYANAN
Chartered Accountants
Firm Regn. No. 007761S

VIVEK S JOSHI
President & CEO

K GOPALA DESIKAN
Chief Financial Officer

R RAJA PRAKASH
Company Secretary

V SATHYANARAYANAN
Partner
Membership No. 027716
Bengaluru
28th April 2021

Chennai
28th April 2021

KEY OPERATIONAL AND FINANCIAL PARAMETERS

This section should be read together with the financial information, including the notes thereto, in “Financial Information” on page 83.

Our financial year commences on April 1 and ends on March 31 of the immediately subsequent year, and references to a particular financial year are to the 12 months ended March 31 of that year. Unless otherwise in dictated or the context otherwise requires, the financial information included herein is derived from our financial information included in this Information Memorandum.

Key Performance Indicators

A. Summary of our key operational and financial parameters as at and for Financial Year ended March 31, 2023, March 31, 2022 and March 31, 2021 on standalone basis are follows:

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Balance Sheet			
Net Fixed assets	679.74	680.09	724.96
Current assets	2,721.06	3,111.13	664.06
Non-Current assets	874.53	436.50	419.35
Total Assets	4,275.33	4,227.72	1,808.37
Non-Current Liabilities (including maturities of long-term borrowings and short-term borrowings)			
Financial (borrowings, trade payables, and other financial liabilities)	519.40	561.26	516.91
Provisions	29.82	27.96	19.65
Deferred tax liabilities (net)	18.15	23.64	23.39
Other non-current liabilities	-	-	-
Current Liabilities			
Financial (borrowings, trade payables, and other financial liabilities)	2,964.58	677.40	488.86
Provisions	9.85	20.38	23.74
Current tax liabilities (net)	2.10	0.00	0.00
Other current liabilities	20.88	16.72	19.94
Equity (equity and other equity)	710.55	2,900.36	715.88
Total equity and liabilities	4,275.33	4,227.72	1,808.37
Profit and Loss			
Total revenue			
- Revenue from operations	2,073.96	1,743.27	1,176.91
- Other income	132.76	93.59	111.17
Total Expenses	1,970.75	1,658.97	1,151.98
Profit / (loss) before tax before Exceptional items	235.97	177.89	136.10
Exceptional Items	90.72	2,122.60	(13.00)
Profit / (loss) before tax after Exceptional items	326.69	2,300.49	123.10
Total comprehensive income			
- Profit / (loss) after tax	273.11	2,276.69	75.84
- Other comprehensive income	3.37	(3.12)	98.20
Total comprehensive income	276.48	2,273.57	174.04
Earnings per equity share: Basic; (Continuing operations)	134.99	1,125.29	37.49
Earnings per equity share: Diluted (Continuing operations)	134.99	1,125.29	37.49
Earnings per equity share: Basic (Discontinued operations)	NA	NA	NA
Earnings per equity share: Basic (Total Continuing and discontinued operations)	134.99	1,125.29	37.49

Particulars	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Earnings per equity share: Diluted (Total Continuing and discontinued operations)	134.99	1,125.29	37.49
Cash Flow			
Net cash (used in) operating activities	339.70	65.48	124.72
Net cash generated from / (used in) investing activities	(7.72)	(106.45)	(44.80)
Net cash generated from financing activities	(328.52)	20.85	(105.50)
Cash and cash equivalents (opening balance)	5.07	25.20	50.78
Balance as per statement of cash flows	8.53	5.07	25.20
Additional Information			
Net worth	697.28	2,893.66	556.27
Cash and Cash Equivalents	8.53	5.07	25.20
Current Investments	11.64	-	-
Net Sales	2,073.96	1,743.27	1,176.91
EBITDA	248.97	230.95	150.45
EBIT	149.03	129.21	72.55
Dividend amounts	119.37	89.02	52.61
Long term debt to working capital	10.14	5.79	3.67
Current Liability ratio- Current Liabilities/Non-Current Liabilities	0.60	0.62	0.60
Total Debts to Total assets (times)	0.30	0.38	0.35
Debt Service Coverage Ratios (times)	2.49	1.97	1.28
Interest Income	1.64	1.16	3.15
Interest Expense	43.73	41.92	43.90
Interest service coverage ratio (times)	8.53	7.57	5.76

B. Summary of our key operational and financial parameters as at and for Financial Year ended March 31, 2023, March 31, 2022 and March 31, 2021 on consolidated basis are follows:

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Balance Sheet			
Net Fixed assets	7,752.70	6,899.79	5,900.59
Current assets	19,764.73	15,882.50	11,104.26
Non-Current assets	11,832.12	7,769.60	6,431.41
Total Assets	39,349.55	30,551.89	23,436.26
<u>Non-Current Liabilities (including maturities of long-term borrowings and short-term borrowings)</u>			
Financial (borrowings, trade payables, and other financial liabilities)	18,321.37	12,626.73	9,589.28
Provisions	261.08	224.20	179.09
Deferred tax liabilities (net)	226.25	231.20	242.29
Other non-current liabilities	-	-	-
<u>Current Liabilities</u>			
Financial (borrowings, trade payables, and other financial liabilities)	13,403.33	9,355.26	8,134.51
Provisions	125.59	127.80	105.28
Current tax liabilities (net)	18.15	-	-
Other current liabilities	948.63	704.83	522.49
Equity (equity and other equity)	6,045.15	7,281.87	4,663.32
Total equity and liabilities	39,349.55	30,551.89	23,436.26
Profit and Loss			
<u>Total revenue</u>			
- Revenue from operations	33,564.21	25,590.65	20,298.73

Particulars	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
- Other income	126.12	34.50	62.95
Total Expenses	31,726.13	24,432.45	19,482.18
Profit / (loss) before tax before Exceptional items	1,924.47	1,196.15	876.62
Exceptional Items	88.85	(11.95)	(22.36)
Profit / (loss) before tax after Exceptional items	2,013.32	1,184.20	854.26
Total comprehensive income			
- Profit / (loss) after tax	1,333.17	824.49	592.09
- Other comprehensive income	65.85	(0.19)	213.93
Total comprehensive income	1,399.02	824.30	806.02
Earnings per equity share: Basic; (Continuing operations)	321.10	217.84	159.98
Earnings per equity share: Diluted (Continuing operations)	321.10	217.84	159.98
Earnings per equity share: Basic (Discontinued operations)	NA	NA	NA
Earnings per equity share: Basic (Total Continuing and discontinued operations)	321.10	217.84	159.98
Earnings per equity share: Diluted (Total Continuing and discontinued operations)	321.10	217.84	159.98
Cash Flow			
Net cash (used in) operating activities	(4,110.64)	(1,548.12)	1,214.61
Net cash generated from / (used in) investing activities	(1,439.33)	(1,705.08)	(979.25)
Net cash generated from financing activities	5,978.59	3,115.79	260.69
Cash and cash equivalents (opening balance)	1,450.87	1,588.28	1,092.23
Balance as per statement of cash flows	1,879.49	1,450.87	1,588.28
Additional Information			
Net worth	5,898.84	7,217.69	4,438.39
Cash and Cash Equivalents	1,879.49	1,450.87	1,599.08
Current Investments	203.56	130.23	-
Net Sales	33,564.21	25,590.65	20,298.73
EBITDA	4,067.37	2,844.37	2,314.84
EBIT	3,220.14	2,106.34	1,730.05
Dividend amounts	119.37	89.02	52.61
Long term debt to working capital	3.16	3.58	3.99
Current Liability ratio- Current Liabilities/Non-Current Liabilities	0.65	0.63	0.61
Total Debts to Total assets (times)	0.61	0.57	0.54
Debt Service Coverage Ratios (times)	3.60	3.07	2.11
Interest Income	12.63	9.32	36.03
Interest Expense	1,382.01	948.14	913.50
Interest service coverage ratio (times)	11.57	6.87	8.29

FINANCIAL INDEBTEDNESS

Details of the outstanding borrowings of our Company as on March 31, 2023:

S. No.	Nature of Borrowing	Amount (in ₹ crore)	Percentage
1.	Secured Borrowings	337.77	11.20
2.	Unsecured Borrowings	2,678.77	88.80
	Total	3,016.53	100.00

Standalone	Amount (in ₹ crore)
Debt Securities	2,446.77
Borrowings (Other than Debt Securities)	569.77
Total	3,016.53

Set forth below, is a brief summary of the borrowings by our Company as on March 31, 2023, together with a brief description of certain significant terms of such financing arrangements.

Secured Loan Facilities

Our Company's secured borrowings as on March 31, 2023 amount to ₹ 337.77 crore.

The details of the secured borrowings are set out below:

Term Loans from Banks/ Financial Institutions

The total sanctioned amount of term loans availed from banks and financial institutions as on March 31, 2023 is ₹ 280 crore the principal amount outstanding as on March 31, 2023 is ₹189.50 crore. The details of the term loans as of March 31, 2023 are set out below:

Sr. No	Lender Name	Date of Disbursement	Sanctioned Amount (₹ in crore)	Principal Amount Outstanding as on March 31, 2023 (₹ in crore)	Maturity Date	Repayment Schedule	Prepayment Clause	Penalty Clause	Security
1	State Bank of India	March 22, 2021 & March 26, 2021	140.00	114.50	December 31, 2027	4 Installments of ₹ 20 crore in FY 23-24 4 Installments of ₹ 20 crore in FY 24-25 4 Installments of ₹ 24 crore in FY 25-26 4 Installments of ₹ 24 crore in FY 26-27 3 Installments of ₹ 27 crore in FY 27-28	Prepayment Penalty will be applicable, if loan is prepaid earlier than the except prepaid out of cash accruals/equity.	Penalty will be recovered 2% p.a. on the amount of	Entire current assets present & future
2	HDFC Bank Limited	December 31, 2022	140.00	75.00	December 31, 2027	2 Installments of ₹ 5 crore in FY 23-24 4 Installments of ₹ 11 crore in FY 24-25 4 Installments of ₹ 21 crore in FY 25-26 4 Installments of ₹ 21 crore in FY 26-27 3 Installments of ₹ 16 crore in FY 27-28	To be agreed mutually	To be agreed mutually	First Pari Passu for 50% of the loan drawn on Plant & Machinery

The total amount outstanding after Ind AS adjustment on account of Effective Interest Rate and interest accrued but not due is ₹ 190.14 crore.

Working Capital Demand Loans – Secured and Cash Credit / Overdraft against Fixed Deposit (“ODFD”)

The total sanctioned amount of working capital demand loans and cash credit facility and overdraft availed from banks as on March 31, 2023 is ₹ 210 crore, the principal amount outstanding as on March 31, 2023 is ₹ 99.43 crore. The details of the working capital demand loans and cash credit/ ODFD facilities are set out below:

Sr. No.	Lender Name	Facility	Date of Disbursement	Sanctioned Amount (₹ in crore)	Principal Amount Outstanding as on March 31, 2023 (₹ in crore)	Maturity Date	Repayment Schedule	Security
1	State Bank of India	Working capital loan/CC	December 25, 2022	20.00	12.00	June 18, 2023	Bullet	Entire current assets present & future
2	State Bank of India	PCFC/EPC	Various dates in FY 22-23	190.00	87.43	Various dates in FY 23-24	180 Days from date of Disbursement	

The total amount outstanding after Ind AS adjustment on account of Effective Interest Rate and interest accrued but not due is ₹ 99.82 crore

Rescheduling: Not applicable

Events of Default: The facility documents executed by the Company stipulates certain events as "Events of Default", pursuant to which the Company may be required to immediately repay the entire loan facility availed by it and be subject to additional penalties by the relevant lenders. Such events include, but are not limited to:

- 1) A payment default not corrected within 90 days bank has power to recall the loan
- 2) Company may be subject to additional penalties if it doesn't:
 - a. Non-submission of renewal data & annual accounts within agreed timelines
 - b. Non-submission of stock statements within agreed timelines
- 3) In case breach of agreed financial covenants, bank has powers to levy penal interest

External Commercial Borrowings of the Company:

Sr. No.	Lender's Name	Facility	Date of availment	Amount Sanctioned (₹ in crore)	Amount Outstanding as on March 31, 2023 (₹ in crore)	Maturity Date	Repayment Date / Schedule	Security
1.	State Bank of India	ECB	January 12, 2019	106.76	40.72	February 10, 2024	4 Installments of ₹ 41.36 crore in FY 23-24	Exclusive charge over assets created out of the security
Total				106.76	40.72			

The total amount outstanding after Ind AS adjustment on account of Effective Interest Rate and interest accrued but not due is ₹ 41.13 crore.

Rescheduling: Not applicable

Events of Default: The facility documents executed by the Company stipulates certain events as "Events of Default", pursuant to which the Company may be required to immediately repay the entire loan facility availed by it and be subject to additional penalties by the relevant lenders. Such events include, but are not limited to:

- 1) A payment default not corrected within 90 days bank has power to recall the loan
- 2) In case breach of agreed financial covenants, bank has powers to levy penal interest

Other Secured Borrowings

Company has been granted soft loans at interest rate of 0.10% p.a. by State Industrial Promotion Corporation of Tamil Nadu (SIPCOT) on achieving conditions stipulated in the MoU. Total outstanding loan is ₹ 14.06 Crore. (In the books post Ind-AS adjustment ₹ 8.12 crore). The assets acquired under the investment scheme are hypothecated to SIPCOT.

Details of Unsecured Borrowings:

Unsecured Term Loans From Banks and Financial Institutions:

The total sanctioned amount of term loans availed from Banks and Financial Institutions as on March 31, 2023 is ₹ 200 crore, the principal amount outstanding as on March 31, 2023 is ₹ 175.98 crore. The details of the term loans as of March 31, 2023 are set out below:

Sr. No	Lender Name	Date of Disbursement	Sanctioned Amount (₹ in crore)	Principal Amount Outstanding (₹ in crore)	Maturity Date	Repayment Schedule
1	Exim Bank Limited	December 21, 2021	200.00	175.98	September 21, 2027	4 Installments of ₹ 18.53 Cr in FY 23-24 4 Installments of ₹ 18.53 Cr in FY 24-25 4 Installments of ₹ 18.53 Cr in FY 25-26 4 Installments of ₹ 60.23 Cr in FY 26-27 4 Installments of ₹ 60.23 Cr in FY 27-28

The total amount outstanding after Ind AS adjustment on account of Effective Interest Rate and interest accrued but not due is ₹ 177.19 crore.

Rescheduling: Not applicable

Events of Default: The facility documents executed by the Company stipulates certain events as "Events of Default", pursuant to which the Company may be required to immediately repay the entire loan facility availed by it and be subject to additional penalties by the relevant lenders. Such events include, but are not limited to:

- 1) A payment default not corrected within 90 days bank has power to recall the loan
- 2) In case breach of agreed financial covenants, bank has powers to levy penal interest

Working Capital Demand Loans – Unsecured and Cash Credit / Overdraft against Fixed Deposit (“ODFD”)

The total sanctioned amount of working capital demand loans and cash credit facility and overdraft availed from banks as on March 31, 2023 is ₹ 570 crore, the principal amount outstanding as on March 31, 2023 is ₹ 56.02 crore. The details of the working capital demand loans and cash credit/ ODFD facilities are set out below:

Sr. No.	Lender Name	Facility	Date of Disbursement	Sanctioned Amount (₹ in crore)	Principal Amount Outstanding as on March 31, 2023 (₹ in crore)	Maturity Date	Repayment Schedule	Prepayment
1	HDFC Bank Limited	WCDL /EPC	WCDL- March 23 EPC- March 23	190.00	36.02	Bullet WCDL – April, 2023 EPC- September, 2023	Bullet WCDL – April, 2023 EPC- September, 2023	To be agreed mutually
2	HSBC	Combined working capital limit	NA	150.00	-	NA	NA	NA

Sr. No.	Lender Name	Facility	Date of Disbursement	Sanctioned Amount (₹ in crore)	Principal Amount Outstanding as on March 31, 2023 (₹ in crore)	Maturity Date	Repayment Schedule	Prepayment
3	BNP Paribas	Combined working capital limit	NA	125.00	-	NA	NA	NA
4	Deutsche bank	Combined working capital limit	NA	35.00	-	NA	NA	NA
5	Citi Bank	Combined working capital limit	NA	70.00	20.00	EPC- 06 Apr, 2023	NA	NA
Total				570.00	56.02			

The total amount outstanding after Ind AS adjustment on account of Effective Interest Rate and interest accrued but not due is ₹ 56.15 crore

Events of Default: The facility documents executed by the Company stipulates certain events as "Events of Default", pursuant to which the Company may be required to immediately repay the entire loan facility availed by it and be subject to additional penalties by the relevant lenders. Such events include, but are not limited to:

- 1) A payment default not corrected within 90 days bank has power to recall the loan
- 2) In case breach of agreed financial covenants, bank has powers to levy penal interest

Commercial Papers: Our Company has not issued any Commercial Papers.

Details of other unsecured borrowings

Nothing other than disclosed above

Loan from Directors and Relatives of Directors

Our Company has not taken any loan from Directors or relative of Directors.

Inter-Corporate Deposits

As on March 31, 2023 our Company has not borrowed any amount by way of inter-corporate deposits.

Inter-Corporate Loans:

As on March 31, 2023 our Company has not borrowed any amount in the nature of demand loans from companies under same management.

Servicing behaviour on existing debt securities, payment of interest on due dates on financing facilities or securities

Our Company has not defaulted upon or delayed in payment of any interest and/or principal for the existing term loan and other financial indebtedness.

Details of corporate guarantee issued by the Company:

Our Company has not issued any corporate guarantee as on March 31, 2023.

Details of rest of the borrowings (if any, including but not limited to, hybrid debt like FCCB, Optionally Convertible Debentures/Preference Shares) as on March 31, 2023:

S. No.	Name of holders of Debt security	Amount (₹ in crore)
1.	HDFC Bank Limited (Non-Convertible Debentures)	100.00
2.	Non-Convertible Redeemable Preference Shares	2,346.92

List of top 10 holders of non-convertible securities in terms of value (in cumulative basis) as on March 31, 2023:

(i) Non-Convertible Debentures

Sr. No.	Name of the holder of non-convertible debentures	Amount (in ₹ crore)	% of total non-convertible debentures outstanding
1.	HDFC Bank Limited	100	100.00

(ii) Non-Convertible Redeemable Preference Shares

Sr. No.	Name of the holder of non-convertible redeemable preference shares	Number of non-convertible redeemable preference shares	Amount (in ₹ crore)	% of total non-convertible redeemable preference shares outstanding
1.	TVS Holdings Private Limited	1,51,89,57,360	1,518.96	64.72
2.	Sundaram Finance Holdings Limited	17,56,67,848	175.67	7.49
3.	Aditya Birla Sun Life Trustee Private Limited	8,35,84,380	83.58	3.56
4.	Venu Srinivasan, as Trustee of Srinivasan Trust	5,28,05,752	52.81	2.25
5.	ICICI Prudential Life Insurance Company Limited	3,81,06,696	38.11	1.62
6.	Nippon Life India Trustee Limited	3,47,47,568	34.75	1.48
7.	SBI Long Term Equity Fund	3,36,41,972	33.64	1.43
8.	ICICI Prudential Flexicap Fund	2,63,38,148	26.34	1.12
9.	Sundaram Mutual Fund	2,53,52,032	25.35	1.08
10.	ICICI Prudential Value Discovery Fund	2,38,37,304	23.84	1.02

Details of any outstanding borrowings taken/ debt securities issued where taken/ issued (a) for consideration other than cash, whether in whole or in part, (b) at a premium or discount, or (c) in pursuance of an option as on March 31, 2023.

Nil.

Restrictive Covenants under our Financing Arrangements:

Many of our financing arrangements include various restrictive conditions and covenants restricting certain corporate actions and our Company is required to take the prior approval of the lenders before carrying out such activities. For instance, our Company, inter alia, is required to obtain the prior written consent or intimation, as the case may be, in the following:

- 1) Should not enter into scheme of merger, amalgamation not to enter into any scheme of merger, amalgamation, compromise or reconstruction without the prior written intimation of the bank.
- 2) Should not divest majority stake or pledge the shareholding without prior consent of secured lenders.
- 3) Declare dividend for any year except out of profits.

MATERIAL DEVELOPMENTS

Other than as disclosed elsewhere in this Information Memorandum and hereinafter below, since March 31, 2023 till the date of filing this Information Memorandum, there have been no event/ development or change having implications on the financials/credit quality (e.g., any material regulatory proceedings against the Company/ Promoter/ Directors, litigations resulting in material liabilities, corporate restructuring event etc.) at the time of the Issue which may affect the Issue or the investor's decision to continue to invest in NCRPS.

SECTION VI- LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS

Our Company, Directors, Promoters, Subsidiaries and Group Companies are subjected to various legal proceedings from time to time, mostly arising in the ordinary course of its business. The legal proceedings are initiated by us and also by customers and other parties. These legal proceedings are primarily in the nature of (a) civil suits (b) criminal complaints, (c) business operations related litigations. We believe that the number of proceedings in which we are involved in is not unusual for a company of our size in the context of doing business in India. Except as disclosed below, there are no outstanding litigation including, suits, criminal or civil prosecutions and taxation related proceedings against our Company, Directors, Promoters, Subsidiaries and Group Companies that would have a material adverse effect on our operations or financial position.

For the purposes of above, our Company has considered and adopted a policy of materiality approved by the Board vide its meeting dated November 5, 2015 for identification of material litigations (“**Material Threshold**”), for the purpose of the present issue of NCRPS. In terms of materiality policy, any outstanding litigation:

- a. involving the Company, in which the aggregate monetary claim by or against our Company exceeds 10% (ten percent) of the consolidated profit before tax as per the recent audited financial statements of the Company for Fiscal year ended March 31, 2023 has been considered material. Accordingly, all litigation involving monetary amount of claim exceeding ₹ 201 crore has been considered as material;
- b. involving the Directors of the Company whose outcome may have a bearing on the business, operations or reputation of the Company, has been considered as material; and
- c. involving the Promoters, in which the aggregate monetary amount of claim by or against the Promoters exceeds 10% (ten percent) of the consolidated profit before tax as per the recent audited financial statements of the Company for Fiscal year ended March 31, 2023 has been considered as material. Accordingly, all material litigation against our Promoters involving monetary amount of claim exceeding ₹ 201 crore have been considered as material;
- d. in relation to the Subsidiaries, for the purpose of disclosures in this Information Memorandum, all pending proceedings whether civil, arbitral, or otherwise, of claims exceeding ₹ 201 crore has been considered as material.
- e. in relation to the Group Companies, for the purpose of disclosures in this Information Memorandum, all pending proceedings whether civil, arbitral, or otherwise, of claim exceeding ₹ 201 crore have been identified as material.
- f. all criminal proceedings whether complaints, first information reports, bail applications or otherwise wherein our Company, Directors, Promoters, Subsidiaries and Group Company are a party.

Save as disclosed below, there are no:

- outstanding civil or tax proceedings involving our Company, Directors, Subsidiaries and Promoter in which the pecuniary amount involved is in excess of the Materiality Threshold.
- outstanding actions initiated or show-cause notices issued by regulatory authorities such as SEBI or RBI or the Stock Exchanges or MCA, Registrar of Companies or any other such similar authorities, involving our Company, Directors, Promoters, Subsidiaries and Group Companies.
- outstanding criminal proceedings filed by or against our Company, Directors, Promoters, Subsidiaries and Group Companies.
- defaults in or non-payment of any statutory dues by our Company.
- litigations or legal actions pending or taken against our Promoter by a Government department or a statutory body during the last three years immediately preceding the year of this Information Memorandum.
- inquiries, inspections or investigations initiated or conducted under the Securities laws or Companies Act or any previous companies’ law in the last three years immediately preceding the year of issue of this Information Memorandum against our Company and if there were any prosecutions filed (whether pending or not); fines imposed or compounding of offences done in the last three years immediately preceding the year of this Information Memorandum for the Company.

- outstanding litigation involving our Company, Directors, Promoter, Subsidiaries or any other person, whose outcome could have material adverse effect on the position of our Company, or which may affect the Issue or an investor's decision to invest in the Issue.
- pending proceedings initiated against our Company for economic offences.
- material frauds committed against our Company in the last three years preceding the date of this Information Memorandum and actions taken by our Company in this regard.

The Company and has no material litigation, involving our Company, our Promoter and Director, except the following:

I. Litigations Involving our Company:

➤ Litigations against our Company

A. Criminal Proceedings

NIL

B. Material Civil Proceedings

NIL

C. Material Tax proceedings

NIL

D. Regulatory and Statutory proceedings

NIL

E. Details of any inquiries, inspections or investigations initiated or conducted under the securities laws or Companies Act or any previous companies law in the last three years immediately preceding the year of issue of this Information Memorandum in the case of Company; and if there were any prosecutions filed (whether pending or not); fines imposed or compounding of offences done in the last three years immediately preceding the year of this Information Memorandum for the Company.

NIL

➤ Litigations by our Company

A. Criminal Proceedings

NIL

B. Material Civil Proceedings

NIL

Arbitration Proceedings initiated by our Company

NIL

Insolvency Proceedings initiated by our Company

NIL

Notices issued by the Company for recovery of loans

NIL

II. Involving our Promoters:

➤ Litigations against our Promoters

A. Criminal proceedings

NIL

B. Material Civil proceedings

NIL

C. Material Tax proceedings

NIL

D. Statutory and Regulatory proceedings

NIL

➤ Litigations by our Promoters

A. Criminal proceedings

NIL

B. Material Civil proceedings

NIL

III. Litigations involving our Directors:

➤ Litigations against our Directors

A. Criminal proceedings

NIL

B. Material Civil proceedings

NIL

C. Material Tax proceedings

NIL

D. Statutory and Regulatory proceedings

NIL

➤ Litigations by our Directors

A. Criminal proceedings

NIL

B. Material Civil proceedings

NIL

IV. Litigations involving our Subsidiaries:

➤ Litigations against our Subsidiaries

Except as disclosed below, there are no other proceedings against our Subsidiaries:

Litigations involving TVS Credit Services Limited

A. Criminal proceedings

Sr No	Criminal Application / FIR	Year	Brief particulars of the case
1.	Criminal Application	2016-17	The customer filed FIR against the employees of the company stating that they have forcefully repossessed his vehicle. FIR has been registered through Section 156(3) under Section 392 IPC. Court: CJM Rai Bareilly, Uttar Pradesh
2.	Criminal Application	2017-18	The employee of the Company demanded the customer to pay the EMIs. However, the customer refused to pay and filed the criminal case. Court: CMM Kanpur Dehat
3.	FIR	2020-21	The customer filed case against employees under Section 420 IPC for wrongful repossession. Court: CJM, Hojai, Assam
4.	FIR	2020-21	The customer took loan from multiple finance companies on the same asset. The company has filed complaint against him but the customer has filed counter complaint. Court: CJM, Saran, Bihar
5.	Criminal Application	2021-22	The company filed FIR against customer (FIR No/ 144/2021, PS-Pratap Nagar, Bhilwara). The customer filed the writ petition for quashing the FIR. Police Station: Jodhpur
6.	FIR	2021-22	The customer filed complaint against the employee of the company for insulting in the name of caste and hitting the Complainant. Police station: Pudukottai, Tamil Nadu.
7.	FIR	2021-22	The customer lodged FIR at Haringhata P.S. no. 302/20 u/s. 406/34 IPC dated December 04, 2020 against 3 existing employees of the Company. The complainant alleged that he was threatened with dire consequences by the employees over phone and had repossessed his hypothecated asset on February 07, 2019 and that the same was not handed over to the company. Police station: Haringhata, West Bengal
8.	Criminal Application	2022-23	Petitioner has filed the petition seeking registration of criminal case against the respondents as they have taken the possession of financed tractor illegally from his possession, Since, he failed to repay the amount collection team repossessed the asset on July 26, 2015 without his consent and notice to him. He lodged a report in the police station on February 17, 2019 (after 4 years of the incident) for registration of FIR for the offence of theft. Court: High court, Indore
9.	Criminal Application	2022-23	The complainant has filed a complaint against the company and Smart Sim Solution stating that he had applied for finance through Smart Sim Solution & he had also given his all the documents to the Authorized person for availing finance for the vehicle & after that he didn't get any satisfactory reply from Smart Sim as well as our company about the finance amount. He also stated that after few days he have received a notice from the company in which it was mentioned that the Company have deposited the amount directly in the account of Smart Sim Solution, however, he didn't get this money from Smart Sim Solutions. Court: JMFC, Indore

Sr No	Criminal Application / FIR	Year	Brief particulars of the case
10.	Criminal Application	2022-23	The customer filed a Petition in Sultanabad court and suppressed actual facts to seize the vehicle from third party. Subsequently, seized the vehicle deposited in Sultanabad court and released the vehicle illegally without sending notice to the Company and we have filed Writ petition in high court to seize the vehicle from customer. Court: High Court, Andhra Pradesh
11.	Criminal Application	2022-23	The company repossessed the vehicle for non-payment of dues by the customer. Subsequently, the outstanding dues were repaid by the customer and the vehicle was released. The customer has filed a complaint against the company that some of the spare parts were stolen. Court: Judicial Magistrate Court-I, Villupuram, Pondicherry.
12.	FIR	2022-23	The customer registered FIR against dealer and our employee alleging that the company has cheated him by charging excess loan amount on Motorcycle and also repossessed the vehicle and took Rs. 6,500/- from him. Court: CJM, Akbarpur, Uttar Pradesh
13.	FIR	2022-23	The employee of the Company has gone to the third-party place for seizing the vehicle and the third party filed a case against the employee (FIR No: 40/2022 Cr.M.P.No:578/2022 and 579/2022 u/s of IPC 324,392,420). Police Station: Namakkal, Tamil Nadu
14.	FIR	2022-23	The employee of the Company has gone to the third-party place for seizing the vehicle and the third party filed a case against the employee (FIR NO: 40/2022 CRL.OP.No:11270/2022 and 11249/2022 u/s of IPC 324,392,420). Police Station: Namakkal, Tamil Nadu
15.	FIR	2022-23	The customer filed complaint against our employee (FIR No: 280/2022 u/s of IPC 323,342,364A,506(i)) alleging wrongful repossession. Police Station: Trichy, Tamil Nadu
16.	FIR	2022-23	Police Complaint Filed against Employee for use of foul language with the customer. (FIR.No.560/2022) Court: Judicial Magistrate Court, Ambattur, Tamil Nadu
17.	FIR	2022-23	The customer has filed complaint and FIR registered vide crime No 272/2022 U/s 420 / 406 IPC against employees of the company. The company have approached the High Court of UP U/s 226 for getting the stay on arrest as well as for quashing of FIR. The High Court passed interim order in favour of the employees. Court: ACJ-JD-II, Firozabad

B. Material Civil proceedings

NIL

C. Material Tax proceedings

NIL

D. Statutory and Regulatory proceedings

NIL

➤ **Litigations by our Subsidiaries**

Litigations by TVS Credit Services Limited

A. Criminal proceedings

TVS Credit Services Limited has filed 4,473 complaints and notices under section 138 of Negotiable Instruments Act, 1881 (“**NI Act**”) and section 25 of the Payment and Settlement Systems Act, 2007 (“**PSS Act**”) for recovering amounts due from various entities on account of dishonoring of cheques issued/electronic funds by such entities pending before various courts. The aggregate amount involved in these matters is ₹ 112 crore.

B. Material Civil proceedings

NIL

V. Litigations involving our Group Company

➤ **Litigations against our Group Company**

A. Criminal proceedings

NIL

B. Material Civil proceedings

NIL

C. Material Tax proceedings

NIL

D. Statutory and Regulatory proceedings

NIL

➤ **Litigations by our Group Company**

A. Criminal proceedings

NIL

B. Material Civil proceedings

NIL

VI. Details of acts of material frauds committed against our Company in the last three years, if any,

NIL

VII. Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of statutory dues; debentures and interests thereon; deposits and interests thereon; and loan from any bank or financial institutions and interest thereon:

NIL

VIII. Summary of reservations or qualifications or adverse remarks of auditors in the last three financial years immediately preceding the year of filing of the Information Memorandum and of their impact on the financial statements and financial position of the company and the corrective steps taken and proposed to be taken by the company for each of the said reservations or qualifications or adverse remarks:

NIL

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority of Listing

National Company Law Tribunal, Chennai has approved the Scheme, vide its order dated March 6, 2023. For more details relating to the Scheme please refer to the section titled “*Scheme of Arrangement*” on page 46 of this Information Memorandum. In accordance with the said Scheme, the NCRPS of our Company issued pursuant to the Scheme shall be listed and admitted to trading on the BSE and NSE. Such listing and admission for trading is not automatic and is subject to fulfillment by the Company of criteria of BSE and NSE and also subject to such other terms and conditions as may be prescribed by BSE and NSE at the time of application by our Company seeking listing.

The Company has received approval for listing of NCRPS on NSE vide their letter no. NSE/LIST/35120 dated April 27, 2023 and on BSE vide their letter no. DCS/AMAL/TL/IP/2759/2023-24 dated May 11, 2023. Further, the Company has also received a letter bearing no. SEBI/HO/CFD/DCR-2/P/OW/2023/22520/1 dated June 01, 2023 from the SEBI in relation to relaxation from applicability of Rule 19(2)(b) of the SCRR for listing of the NCRPS of the Company on Stock Exchanges.

Eligibility Criterion

There being no Initial public offering or rights issue, the eligibility criteria in terms of Chapter II of SEBI ICDR Regulations do not become applicable. However, SEBI vide its Master Circulars, has subject to certain conditions, permitted unlisted issuer companies to make an application for relaxing from the strict enforcement of Rule 19(2)(b) of SCRR, as amended. Our Company has submitted this Information Memorandum, containing information about itself, making disclosure in line with the disclosure requirement for public issues, as applicable, to BSE and NSE for making the said Information Memorandum available to public through their website viz. www.bseindia.com and www.nseindia.com respectively. Our Company has made the said Information Memorandum available on its website www.sundaram-clayton.com. Our Company will publish an advertisement in the newspapers containing its details in line with the details required as per the above-mentioned circular prior to listing and trading of NCRPS. The advertisement will draw specific reference to the availability of this Information Memorandum on its website.

Disclaimer Clause of SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE COMPANY ENSURES THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE AND LISTING OF NON-CONVERTIBLE SECURITIES) REGULATIONS, 2021. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

Disclaimer Clause of NSE

BASED ON THE DRAFT SCHEME AND OTHER DOCUMENTS SUBMITTED BY THE COMPANY, INCLUDING UNDERTAKING GIVEN IN TERMS OF REGULATION 11 OF SEBI (LODR) REGULATIONS, 2015, WE HEREBY CONVEY OUR “NO-OBJECTION” IN TERMS OF REGULATION 94 OF SEBI (LODR) REGULATIONS, 2015, SO AS TO ENABLE THE COMPANY TO FILE THE DRAFT SCHEME WITH NCLT. HOWEVER, THE EXCHANGE RESERVES ITS RIGHTS TO RAISE OBJECTIONS AT ANY STAGE IF THE INFORMATION SUBMITTED TO THE EXCHANGE IS FOUND TO BE INCOMPLETE/ INCORRECT/ MISLEADING/ FALSE OR FOR ANY CONTRAVENTION OF RULES, BYE-LAWS AND REGULATIONS OF THE EXCHANGE, LISTING REGULATIONS, GUIDELINES / REGULATIONS ISSUED BY STATUTORY AUTHORITIES.

Disclaimer Clause of BSE

THE EXCHANGE RESERVES ITS RIGHT TO WITHDRAW ITS ‘NO ADVERSE OBSERVATION’ AT ANY STAGE IF THE INFORMATION SUBMITTED TO THE EXCHANGE IS FOUND TO BE INCOMPLETE /

INCORRECT / MISLEADING / FALSE OR FOR ANY CONTRAVENTION OF RULES, BYE-LAWS AND REGULATIONS OF THE EXCHANGE, LISTING AGREEMENT, GUIDELINES/REGULATIONS ISSUED BY STATUTORY AUTHORITIES.

PLEASE NOTE THAT THE AFORESAID OBSERVATIONS DOES NOT PRECLUDE THE COMPANY FROM COMPLYING WITH ANY OTHER REQUIREMENTS.

Disclaimer Statement of Credit Rating Agency

A RATING BY CRISIL RATINGS REFLECTS CRISIL RATINGS' CURRENT OPINION ON THE LIKELIHOOD OF TIMELY PAYMENT OF THE OBLIGATIONS UNDER THE RATED INSTRUMENT, AND DOES NOT CONSTITUTE AN AUDIT OF THE RATED ENTITY BY CRISIL RATINGS. OUR RATINGS ARE BASED ON INFORMATION PROVIDED BY THE ISSUER OR OBTAINED BY CRISIL RATINGS FROM SOURCES IT CONSIDERS RELIABLE. CRISIL RATINGS DOES NOT GUARANTEE THE COMPLETENESS OR ACCURACY OF THE INFORMATION ON WHICH THE RATING IS BASED. A RATING BY CRISIL RATINGS IS NOT RECOMMENDATION TO BUY/SELL OR HOLD THE RATED INSTRUMENT, IT DOES NOT COMMENT ON THE MARKET PRICE OR SUITABILITY FOR A PARTICULAR INVESTOR. CRISIL RATINGS HAS A PRACTICE OF KEEPING ALL ITS RATINGS UNDER SURVEILLANCE AND RATINGS ARE REVISED AS AND WHEN CIRCUMSTANCES SO WARRANT. CRISIL RATINGS IS NOT RESPONSIBLE FOR ANY ERRORS AND ESPECIALLY STATES THAT IT HAS NO FINANCIAL LIABILITY WHATSOEVER TO THE SUBSCRIBERS/USERS/TRANSMITTERS/DISTRIBUTORS OF ITS RATINGS. CRISIL RATINGS' CRITERIA ARE AVAILABLE WITHOUT CHARGE TO THE PUBLIC ON THE WEB SITE, WWW.CRISILRATINGS.COM. CRISIL RATINGS OR ITS ASSOCIATES MAY HAVE OTHER COMMERCIAL TRANSACTIONS WITH THE COMPANY/ENTITY. FOR THE LATEST RATING INFORMATION ON ANY INSTRUMENT OF ANY COMPANY RATED BY CRISIL RATINGS, PLEASE VISIT WWW.CRISILRATINGS.COM OR CONTACT CUSTOMER SERVICE HELPDESK AT CRISILRATINGDESK@CRISIL.COM OR AT 1800-267-1301

Disclaimer statement from the Issuer

THE ISSUER ACCEPTS NO RESPONSIBILITY FOR STATEMENTS MADE OTHER THAN IN THIS INFORMATION MEMORANDUM OR IN ADVERTISEMENT OR ANY OTHER MATERIAL ISSUED BY OR AT THE INSTANCE OF OUR COMPANY IN CONNECTION WITH THE ISSUE OF THE NCRPS AND ANYONE PLACING RELIANCE ON ANY OTHER SOURCE OF INFORMATION WOULD BE DOING SO AT THEIR OWN RISK.

Disclaimer in Respect of Jurisdiction

THE ISSUE IS BEING MADE IN INDIA, TO EACH SHAREHOLDERS OF THE COMPANY AS ON THE RECORD DATE, DECIDED BY THE BOARD OF DIRECTORS OF THE COMPNAY. THIS INFROMATION MEMORANDUM WILL NOT, HOWEVER CONSTITUTE AN OFFER TO SELL OR AN INVITATION TO SUBSCRIBE FOR THE NCRPS OFFERED HEREBY IN ANY JURISDICTION OTHER THAN INDIA TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE AN OFFER OR INVITATION IN SUCH JURISDICTION. ANY PERSON INTO WHOSE POSSESSION THIS INFORMATION MEMORANDUM COMES IS REQUIRED TO INFORM HIMSELF OR HERSELF ABOUT, AND TO OBSERVE, ANY SUCH RESTRICTIONS.

Undertaking by the Issuer

INVESTORS ARE ADVISED TO READ THE RISK FACTORS CAREFULLY BEFORE TAKING AN INVESTMENT DECISION IN THIS ISSUE. FOR TAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE OFFER INCLUDING THE RISKS INVOLVED. THE NCRPS HAVE NOT BEEN RECOMMENDED OR APPROVED BY ANY REGULATORY AUTHORITY IN INDIA, INCLUDING THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) NOR DOES SEBI GUARANTEE THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. SPECIFIC ATTENTION OF INVESTORS IS INVITED TO THE STATEMENT OF THE "RISK FACTORS" CHAPTER ON PAGE 8 OF THE INFORMATION MEMORANDUM.

OUR COMPANY, HAVING MADE ALL REASONABLE INQUIRIES, ACCEPTS RESPONSIBILITY FOR, AND CONFIRMS THAT THIS INFORMATION MEMORANDUM CONTAINS ALL INFORMATION WITH REGARD TO THE ISSUER AND THE ISSUE, THAT THE INFORMATION CONTAINED IN THIS INFORMATION MEMORANDUM IS TRUE AND CORRECT IN ALL MATERIAL ASPECTS AND IS NOT MISLEADING IN ANY MATERIAL RESPECT, THAT THE OPINIONS AND INTENTIONS EXPRESSED HEREIN ARE HONESTLY HELD AND THAT THERE ARE NO OTHER FACTS, THE OMISSION OF WHICH MAKE THIS INFORMATION MEMORANDUM AS A WHOLE OR ANY OF SUCH INFORMATION OR THE EXPRESSION OF ANY SUCH OPINIONS OR INTENTIONS MISLEADING IN ANY MATERIAL RESPECT.

OUR COMPANY DECLARES THAT NOTHING IN THE INFORMATION MEMORANDUM IS CONTRARY TO THE PROVISIONS OF COMPANIES ACT, 2013 (18 OF 2013), THE SECURITIES CONTRACTS (REGULATION) ACT, 1956 AND THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 AND THE RULES AND REGULATIONS MADE THEREUNDER.

Filing

Copy of this Information Memorandum has been filed with BSE and NSE.

Listing

Application has been made to Stock Exchanges for permission for listing and trading in and for an official quotation of the NCRPS of the Company. The Company has nominated NSE as the Designated Stock Exchange for Issue. The Company shall ensure that it will take all steps for the completion of necessary formalities for listing and commencement of trading at NSE and BSE within such period as approved by SEBI.

Expert Opinions

Save as stated elsewhere in this Information Memorandum, we have not obtained an expert opinion.

Common form of Transfer

The Issuer undertakes that there shall be a common form of transfer for the NCRPS and the provisions of the Companies Act, 2013 and all Applicable Laws shall be duly complied with in respect of all transfer of debentures and registration thereof.

Recovery Expense Fund

Our Company has created a recovery expense fund in the manner as specified by SEBI in SEBI Debenture Trustee Operational Circular, as amended from time to time, and Regulation 11 of the SEBI NCS Regulations with the Designated Stock Exchange for the purpose of this Issue.

Kindly note, any default committed by the Company in terms of the NCRPS issued shall be reckoned at the International Securities Identification Number level assigned to the NCRPS.

Underwriting

This Issue shall not be underwritten.

Change in Auditors of our Company during the last three years

There has been no change of Auditors of our Company during the last three years.

Public issue of Equity Shares

Our Company has not made any public issue of Equity Shares in the last five years.

Previous Issue(s)

The Company has not issued any NCRPS in the past.

Benefit/ interest accruing to Promoters/ Directors out of the Issue

Other than as disclosed in this Information Memorandum, neither the Promoter nor the Directors of our Company are interested in the Issue.

Details regarding the Company, its Subsidiaries and other listed companies which are associate companies as described under the Companies Act, 2013, which made any capital issue during the last three years

There were no capital issue during the last three years by the Company, its Subsidiaries and other listed companies which are associate companies as described under the Companies Act, 2013.

Details regarding the Company and other listed companies under the same management within the meaning of Section 370(1B) of the Companies Act, which made any capital issue during the last three years

There are no public or rights or composite issue of capital by listed companies under the same management within the meaning of Section 370(1) (B) of the Companies Act, 1956 during the last three years.

Debentures or bonds and redeemable preference shares and other instruments issued by our Company and outstanding

Except as disclosed under section titled “*Financial Indebtedness*” on page 96, our Company does not have any outstanding debentures or bonds or redeemable preference shares.

Dividend

Our Company has framed dividend distribution policy, which is available on its website pursuant to SEBI circular No. SEBI/LAD-NRO/GN/2016-17/008 dated July 8, 2016, mandating top 500 listed companies based on the market capitalization to formulate dividend distribution policy. The declaration and payment of dividends on our Equity Shares and Preference Shares will be recommended by the Board of Directors and approved by our Shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition. Our Company has declared following dividends during last three years:

2022-2023	2021-2022	2020-2021
Dividend of ₹ 119 crore declared for March 31, 2023 (₹ 59 / share)	Dividend of ₹ 89.02 crore declared for March 31, 2022 (₹ 44 / share)	First Interim dividend of ₹ 30.35 crore paid for the year ended March 31, 2021 (₹ 15 / share)
		Second Interim dividend of ₹ 22.26 crore declared for the year ended March 31, 2021 (₹ 11 / share)

Mechanism for redressal of investor grievances

The Registrar Agreement dated May 1, 2021 between the Registrar to the Issue and our Company will provide for retention of records with the Registrar to the Issue for a period of at least eight years from the last date of dispatch of the Allotment Advice and demat credit to enable the investors to approach the Registrar to the Issue for redressal of their grievances. All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the Applicant, number of NCRPS applied for, amount paid on application and the bank branch or collection center where the application was submitted.

The contact details of Registrar and Transfer Agent to the Issue are as follows:

Integrated Registry Management Services Private Limited

2nd Floor, Kences Towers,

No.1, Ramakrishna Street,

North Usman Road,

T Nagar, Chennai - 600 017

SEBI Registration No: INR000000544

Tel: +91 44 2814 0801/ 0803

Fax: +91 44 2814 2479
E-mail: corpserv@integratedindia.in
Investor Grievance Email: srirams@integratedindia.in
Website: https://www.integratedindia.in
Contact Person: Mr. Sriram S
Compliance Officer: Mr. Sriram S

The Registrar shall endeavour to redress complaints of the investors within three (3) days of receipt of the complaint during the currency of this Information Memorandum and continue to do so during the period it is required to maintain records under the RTA Regulations and our Company shall extend necessary co-operation to the Registrar for its complying with the said regulations. However, the Registrar shall ensure that the time taken to redress investor complaints does not exceed fifteen (15) days from the date of receipt of complaint. The Registrar shall provide a status report of investor complaints and grievances on a fortnightly basis to our Company. Similar status reports should also be provided to our Company as and when required by our Company.

The details of the person appointed to act as Company Secretary and Compliance Officer for the purposes of this Issue are set out below:

Company Secretary and Compliance Officer

R Raja Prakash

“Chaitanya”, No.12, Khader Nawaz Khan Road,
Nungambakkam, Chennai,
Tamil Nadu 600006
Tel: +91 44 - 2833 2115
E-mail: rrp@sundaramclayton.com

Eligible Shareholders may contact the Registrar to the Issue or the Company Secretary and Compliance Officer in case of any pre-issue or post Issue related issues.

Reservations / Qualifications / Adverse Remarks or Emphasis of Matter by Auditors

There are no reservations or qualifications or adverse remarks or emphasis of matter by the Statutory Auditors in the financial statements of our Company in the last three financial years immediately preceding this Information Memorandum.

The amount of corporate guarantee issued by the Issuer along with details of the counterparty (viz. name and nature of the counterparty - subsidiary, Joint Venture entity, group company etc) on behalf of whom it has been issued:

Nil

Details of any other contingent liabilities of the issuer based on the last audited financial statements including amount and nature of liability:

Details	March 31, 2023	March 31, 2022	March 31, 2021
(i) Claims against the Company not acknowledged as debt:			
- Income tax	7.94	4.35	4.35
- Service tax/Excise	-	0.58	0.61
- Value Added Tax	0.19	0.19	0.22
- Goods and Service Tax	59.94	-	-
(ii) Guarantees excluding Financial Guarantees	-	0.59	0.59
(iii) Other money for which the Company is contingently liable	4.47	6.03	11.50
Total	72.54	11.74	17.27

Any material event / development or change having implications on the financials/credit quality (e.g., any material regulatory proceedings against the Issuer/promoters, litigations resulting in material liabilities, corporate restructuring event etc.) at the time of issue which may affect the issue or the investor's decision to invest / continue to invest in the debt securities:

Nil, save as except as disclosed in this Information Memorandum.

Project details: gestation period of the project; extent of progress made in the project; deadlines for completion of the project; the summary of the project appraisal report (if any), schedule of implementation of the project:

Not Applicable

Except as mentioned under the section titled “*Capital Structure*” on page 21 of this Information Memorandum, our Promoter and Promoter Group or Directors of our Company has not purchased or sold any securities in our Company, in six months immediately preceding the date of this Information Memorandum.

Illustration for guidance in respect of the day count convention and effect of holidays on payments:

The illustration for guidance in respect of the day count convention and effect of holidays on payments, as required by SEBI Operational Circular is disclosed in Annexure II of this Information Memorandum.

SECTION VII- ISSUE STRUCTURE

The following are the key terms of the NCRPS.

Security Name	9% Cumulative Non-Convertible Redeemable Preference Shares
Issuer	Sundaram-Clayton Limited
Type of Instrument	Cumulative Non-Convertible Redeemable Preference Shares
Nature of Instrument (Secured or Unsecured)	Unsecured
Seniority	Claims of the NCRPS holder shall rank senior to claims by any holder of equity shares of the Company and shall rank pari passu with all other preference shares issued by the Company. Claims of the NCRPS holder shall be subordinate to both secured and unsecured creditors of the Company.
Eligible Shareholders	Each Allottee whose name is recorded in the register of members of our Company and/or the records of the depository(ies) as equity shareholder of our Company on the Record Date i.e., March 24, 2023.
Listing (including name of stock Exchange(s) where it will be listed and timeline for listing) / Designated Stock Exchange)	The NCRPS shall be listed on BSE and NSE. NSE shall be the Designated Stock Exchange.
Rating of the Instrument	“A1+” by CRISIL Ratings Limited vide rating letter dated March 15, 2023
Issue	Bonus 9% Cumulative Non-Convertible Redeemable Preference Shares of face value of ₹ 10 each for an amount aggregating up to ₹ 2346,92,18,600
Issue Size	The Company proposes to issue 234,69,21,860 NCRPS of the face value of ₹10 each aggregating to ₹ 2346,92,18,600
Minimum Subscription	Not Applicable
Option to Retain Oversubscription Amount	Not Applicable
Objects of the Issue	The Board of Directors of the Company formulated the Composite Scheme of Arrangement for issuance of NCRPS of our Company by way of bonus, to each Allottee whose name is recorded in the register of members of our Company and/or the records of the depository(ies) as equity shareholder of our Company on the Record Date, by utilizing its general reserves/ retained earnings, 116 NCRPS of our Company of face value of ₹ 10 each fully paid up for every 1 equity share of ₹ 5 each fully paid up held by such Allottee. Kindly refer the section titled “ <i>Scheme of Arrangement</i> ” on page 46.
Details of the utilisation of the Proceeds	Not Applicable
Dividend Rate	9 % per annum payable at annual rests The payment of coupon/ dividend will be at completion of 12 month and for the balance period if, the term extends beyond 12 months, the coupon/ dividend shall be adjusted proportionately for such balance period and paid at the time of the redemption.
Step Up/Step Down Coupon Rate	Not Applicable
Dividend Payment Frequency	The dividend shall be paid out of profits, as and when declared by the Board.
Dividend Payment Date	The dividend shall be paid as and when declared by the Board.
Cumulative / non cumulative, in case of dividend	Cumulative
Coupon Type (Fixed, floating or other structure)	Fixed
Coupon/ Reset Process (including rates, spread,	Not Applicable

effective date, interest rate cap and floor etc.)	
Day Count Basis	Actual / Actual
Interest on application money	Not Applicable
Default Interest rate	Not Applicable
Tenor	12 months from the Date of Allotment i.e., March 25, 2024
Redemption Date(s)	12 months from the Date of Allotment i.e., March 25, 2024
Redemption Amount	₹ 2558,14,48,274 (Principal repayment of ₹ 2346,92,18,600, Dividend payout of ₹ 211,22,29,674)
Redemption Premium / Discount	At par of ₹ 10
Issue Price	₹ 10 per NCRPS
Discount at which security is issued and the effective yield as a result of such discount	Not Applicable
Put Date	Not Applicable
Put Price	Not Applicable
Call Date	Not Applicable
Call Price	Not Applicable
Put Notification Time (Timelines by which the investor need to intimate Issuer before exercising the put)	Not Applicable
Call Notification Time (Timelines by which the investor need to intimate Issuer before exercising the call)	Not Applicable
Face Value	₹ 10 per NCRPS
Minimum Application size and in multiples of NCRPS thereafter	One Bonus NCRPS
Issue Timing	Not Applicable
Issue Opening Date	Not Applicable
Issue Closing Date	Not Applicable
Date of earliest closing of the issue, if any	Not Applicable
Pay-in date	Not Applicable
Deemed Date of Allotment	March 25, 2023
Settlement mode of the Instrument	Payment of dividend and Redemption Amount will be made by way of RTGS / NEFT / any other electronic mode / any other permissible mode of payment.
Depositories	National Securities Depository Limited and Central Depository Services (India) Limited
Disclosure of Dividend / redemption dates	Dividend shall be given only in case of profits. The Redemption Date shall be 12 months from the Date of Allotment i.e., March 25, 2024
Record Date for issuance of NCRPS	March 24, 2023
All covenants of the issue (including side letters, accelerated payment clause, etc.)	NA
Description regarding Security (where applicable) including type of security (movable/immovable/tangible etc.), type of charge (pledge/	NA

hypothecation/ mortgage etc.), date of creation of security/ likely date of creation of security, minimum security cover, revaluation, replacement of security, interest to the debenture holder over and above the coupon rate as specified in the Trust Deed and disclosed in the Disclosure Document	
Transaction Documents	This Information Memorandum read with the Composite Scheme of Arrangement
Conditions Precedent to Disbursement	Not Applicable
Conditions Subsequent to Disbursement	Not Applicable
Events of Defaults (including manner of voting /conditions of joining Inter Creditor Agreement)	Not Applicable
Creation of recovery expense fund	The Issuer hereby confirms that it establishes and maintains the Recovery Expense Fund in such manner/mode as is prescribed under the SEBI Debenture Trustee Operational Circular.
Conditions for breach of covenants (as specified in Debenture Trust Deed)	Not Applicable
Role and Responsibilities of Debenture Trustee	Not Applicable
Risk factors pertaining to the issue	As specified in section titled “ <i>Risk Factors</i> ” on page 8 of this Information Memorandum
Governing Law and Jurisdiction	The NCRPS are governed by and shall be construed in accordance with the existing laws of India. Any dispute arising thereof will be subject to the exclusive jurisdiction of the courts at Chennai, Tamil Nadu in India.

SECTION VIII - MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Table A not to apply but Company to be governed by these Articles	1. No regulations contained in Table A, in the First Schedule to the Companies Act, 1956, shall apply to this Company, but the regulations for the management of the Company, and for the observance of the members thereof and their representatives, shall, subject to any exercise of the statutory powers of the Company with reference to the repeal or alteration of, or addition to, its regulations by Special Resolution, as prescribed by the said Companies Act, 1956, be such as are contained in these Articles.

INTERPRETATION

Interpretation Clause	2. In the interpretation of these Articles, unless repugnant to the subject or context:
‘The Company‘ or ‘this Company’	‘The Company’ or ‘this Company’ means SUNDARAM-CLAYTON LIMITED
‘The Act’	‘The Act’ means the Companies Act, 1956, or any statutory modifications or re-enactment thereof for the time being in force.
‘Annual General Meeting’	Annual General Meeting’ means a general meeting of the members held in accordance with the applicable provisions of the Act. (Amended vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)
‘Auditors’	(iv) ‘Auditors’ means and includes those persons appointed as such for the time being by the Company.
‘Beneficial owner’	(v)(a) “Beneficial owner” means the beneficial owner as defined under clause (a) of sub-section 2 of the Depositories Act, 1996. (Amended vide special resolution passed at the 36th annual general meeting of the Company held on 10th September 1998). The existing article 2(v) re-numbered as article 2 (v) (b).
‘Board or Board of Directors’	(v)(b) “Board or Board of directors” means a meeting of the directors duly called and constituted or as the case may be the Directors assembled at a Board or Directors of the Company collectively.
‘Capital’	(vi) ‘Capital’ means the share capital for the time being raised or authorised to be raised, for the purpose of the Company.
‘Debenture’	(vii) (a) ‘Debenture’ includes debenture stock
‘Depository’	“Depository” shall mean a depository as defined under clause (e) of subsection (1) of section 2 of the Depositories Act, 1996. (Amended vide special resolution passed at the 36th annual general meeting of the Company held on 10th September 1998). The existing article 2(vii) renumbered as (vii) a.
‘Directors’	(viii) Directors’ means the Directors for the time being of the Company or, as the case may be, the Directors assembled at a board.
‘Dividend’	(ix) ‘Dividend’ includes bonus.

‘Extraordinary General Meeting’	(x) ‘Extra-ordinary General Meeting’ means an extra– ordinary general meeting of the members duly called and constituted and any adjourned holding thereof.
‘Member’	‘Member’ means the duly registered holder from time to time of the shares of the Company and includes the subscribers to the memorandum of the Company and every person holding equity share capital of the Company whose name is entered as beneficial owner in the records of a depository. (Amended vide special resolution passed at the 36th annual general meeting of the Company held on 10th September 1998). (xii) ‘Meeting or ‘General Meeting’ means a meeting of members.
‘Meeting or General meeting’	
‘Month’	‘Month’ means a calendar month.
‘Office’	(xiv) ‘Office’ means the Registered office for the time being of the Company.
‘Ordinary Resolution’	(xv) A ‘resolution’ shall be an ‘Ordinary Resolution’ when at a General meeting of which the notice required under the Act has been duly given, the votes cast (whether on a show of hands, or on a poll, as the case may be) in favour of the resolution (including the casting of vote, if any, of the Chairman) by the members, who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the Resolution by members so entitled and voting.
‘Paid-up’	(xvi) ‘Paid-up’ includes credited as paid-up.
‘Persons’	(xvii) ‘Persons’ includes corporations and firms as well as individuals.
‘Register of Members’	(xviii) ‘Register of Members’ means the Register of Members to be kept pursuant to the Act.
‘Registrar’	(xix) ‘Registrar’ means Registrar of Companies of the State in which the Office of the Company is for the time being situate.
‘Secretary’	(xx) ‘Secretary’ means any individual possessing qualifications prescribed for the time being by any Rules made under the Act and appointed to perform the duties which may be performed by a secretary under the Act and any other ministerial or administrative duties.
‘Seal’	(xxi) ‘Seal’ means the Common Seal for the time being of the Company.
‘Share’	(xxii) ‘Share’ means share in the share capital of the Company and includes stock except where a distinction between stock and shares is expressed or implied.
‘Special Resolution’	A Resolution shall be ‘Special Resolution’ when: the intention to propose the resolution as a special resolution has been duly specified in the notice calling the general meeting or other intimation given to the members of the resolution; the notice required under the Act has been duly given of the general meeting; and the votes cast in favour of the resolution (whether on a show of hands, or on a poll, as the case may be) by members, who being entitled so to do, vote in person, or where proxies are allowed, by proxy, are not less than three times the number of the votes, if any, cast against the resolution by members so entitled and voting.

TVS Group	Deleted (Vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)
Clayton Group	Deleted (Vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)
‘Written’ and ‘in writing’	‘Written’ and ‘in writing’ include printing, lithography and other modes of representing or reproducing words in a visible form.
‘Year’ and ‘Financial Year’	(xxvii) ‘Year’ means the calendar year and ‘Financial Year’ shall have the meaning assigned thereto in the applicable provisions of the Act. (Amended vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)
‘Singular number’	(xxviii) Words importing the singular number include, where the context admits or requires, the plural number and vice versa.
‘Gender’	(xxix) Words importing the masculine gender also include the feminine gender.
‘Marginal Notes’	(b) The marginal notes used in these Articles shall not affect the construction hereof. (c) Save as aforesaid, any words or expressions defined in the Act shall, if not inconsistent with the subject or context bear the same meaning in these Articles.

CAPITAL AND INCREASE AND REDUCTION OF CAPITAL

Authorised Share Capital	3. The authorised share capital of the Company is Rs.25,00,00,000/-(Rupees twenty five crores only) divided into 5,00,00,000 (five crores) equity shares of Rs.5/- (Rupees five) each. (as replaced from the effective date viz., 21st August 2012, by clause 11.3 of the Composite Scheme of Arrangement including Amalgamation and Demerger among Sundaram-Clayton Limited, Anusha Investments Limited and Sundaram Investments Limited and their respective shareholders under sections 391 to 394 of the Companies Act, 1956 sanctioned by the Hon’ble High Court of Madras vide its order dated 3rd August 2012)
Increase of Capital by the Company and how carried into effect	4. The Company in General Meeting may from time to time increase the capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. Subject to the provisions of the Act, any shares of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting resolving upon the creation thereof, shall direct, and if no direction be given, as the Directors shall determine, and in particular, such shares may be issued with a preferential or qualified right to dividends, and in the distribution of assets of the Company, and with a right of voting at general meetings of the Company in conformity with the applicable provisions of the Act. Whenever the capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the applicable provisions of the Act. (Amended vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)

New capital same as Existing Capital	5.	Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares, shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and instalments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.
Redeemable preference shares	6.	Subject to the applicable provisions of the Act, the Company shall have the power to issue Preference shares which are or at the option of the Company are liable to be redeemed and the resolution authorising such issue shall prescribe the manner and terms and conditions of redemption. (Amended vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)
Provisions to apply on issue of Redeemable Preference shares	7.	On the issue of Redeemable Preference shares under the provisions of Article 6 hereof the following provisions shall take effect: no such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of redemption; no such shares shall be redeemed unless they are fully paid; the premium, if any, payable on redemption must have been provided for out of the profits of the Company or the Company's Share Premium Account before the shares are redeemed; Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of the profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called the 'Capital Redemption Reserve Account', a sum equal to the nominal amount of the shares redeemed and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in the Act, apply, as if the Capital Redemption Reserve Account, were paid up share capital of the Company. (Amended vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)
Reduction of capital	8.	The Company may (subject to the applicable provisions of the Act) from time to time by Special Resolution reduce its capital and any Capital Redemption Reserve Account or Share Premium Account in any manner for the time being authorised by law and, in particular, capital may be paid off on the footing that it may be called upon again or otherwise. This Article is not to derogate from any power of the Company would have if it were omitted. (Amended vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)
Sub-division, consolidation and cancellation of shares	9.	Subject to the applicable provisions of the Act, the Company in general meeting may, from time to time, subdivide or consolidate its shares, or any of them and the resolution whereby any share is sub-divided, may determine that, as between the holders of the shares resulting from such sub-division, one or more of such shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the others or other. Subject as aforesaid, the Company in general meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled. (Amended vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)
Modification of rights	10.	Whenever the capital, by reason of the issue of preference shares or otherwise, is divided into different classes of shares all or any of the rights and privileges attached to each class may, subject to the applicable provisions of the Act, be modified, commuted, effected or abrogated, or dealt with by Agreement between the Company and any person purporting to contract on behalf of that class, provided such agreement is ratified in writing by holders of at least three-fourths in nominal

value of the issued shares of the class or is confirmed by a Special Resolution passed at a separate general meeting of the holders of shares of that class.

(Amended vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)

SHARES AND CERTIFICATES

Register and Index of Members	11.	The Company shall cause to be kept a Register and Index of Members in accordance with the applicable provisions of the Act. The Company shall be entitled to keep in any State or Country outside India a branch Register of Members resident in that State or Country. (Amended vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)
Shares to be numbered progressively and no share to be sub-divided	12.	The shares in the capital shall be numbered progressively according to their several denominations, and except in the manner hereinbefore mentioned, no share shall be sub-divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.
Further issue of Capital	13.	Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares, whether out of unissued share capital, or out of increased share capital, then such further shares, shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on these shares at that date. Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined. After the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner as they think most beneficial to the Company. Notwithstanding anything contained in the preceding sub-clause, the Company may : by a Special Resolution ; or Where no such Special Resolution is passed, if the votes cast (whether on a show of hands or on a poll, as the case may be) in favour of the proposal contained in the resolution moved in that General meeting (including the casting of vote if any, of the Chairman) by members who, being entitled to do so, vote in person or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members so entitled and voting and the Central Government is satisfied, on an application made by the board of Directors in this behalf, that the proposal is most beneficial to the Company, offer further shares to any person or persons, and such person or persons may or may not include the persons who at the date of the offer, are the holders of the equity shares of the Company. Notwithstanding anything contained in sub-clause (A) above, but subject, however, to the applicable provisions of the Act, the Company may increase its subscribed capital on exercise of an option attached to the debentures issued or loans raised by the Company to convert such debentures or loans into shares, or to subscribe for shares in the Company. Amended vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)
Shares under control of Directors	14.	Subject to the provisions of these Articles and of the Act, the shares including any shares forming part of any increased capital of the Company shall be under the control of Directors, who may allot or otherwise dispose of the same to such persons in such proportion, on such terms and conditions, and at such times as the Directors think fit and subject to the sanction of the Company in General meeting with full power, to call for or to allot shares of any class of the Company either

(subject to the provisions of the Act) at a premium or at par or at a discount and such option being exercisable for such time and for such consideration as the Directors think fit. The Board shall cause to be filed the returns as to allotment provided for in the Act.

(Amended vide special resolution passed at the 36th annual general meeting of the Company held on 10th September 1998).

Power also to Company in General meeting to issue shares

15. In addition to and without derogating from the powers for that purpose conferred on the Board under Articles 13 and 14, the Company in General meeting may, subject to the applicable provisions of the Act, determine that any shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether members or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of the Act) at a premium or at par or at a discount as such General meeting shall determine and with full power to call for or to allot shares of any class of the Company either (subject to compliance with the provisions of the Act) at a premium or at par or at a discount, such option being exercisable for such time and for such consideration as may be directed by such general meeting or the Company in general meeting may make any other provision whatsoever for the issue, allotment or disposal of any shares.
(Amended vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)

Acceptance of Shares

16. Any application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any share therein, shall be an acceptance of shares within the meaning of these Articles and every person who thus or otherwise accepts any shares and whose name is on the Register shall, for the purposes of these Articles be a member.

Deposit, call, etc., to be debt payable immediately

17. The money (if any) which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them, shall immediately on the insertion of the name of the allottee in the Register of Members as the name of the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

Liability of Member

18. Every member, or his heirs, executors, or administrators, shall pay to the Company the portion of the capital represented by his share or shares which may, for the time being, remain unpaid thereon, in such amounts, at such time or times, and in such manner as the Board shall, from time to time in accordance with the Company's regulations, require or fix for the payment thereof.

Share Certificate

19. Every member or allottee of shares shall be entitled within one month from the date of application for registration of transfer or three months from the date of allotment (or within such other period as the conditions of issue shall provide) without payment
to receive one certificate for all his shares; or
to receive several certificates each for market lots of shares held by any member, specifying the name of the person in whose favour it is issued, the shares to which it relates and the amount paid-up thereon.

Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in cases of issues against letters of acceptance or of renunciation or in case of issue of bonus shares. Every such certificate shall be issued under the Seal of the Company, which shall be affixed in the presence of two Directors or persons acting on behalf of the Directors under a duly registered power of attorney, and the Secretary or some other person appointed by the Board for the purpose, and two Directors or their attorneys and the Secretary or other person shall sign the share certificate, provided that if the composition of the Board

permit it, at least one of the aforesaid two Directors shall be a person other than a Managing or Whole-time Director. Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person to whom it has been issued indicating the date of issue.

Any two or more joint allottees of a share shall, for the purpose of this Article, be treated as single member, and the certificate of any share, which may be the subject of joint ownership, may be delivered to anyone of such joint owners on behalf of all of them.

A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp, provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.

Notwithstanding anything contained in this articles, when the shares are dealt with in a depository, the Company shall intimate the details of allotment of shares to the depository immediately on allotment of such shares.

(Amended vide special resolution passed at the 36th annual general meeting of the Company held on 10th September 1998.)

Restriction on sub-division or consolidation

- 19A Notwithstanding anything contained in the sub-article (a) of the Article 19, the Board may not accept applications for sub-division or consolidation of shares into denominations of less than twenty five (25) except when such a sub-division or consolidation is required to be made to comply with a statutory order or an Order of a competent Court of Law or a request from a member to convert his holding of odd lots of shares into transferable / marketable lots, subject, however, to verification by the Company.
(Substituted vide special resolution passed at the annual general meeting of the Company held on 30.11.1988)

Renewal of share certificate

20. (a) No certificate of any share or shares shall be issued either in exchange for those which are sub-divided or consolidated or in replacement of those which are defaced, torn or old, decrepit, worn out, or where the cages on the reverse for recording transfers have been duly utilised, unless the certificate in lieu of which it is issued is surrendered to the Company, provided that no fee should be charged for issue of such new certificate.
- (b) When a new share certificate has been issued in pursuance of clause(a) of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is issued in lieu of share certificate No. subdivided / replaced / or consolidation of shares.
- (c) If a share certificate is lost or destroyed, a new certificate in lieu thereof shall be issued only with the prior consent of the Board and on such terms, if any, as to evidence and indemnity as to the payment of out-of pocket expenses incurred by the Company in investigating evidence, as the Board thinks fit, and on payment of a fee of Re.1/- for each of such certificate.
- (d) When a new share certificate has been issued in pursuance of clause(c) of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is duplicate issued in lieu of share certificate No.-- The word 'Duplicate' shall be stamped or punched in bold letters across the face of the share certificate.
- (e) Where a new share certificate has been issued in pursuance of clause(a) or clause (c) of this Article, particulars of every such share certificates shall be entered in a Register of Renewed and Duplicate Certificates indicating against the names of the persons to whom the certificate is issued the number and date of issue of the share certificate in lieu of which the new certificate is issued, and the necessary changes indicated in the Register of Members by suitable cross reference in the 'Remarks' column.
- (f) All blank forms to be issued for issue of share certificates shall be printed and the printing shall be done only on the authority of a resolution of the Board. The blank forms shall be consecutively machine numbered and the forms and the blocks, engravings, facsimiles and hues relating to the printing of such forms shall

be kept in the custody of the Secretary or of such other person as the Board may appoint for the purpose, and the Secretary or the other person aforesaid shall be responsible for rendering an account of these forms to the Board.

(g) The Managing Director of the Company for the time being or if the Company has no Managing Director, every Director of the Company shall be responsible for the maintenance, preservation and safe custody of all books and documents relating to the issue of share certificates except the blank forms of share certificates referred to in sub-clause (f) above.

(h) All books referred to in sub-clause (g) shall be preserved in good order permanently.

Company not bound to recognise any interest in share other than that of registered holder.

22. Except as ordered by a Court of competent jurisdiction, or as by law requires, the Company shall not be bound to recognise an equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles, in the person from time to time registered as the holder thereof; or whose name appears as the beneficial owner of shares in the records of a depository, but the board shall be at liberty at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

Funds of the Company may not be applied in purchase of shares of the Company

(Amended vide special resolution passed at the 36th annual general meeting of the Company held on 10th September 1998.)
23. None of the funds of the Company shall be applied in the purchase of any shares of the Company, and it shall not give any financial assistance for or in connection with the purchase or subscription of any shares in the Company or in its holding Company, save as provided under the applicable provisions of the Act.
(Amended vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)

Article 23A – Buy back of shares

23A Notwithstanding anything contained in these articles, the Board of Directors may, when and if thought fit, buy-back such of the Company's own shares or securities as it may think necessary, subject to such limits, upon such terms and conditions, and in accordance with the applicable provisions of the Act or any statutory modification or re-enactment thereto and such other regulations and guidelines as may be issued in this regard.
(New Article 23A inserted vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)

UNDERWRITING AND BROKERAGE

Commission may be paid.

24. Subject to the applicable provisions of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares or debentures in the Company, or procuring, or agreeing to procure subscriptions (whether absolute or conditional) for any shares or debentures in the Company, but so that the commission shall not exceed in the case of shares five percent of the price at which the shares are issued, and in the case of debentures, two and half percent of the price at which the debentures are issued.
(Amended vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)

Brokerage

25. The Company may pay a reasonable sum for brokerage.

INTEREST OUT OF CAPITAL

Interest may be paid out of capital

26. Where any shares are issued for the purpose of raising money to defray the expenses, of the construction of any work or building, or the provision of any plant, which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid-up, for the period, at the rate and subject to the conditions and restrictions as provided

in the applicable provisions of the Act and may charge the same to capital as part of the cost of construction of the work or building, or the provision of plant.
(Amended vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)

CALLS

Directors may make calls.	27.	The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by circular resolution) make such calls as it thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively, and each member shall pay the amount of every call so made on him to the person or persons and at the times and places appointed by the Board. A call may be made payable by instalments.
Notice of calls	28.	Thirty days' notice in writing at the least of any call shall be given by the Company specifying the time and place of payment, and the person or persons to whom such call shall be paid. (amended vide special resolution passed at the 38 th annual general meeting of the shareholders of the Company held on 29 th September 2000)
Calls to date from resolution	29.	A call shall be deemed to have been made at the time when the resolution authorising such call was passed at a meeting of the Board.
Calls may be revoked or postponed	30.	A call may be revoked or postponed at the discretion of the Board.
Liability of Joint holders	31.	The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
Directors may extend time	32.	The Board may, from time to time at its discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the members who by reason of residence at a distance or other cause the Board may deem are fairly entitled to such extension, but no member shall be entitled to such extension save as a matter of grace and favour.
Calls to carry Interest	33.	If any member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member.
Sums deemed to be calls	34.	Any sum, which by the terms of issue of a share become payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purpose of these Articles, be deemed to be a call duly made and payable on the date on which by the terms of issue the same, becomes payable, and in case of non-payment, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise, shall apply as if such sum had become payable by virtue of a call duly made and notified.
Proof on trial	35.	On the trial or hearing of any action or suit brought by the Company against any member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the member in respect of whose shares the money is sought to be recovered, appears entered on the Register of Members as the holder, at or subsequently to the date at which the money is sought to be recovered, is alleged to have become due on the shares in respect of which such money is sought to be recovered; that the resolution making the call is duly recorded in the Minute Book, and that notice of such call was duly given to the member or his representatives used in pursuance

of these Articles; and that it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of directors was present at the Board at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

Partial payment not to preclude forfeiture 36. Neither the receipt by the Company of a portion of any money which shall from time to time be due from any member to the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted, by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided.

Payment in anticipation of calls may carry interest 37. The Board may if it thinks fit, agree to and receive from any member willing to advance the same, all or any part of the amounts of his respective shares beyond the sums actually called upon and upon the moneys so paid in advance, or upon so much thereof, from time to time, and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares on account of which such advances are made, the Board may pay or allow interest, at such rate as the member paying the sum in advance and the Board agree upon. The Board may agree to repay at any time an amount so advanced or may at any time repay the same upon giving to the member three month's notice in writing provided that moneys paid in advance of calls on any shares may carry interest but shall not confer a right to dividend or to participate in profits. No member paying any such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him until the same would be but for such payment become presently payable.

LIEN

Company to have lien on shares. 38. The Company shall have a first and paramount lien upon all the shares (other than fully paid up shares) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof, for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares, and no equitable interest in any shares shall be created except upon the footing and upon the condition that Article 22 hereof is to have full effect. Any such lien shall extend to all dividends from time to time declared in respect of such shares. Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares. The Board may, however, at any time, declare any share to be exempt, wholly or partially from the provisions of this Article.

As to enforcing lien by sale 39. For the purpose of enforcing such lien, the Board may sell the shares, subject thereto in such manner as they shall think fit, and for that purpose, may cause to be issued a duplicate certificate in respect of such shares and may authorise one of their number to execute a transfer thereof on behalf of and in the name of such member. No sale shall be made until such period as aforesaid shall have arrived, and until notice in writing of the intention to sell shall have been served on such member or his representatives and default shall have been made by him or them in payment, fulfillment, or discharge of such debts, liabilities or engagements for fourteen days after such notice.

Application of proceeds of sale 40. The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to persons entitled to the shares at the date of the sale.

FORFEITURE OF SHARES 41. If any member fails to pay any call or instalment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may, at any time, thereafter, during such time as the call or instalment

If money payable on shares not paid, notice to be given to member.		remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.
Form of notice	42.	The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and at which such call or instalment and such interest thereon at such rate as the Directors shall determine from the day on which such call or instalment ought to have been paid and expenses as aforesaid are to be paid. The notice shall also state that, in the event of the non-payment at or before the time and at the place appointed, the shares in respect of which the call was made or instalment is payable, will be liable to be forfeited.
In default of payment, shares to be forfeited	43.	If the requirements of any such notice as aforesaid shall not be complied with, every or any share in respect of which such notice has been given, may at any time thereafter before payment of all calls or instalments, interest and expenses due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited share and not actually paid before the forfeiture.
Notice of forfeiture to a member	44.	When any share shall have been so forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.
Forfeited share to be property of the Company and may be sold, etc.,	45.	Any share so forfeited shall be deemed to be the property of the Company, and may be sold, re-allotted, or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board shall think fit.
Member still liable to pay money owing at the time of forfeiture and interest	46.	Any member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, on demand, all calls, instalments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon from the time of the forfeiture until payment at such rate as the Board may determine, and the Board may enforce the payment thereof, as it thinks fit.
Effect of forfeiture	47.	The forfeiture of a share shall involve extinction, at the time of the forfeiture, of all interest in and all claims and demands against the Company in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.
Evidence of forfeiture	48.	A declaration in writing that the declarant is a Director or Secretary of the Company and that a share in the Company has been duly forfeited in accordance with these Articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.
Validity of sale under Articles 39 and 45	49.	Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers herein before given, the Board may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the Register in respect of the shares sold and the purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money, and after his name has been entered in the register in respect of such shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.
Cancellation of share certificates in respect of forfeited shares.	50.	Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been

previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect and the Directors shall be entitled to issue a duplicate certificate or certificates in respect of the said shares to the person or persons entitled thereto.

- Power to annul forfeiture 51. The Board may at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

TRANSFER AND TRANSMISSION OF SHARES

- Register of Transfers 52. The Company shall keep a 'Register of Transfers', and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share.

- Instrument of Transfers 53. The Instrument of transfer shall be in writing and all the applicable provisions of the Act shall be duly complied with in respect of all transfers of shares and the registration thereof.

(Amended vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)

- Instrument of transfer to be completed and presented to the Company 54. The instrument of Transfer duly stamped and executed by the Transferor and the Transferee shall be delivered to the Company in accordance with the provisions of the Act. The instrument of Transfer shall be accompanied by such evidence as the Board may require to prove the title of transferor and his right to transfer the shares and every registered Instrument of Transfer shall remain in the custody of the Company until destroyed by order of the Board. The Transferor shall be deemed to be the holder of such shares until the name of the Transferee shall have been entered in the Register of Members in respect thereof. Before the registration of a transfer, the certificate or certificates of the shares must be delivered to the Company.

Nothing contained in this article shall apply to transfer of shares effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of a depository.

- Transfer Books and Register of Members when closed 55. (new paragraph added vide special resolution passed at the 36th annual general meeting of the Company held on 10th September 1998.)
The Board shall have the power on giving not less than seven days' previous notice by advertisement in some newspaper circulating in the district in which the office of the Company is situate to close the Transfer Books, the Register of Members or Register of Debenture holders at such times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in each year.

- Directors may refuse to register transfer 56. Deleted
(Deleted vide special resolution passed at the 38th annual general meeting of the Company held on 29th September 2000).

- Notice of application when to be given 56A Deleted
(Deleted vide special resolution passed at the 38th annual general meeting of the Company held on 29th September 2000).

- 57 Where in the case of partly paid shares, an application for registration is made by the transferor, the Company shall give notice of the application to the transferee in accordance with the applicable provisions of the Act.
(Amended vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)

Death of one or more joint holders of shares	58.	In the case of the death of any one or more of the persons named in the Register of Members as the joint holders of any share, the survivor or survivors shall be the only persons recognised by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him jointly with any other person.
Title of shares of deceased member	59.	The executors or administrators or holders of a Succession Certificate or the legal representatives of a deceased member (not being one or two or more joint holders) shall be the only persons recognised by the Company as having any title to the shares registered in the name of such member, and the Company shall not be bound to recognise such executors or administrators or holders of a Succession Certificate or the legal representatives unless such executors or administrators or legal representatives shall have first obtained Probate or Letters of Administration or Succession Certificate, as the case may be, from a duly constituted Court in the Union of India; provided that in any case where the Board in its absolute discretion thinks fit, the Board may dispense with production of Probate or Letters of Administration or Succession Certificate, upon such terms as to indemnity or otherwise as the Board in its absolute discretion may think necessary and under Article 62 register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member as a member.
No transfer to infant etc.,	60.	No share shall in any circumstances be subscribed for by, or transferred to, any infant, minor, insolvent or person of unsound mind
Compliance with Estate Duty Act, 1953	61.	Deleted. (Deleted vide special resolution passed at the 36th annual general meeting of the Company held on 10th September 1998).
Registration of persons entitled to shares otherwise than by transfer	62.	Subject to the provisions of the Act and Articles 58 and 59 any person becoming entitled to shares in consequence of the death, and any person becoming entitled to shares in consequence of lunacy, bankruptcy or insolvency of any member, or by any lawful means other than by a transfer in accordance with these Articles, may, with the consent of the Board (which it shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such title as the Board thinks sufficient, either be registered himself as the holder of the shares or elect to have some person nominated by him and approved by the Board registered as such holder; provided nevertheless, that if such person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained, and until he does so, he shall not be freed from any liability in respect of the shares.
Persons entitled may receive dividend without being registered as member.	63.	A person entitled to a share by transmission shall, subject to the right of the Board to retain such dividends or money as hereinafter provided, be entitled to receive, and may give a discharge for, any dividends or other moneys payable in respect of the share.
Fee on transfer or transmission	64.	No fee shall be charged by the Company for the following : viz., For registration of transfers of shares and debentures, or for transmission of shares and debentures; For sub-division and consolidation of share and debenture certificates and for sub-division of letters of allotment, split, consolidation, renewal and transfer receipts into denominations corresponding to the market units of trading; For sub-division of renounceable letters of right; For registration of any power of attorney, probate, letters of administration or other legal representation.
Company not liable for disregard of a notice prohibiting registration of a transfer.	65.	The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any

equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or referred thereto, in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to it in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

Provisions of articles to apply to shares held in a depository	65A	Except as specifically provided in these articles the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in a depository so far as they apply to shares held in physical form subject to the provisions of the Depositories Act, 1996. (Amended vide special resolution passed at the 36th annual general meeting of the Company held on 10th September 1998.)
Dematerialisation of securities	65B	Notwithstanding anything contained in the Articles of Association, the Company shall be entitled to dematerialise its shares including preference shares, debentures and other securities pursuant to the Depositories Act, 1996, and to offer its shares, debentures and other securities for issue in dematerialised form. The Company shall further be entitled to maintain a Register of Members with the details of members holding shares both in material and dematerialised form in any media as permitted by law including any form of electronic media. (Amended vide special resolution passed at the 36th annual general meeting of the Company held on 10th September 1998.)
Depositories Act to apply to shares held in depositories	65C	Notwithstanding anything contained herein, in the case of transfer of shares whether preference and / or equity or other marketable securities, where the Company has not issued any certificates and where such shares or securities are being held in an electronic and fungible form, the provisions of Depositories Act, 1996 shall apply. (Amended vide special resolution passed at the 36th annual general meeting of the Company held on 10th September 1998.)
Index of beneficial owners deemed to be index of members	65D	A register of index of beneficial owners maintained by a depository under section 11 of the Depositories Act, 1996, shall be deemed to be an index of members and register of debentureholders, as the case may be, for the purpose of the Act. (Amended vide special resolution passed at the 36th annual general meeting of the Company held on 10th September 1998.)

COPIES OF MEMORANDUM AND ARTICLES TO BE SENT TO MEMBERS

Copies of Memorandum and Articles of association to be sent by the Company	66.	Copies of the Memorandum and Articles of Association of the Company and other documents referred to in the applicable provisions of the the Act, shall be sent by the Company to every member at his request within seven days of the request on payment of the sum of Rupee one for such copy. (Amended vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)

BORROWING POWERS

Power to borrow	67.	Subject to the applicable provisions of the Act, the Board may, from time to time, at its discretion by a resolution passed at a meeting of the Board accept deposits from members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company. Provided, however, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid-up capital of the Company and its free reserves (not being reserves set

apart for any specific purpose), the Board shall not borrow such moneys without the consent of the Company in General Meeting.
(Amended vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)

Payment or repayment of moneys borrowed	68.	Subject to the provisions of Article 67 hereof, the payment or re-payment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the resolution shall prescribe including by the issue of debentures or debenture-stock of the Company charged upon all or any part of the property of the Company (both present and future), including its uncalled capital for the time being; and debentures, debenture-stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.
Form of issue of debentures	69.	Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawings, allotment of shares and attending (but not voting) at General Meetings, appointment of Directors and otherwise. Debentures, debenture-stock, loan, loan-stock with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in General Meeting accorded by a Special Resolution.
Register of Mortgages etc., to be kept	70.	The Board shall cause a proper Register to be kept in accordance with the applicable provisions of the Act of all mortgages, debentures and charges specifically affecting the property of the Company, and shall cause the requirements of the applicable provisions of the Act in that behalf to be duly complied with, so far as they fail to be complied with by the Board. (Amended vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)
Register and index of Debenture holders	71.	The Company shall, if any time it issues debentures, keep a Register and Index of debenture holders in accordance with the applicable provisions of the Act. The Company shall have the power to keep in any State or Country outside India a branch Register of Debentureholders resident in that State or Country. (Amended vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)

CONVERSION OF SHARES INTO STOCK AND RECONVERSION

Shares may be converted into Stock	72.	The Company in General Meeting may convert any paid-up shares into stock, and when any shares shall have been converted into stock, the several holders of such stock may thenceforth transfer their respective interest therein, or any part of such interest, in the same manner and subject to the same regulations as, and subject to which shares from which the stock arise might have been transferred, if no such conversion had taken place or as near thereto as circumstances will admit. The Company may at any time reconvert any stock into paid-up shares of any denomination.
Rights of stockholders	73.	The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meeting of the Company, and other matters, as if they held the shares from which the stock arose, but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets of winding-up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

MEETINGS OF MEMBERS

Annual General Meeting, Annual Summary	74.	The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meetings in that year. All General Meetings other

than Annual General Meeting shall be called Extra Ordinary General Meetings. The first Annual General Meeting shall be held within eighteen months from the date of incorporation of the Company and the next Annual General Meeting shall be held within six months after the expiry of the financial year in which the first Annual General Meeting was held and thereafter an Annual General Meeting of the Company shall be held within six months after the expiry of each financial year, provided that not more than fifteen months shall lapse between the date of one Annual General Meeting and that of the next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the applicable provisions of the Act to extend the time within which any Annual General Meeting may be held. Every Annual General Meeting shall be called for a time during business hours, on a day that is not a public holiday, and shall be held at the Office of the Company or at some other place within the city in which the Office of the Company is situate as the Board may determine and the Notices calling the Meeting shall specify it as the Annual General Meeting. The Company may in any one Annual General Meeting fix the time for its subsequent Annual General Meetings. Every Member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor. At every Annual General Meeting of the Company there shall be laid on the table the Directors' Report and Audited Statement of Accounts, Auditors report (if not already incorporated in the audited statement of accounts), the Proxy Register with proxies and the Register of Directors' Shareholdings which latter Register shall remain open and accessible during the continuance of the meeting. The Board shall cause to be prepared the Annual List of Members, Summary of the Share Capital, Balance Sheet and Profit and Loss Account and forward the same to the Registrar in accordance with the applicable provisions of the Act.

(Amended vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)

Extraordinary Meeting.	General	75.	The Board may, whenever it thinks fit, call an Extraordinary General Meeting and it shall do so upon a requisition in writing by any member or members holding in the aggregate not less than one-tenth of such of the paid-up capital as at that date carries the right of voting in regard to the matter in respect of which the requisition has been made.
Requisition of members to state object of meeting.		76.	Any valid requisition so made by members must state the object or objects of the meeting proposed to be called and must be signed by the requisitionists and be deposited at the Office provided that such requisition may consist of several documents in like form, each signed by one or more requisitionists.
On receipt of requisition, Directors to call meeting and in default requisitionists may do so		77.	Upon the receipt of any such requisition, the Board shall forthwith call an Extraordinary General Meeting, and if they do not proceed within twenty-one days from the date of the requisition being deposited at the Office to cause a meeting to be called on a day not later than forty-five days from the date of deposit of the requisition, the requisitionists, or such of their number as represent either a majority in value of the paid-up share capital held by all of them or not less than one tenth of such of the paid up share capital of the Company as is referred to in the applicable provisions of the Act whichever is less, may themselves call the meeting, but in either case, any meeting so called shall be held within three months from the date of the delivery of the requisition as aforesaid. (Amended vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)
Meeting called by requisitionists		78.	Any meeting called under the foregoing Articles by the requisitionists shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by the Board.

Twenty-one days' notice of meetings to be given.	79.	Twenty-one days' notice at the least of every General Meeting, Annual or Extraordinary, and by whomsoever called, specifying the day, place and hour of meeting, and the general nature of the business to be transacted thereat, shall be given in the manner hereinafter provided, to such persons as are under these Articles entitled to receive notice from the Company, Provided that in the case of an Annual General Meeting with the consent in writing of all the members entitled to vote thereat and in case of any other meeting, with the consent of members holding not less than ninety five percent of such part of the paid-up share capital of the Company as gives a right to vote at the meeting, a meeting may be convened by a shorter notice. In the case of an Annual General Meeting, if any business other than (i) the consideration of the Accounts, Balance Sheets and reports of the Board of Directors and Auditors (ii) the declaration of dividend (iii) the appointment of Directors in place of those retiring, (iv) the appointment of and fixing of the remuneration of the Auditors, is to be transacted and in the case of any other meeting, in any event there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each such item of business, including, in particular, the nature of the concern or interest if any, therein of every Director, and the Manager (if any). Where any such item of special business relates to, or affects any other Company, the extent of shareholding interest in other Company of every Director and the Manager, if any, of the Company shall also be set out in the statement, if the extent of such shareholding interest is not less than twenty per cent of the paid-up share capital of that other Company. Where any item of business consists of the according of approval to any document by the meeting, the time and place where the document can be inspected shall be specified in the statement.
Omission to give notice not to invalidate a resolution passed	80.	The accidental omission to give any such notice as aforesaid to any of the members, or the non-receipt thereof, shall not invalidate any resolution passed at any such meeting.
Meeting not to transact business not mentioned in Notice	81.	No General Meeting, Annual or Extraordinary, shall be competent to enter upon discuss or transact any business which has not been mentioned in the Notice or Notices upon which it was convened.
Quorum at General Meeting.	82.	Five members present in person shall be quorum, for a General Meeting.
Body corporate deemed to be personally present	83.	A body corporate being a member shall be deemed to be personally present if it is represented in accordance with the applicable provisions of the Act. (Amended vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)
If Quorum not present meeting to be dissolved or adjourned	84.	If, at the expiration of half an hour from the time appointed for holding a meeting of the Company, a quorum shall not be present, the meeting, if convened by or upon the requisition of members, shall stand dissolved, but in any other case, the meeting shall stand adjourned to the same day in the next week or, if that day is a public holiday, until the next succeeding day which is not a public holiday, at the same time and place or to such other day and at such other time and place in the city or town in which the Office of the Company is for the time being situate, as the Board may determine, and if at such adjourned meeting a quorum is not present at the expiration of half an hour from the time appointed for holding the meeting, the members present shall be a quorum, and may transact the business for which the meeting was called.
Chairman of General Meeting.	85.	The Chairman (if any) of the Board shall be entitled to take the Chair at every General Meeting, whether Annual or Extraordinary. If there be no such Chairman of the Board, or if at any meeting he shall not be present within fifteen minutes of the time appointed for holding such meeting, or if he shall be unable or unwilling to take the Chair then the Managing Director shall be entitled to take the Chair and failing him the Directors present may choose one of their number to be the

chairman of the Meeting. If no Director be present or if all the Directors present decline to take the Chair, then the members present shall elect one of their number to be the Chairman.

Business confined to election of Chairman while chair vacant.	86.	No business shall be discussed at any General Meeting except the election of a Chairman, while the Chair is vacant.
Chairman with consent may adjourn meeting	87.	The Chairman with the consent of the members may adjourn any meeting from time to time and from place to place in Madras, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
Questions at General Meeting how decided	88.	At any general meeting a resolution put to the vote of the meeting shall, unless a poll is ordered by the chairman of the meeting, be decided on a show of hands. A Declaration by the Chairman, that a resolution has on a show of hands has been carried or carried unanimously or by a particular majority or lost and an entry to that effect in the Minute book of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against that resolution. Before or on the declaration of the result of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the chairman of his own motion and shall be ordered to be taken by him on a demand made in that behalf by any member or members present in person or by proxy and holding shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution or on which an aggregate sum of not less than fifty thousand rupees has been paid up. (substituted vide special resolution passed at the annual general meeting of the Company held on 30.11.88)
Chairman's casting vote.	89.	In the case of an equality of votes, the Chairman shall both on a show of hands and at a poll (if any) have a casting vote in addition to the vote or votes to which he may be entitled as a member.
Poll to be taken if demanded	90.	If a poll is demanded as aforesaid the same shall, subject to Article 92, be taken at such time (not later than forty-eight hours from the time when the demand was made) and place in the city or town in which the Office of the Company is for the time being situate and either by open voting or by ballot, as the Chairman shall direct, and either at once or after an interval of adjournment, or otherwise, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for the poll may be withdrawn at any time by the person or persons who made the demand.
Scrutineers at poll	91.	Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinise the vote given on the poll and to report thereon to him. One of the scrutineers so appointed shall always be a member (not being an Officer or employee of the Company) present at the meeting, provided such a member is available and willing to be appointed. The Chairman shall have power at any time before the result of the poll is declared to remove a scrutineer from office and fill vacancies in the office of scrutineer arising from such removal or from any other cause.
In what case, poll taken without adjournment	92.	Any poll duly demanded on the election of a Chairman of a meeting or on any question of adjournment shall be taken at the meeting forthwith.
Demand for poll not to prevent transaction of other business	93.	The demand for a poll except on the question of the election of the Chairman and of an adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

VOTE OF MEMBERS

Members in arrears not to vote	94.	No member shall be entitled to vote, either personally or by proxy, at any General Meeting of a class of shareholders, either upon a show of hands or upon a poll in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid, or in regard to which the Company has and has exercised any right of lien.
Number of votes to which member entitled	95.	Subject to the provisions of these Articles and without prejudice to any special privileges or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the Company, every member, not disqualified by the last preceding Article shall be entitled to be present and to speak and vote at such meeting and on a show of hands, every member present in person shall have one vote and upon a poll the voting right of every member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital of the Company. Provided, however, if any preference shareholder be present at any meeting of the Company, save as provided under the applicable provisions of the Act, he shall have a right to vote only on resolutions placed before the meeting which directly affect the rights attached to his preference shares. (Amended vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)
Casting of votes by a member entitled to more than one vote	96.	On a poll taken at a meeting of the Company a member entitled to more than one vote or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.
Votes of joint members	97.	If there be joint registered holders of any shares, any one of such persons may vote at any meeting or may appoint another person (whether a member or not) as his proxy in respect of such shares, as if he were solely entitled thereto and, if more than one of such joint holders be present at any meeting, that one of the said persons so present whose name stands higher on the Register shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased member in whose name shares stand shall for the purpose of these Articles be deemed joint holders thereof.
Voting in person or by proxy	98.	Subject to the provisions of these Articles, votes may be given either personally or by proxy. A body corporate being a member may vote either by a proxy or by a representative duly authorised in accordance with the applicable provisions of the Act, and such representative shall be entitled to exercise the same rights and powers (including the rights to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual member.
Votes in respect of shares of deceased and insolvent member	99.	Any person entitled under Article 62 to transfer any share may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that forty-eight hours at least before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote he shall satisfy the Directors of his right to transfer such shares and give such indemnity (if any) as the Directors may require or the Directors shall have previously admitted his right to vote at such meeting in respect thereof.
Appointment of proxy	100.	Every proxy (whether a member or not) shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a corporation under the common seal of such corporation, or be signed by an officer or any attorney or duly authorised by it, and any committee or guardian may appoint such proxy. The proxy so appointed shall not have any right to speak at the meetings.
Proxy either for specified meeting or for a period	101.	An instrument of proxy may appoint a proxy either for the purpose of a particular meeting specified in the instrument and any adjournment thereof or it may appoint

for the purpose of every meeting of the Company or of every meeting to be held before a date specified in the instrument and every adjournment of any such meeting.

Proxy to vote only on a poll	102.	A member present by proxy shall be entitled to vote only on a poll.
Deposit of Instrument of appointment	103.	The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the Office not later than forty-eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote and in default the instrument or proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution.
Form of Proxy	104.	Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in any of the forms set out in under the applicable provisions of the Act. (Amended vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)
Validity of votes given by proxy notwithstanding death of member	105.	A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the proxy or of any power of attorney under which such proxy was signed, or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death or insanity, revocation or transfer shall have been received at the Office before the meeting.
Time for objections of votes.	106.	No objection shall be made to the validity of any vote, except at any meeting or poll at which such vote shall be tendered and every vote whether given personally or by proxy, not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever.
Chairman of meeting to be judge of validity of any vote	107.	The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.
Certain matters to be approved by Special Resolution	108.	Deleted. (Vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)
Minutes of General Meeting and Inspection thereof by members	109.	The Company shall cause minutes of all proceedings of every General Meeting to be kept by and making within thirty days of the conclusion of every such meeting concerned, entries thereof in books kept for that purpose with their pages consecutively numbered. Each page of every such book shall be initialled or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the same meeting within the aforesaid period of thirty days or in the event of the death or inability of that Chairman within that period, by a Director duly authorised by the Board for the purpose. In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise. The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat. All appointments of Officers made at any meeting as aforesaid shall be included in the minutes of the meeting. Nothing herein contained shall require or be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting:- (a) is or could reasonably be regarded as, defamatory of any person, or (b) is irrelevant or immaterial to the proceedings, or

(c) is detrimental to the interest of the Company

(d) The Chairman of the meeting shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the aforesaid grounds.

(g) Any such minutes shall be evidence of the proceedings recorded therein.

(h) The book containing the minutes of proceedings of General Meetings shall be kept at the Office of the Company and shall be open during business hours, for such period not being less in the aggregate than two hours in such day as the Directors determine to the inspection by any member without charge.

DIRECTORS

Number of directors	110.	Until otherwise determined by a General Meeting of the Company and subject to the applicable provisions of the Act, the number of directors shall not be less than six and not more than sixteen. (Article 110(a) re-numbered as Article 110 and modified vide special resolution passed at the 47th annual general meeting held on 29th September 2009, subject to the approval of the Central Government and the modification shall be effective from the date of approval of the Central Government.)
	110	(b) Deleted (Vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)
Power to appoint ex-officio directors	111	Deleted (Vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)
Appointment of Nominee Director by ICICI	112	Deleted (Vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)
Debenture Directors	113	If it is provided by the Trust Deed, securing or otherwise, in connection with any issue of debentures of the Company that any person or persons shall have power to nominate a Director of the Company, then in the case of any and every such issue of debentures, the person or persons having such power may exercise such power from time to time and appoint a Director accordingly. Any Director so appointed is herein referred to as Debenture Director. A Debenture Director may be removed from office at any time by the person or persons in whom for the time being is vested the power under which he was appointed and another Director may be appointed in his place. A Debenture Director shall not be liable to retire by rotation.
Appointment of Alternate Director.	114	The board may appoint Alternate Director who is recommended for such appointment by a Director (hereinafter called 'the Original Director') to act for him during his absence for a period of not less than three months from the State in which the meetings of the board are ordinarily held. An Alternate Director appointed under this Article shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to that State. If the term of Office of the Original Director is determined before he so returns to that State any provisions in the Act or in these Articles for the automatic re-appointment of any retiring Director in default of another appointment shall apply to the Original Director and not to the Alternate Director.
Directors' power to add the Board	115	Subject to the applicable provisions of the Act, the Board shall have power at any time and from time to time to appoint any other qualified person to be an Additional Director, but so that the total number of Directors shall not at any time exceed the maximum fixed under Article 110. Any such Additional Director shall hold office only up to the date of the next Annual General Meeting. (Amended vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)

Directors' power to fill casual vacancies	116	Subject to the applicable provisions of the Act, the Board shall have power at any time and from time to time to appoint any other qualified person to be a Director to fill a casual vacancy. Any person so appointed shall hold office only up to the date to which the Director in whose place he is appointed would have held office if it had not been vacated by him. (Amended vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)
Qualification of Directors	117	A Director shall not be required to hold any share qualification.
Remuneration of Directors	118	Subject to the provisions of the Act, a Managing Director or Director, who is in the whole time employment of the Company may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other. Subject to the provisions of the Act, a Director, who is neither in the whole-time employment nor a Managing Director, may be paid remuneration either: (a) by way of monthly, quarterly or annual payment with the approval of the Central Government; or (b) by way of commission if the Company by a Special Resolution authorised such payment. (c) The fee payable to a director (including Managing or Whole-time director, if any) for attending a meeting of the Board or Committee thereof shall be such sum as may be determined by the Board from time to time within the limits prescribed in that behalf under or pursuant to the Act or by the Central Government from time to time. (amended vide special resolution passed at the 38th annual general meeting of the shareholders of the Company held on 29th September 2000).
Travelling expenses incurred by Director not a bonafide resident or by Director going out on Company's business.	119	The Board may allow and pay to any Director, who is not a bonafide resident of the place where the meetings of the Board are ordinarily held and who shall come to such place for the purposes of attending any meeting, such sum as the Board may consider fair compensation or for travelling, boarding, lodging and other expenses, in addition to his fee for attending such meeting as above specified and if any Director be called upon to go or reside out of the ordinary place of his residence on the Company's business, he shall be entitled to be repaid and reimbursed any travelling or other expenses incurred in connection with the business of the Company.
Special remuneration for extra services rendered by a Director	120	If any Director is called upon to perform extra services or special exertion or efforts (which expression shall include work done by a Director as a member of any Committee formed by the Directors), the Board may arrange with such Director for such special remuneration for such extra services or special exertion or efforts either by a fixed sum or otherwise as may be determined by the Board and the said remuneration may be either in addition to or in substitution for the remuneration otherwise provided.
Director may act notwithstanding any vacancy	121	The continuing Directors may act notwithstanding any vacancy in their body; but if, and so long as their number is reduced below the minimum number fixed by Article 110 hereof, the continuing Directors not being less than two, may act for the purpose of increasing the number of Directors to that number, or of summoning a General Meeting, but for no other purpose.
When office of a Director to become vacant.	122	Subject to the applicable provisions of the Act, the office of a Director shall become vacant if: • he is found to be of unsound mind by a court of competent jurisdiction ;or • he applies to be adjudicated an insolvent; or • he is adjudged an insolvent; or • he fails to pay any call made on him in respect of shares of the Company held by him, whether alone or jointly with others, within six months from the date fixed for the payment of such call unless the Central Government has by notification in the Official gazette removed the disqualification incurred by such failure; or

- he absents himself from three consecutive meetings of the Directors or from all meetings of the Directors for a continuous period of three months, whichever is longer, without leave of absence from the Board; or
- he becomes disqualified by an order of the Court under the applicable provisions of the Act; or
- he is removed in pursuance of the applicable provisions of the Act; or
- he (whether by himself or by any person for his benefit or on his account) or any firm in which he is a partner or any private Company of which he is a Director, accepts a loan or any guarantee or security for a loan, from the Company in contravention of the applicable provisions of the Act; or
- he acts in contravention of the applicable provisions of the Act; or
- he is convicted by a Court of an offence involving moral turpitude and is sentenced in respect thereof to imprisonment for not less than six months; or
- having been appointed a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company; or
- he resigns his office by a notice in writing addressed to the Company.

(Amended vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)

Director may contract with Company 123

A Director or his relative, a firm in which such Director or relative is a partner, or any other partner in such a firm or a private Company of which the Director is a member or Director, may enter into any contract with the Company for the sale, purchase or supply of any goods, materials or services or for underwriting the subscription of any shares in, or debentures of the Company, provided that the sanction of the Board is obtained before or within three months of the date on which the contract is entered into in accordance with the applicable provisions of the Act and no such contract shall be entered into except with the previous approval of the Central Government. No sanction shall, however, be necessary for –

Any purchase of goods and materials from the Company or the sale of goods or materials to the Company, by any such Director, relative, firm, partner or private Company as aforesaid for cash at prevailing market prices; or

Any contract or any contracts between the Company on one side and any such Director, relative, firm, partner or private Company, on the other for sale, purchase or supply of any goods, materials, and services in which either the Company or the director, relative, firm, partner or private Company, as the case may be, regularly trades or does business where the value of goods and materials or the cost of such services does not exceed Rs.5,000/- in the aggregate in any year comprised in the period of the contract or contracts.

PROVIDED that in circumstances of urgent necessity, a Director, relative, firm, partner or private Company as aforesaid may without obtaining the consent of the Board enter into any such contract with the Company for the sale, purchase or supply of any goods, materials or services even if the value of such goods or the cost of such services exceeds Rs.5,000/- in the aggregate in any year comprised in the period of the contract if the consent of the Board shall be obtained to such contract/s at a meeting within three months of the date on which the contract was entered into.

(Amended vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)

Disclosure of interest 124.

A Director of the Company who is in any way, whether directly or indirectly concerned or interested in a contract or arrangement, or proposed contract or arrangement entered into or to be entered into by or on behalf of the Company, shall disclose the nature of his concern or interest at a meeting of the Board in the manner provided under the applicable provisions of the Act; provided that it shall not be necessary for a Director to disclose his concern or interest in any contract or arrangement entered into or to be entered into with any other Company where any of

the Directors of the Company or two or more of them, together holds or hold not more than two per cent of the paid-up share capital in any such other Company.

(Amended vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)

General notice of interest 125. A General Notice given to the Board by the directors to the effect that he is a Director or member of a specified body corporate or is a member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice, be entered into with that body corporate or firm, shall be deemed to be a sufficient disclosure of concern or interest in relation to any contract or arrangement so made. Any such General Notice shall expire at the end of the financial year in which it is given but may be renewed for a further period of one financial year at a time by a fresh notice given in the last month of the financial year in which it would have otherwise expired. No such General Notice, and no renewal thereof, shall be of effect unless it is given at a meeting of the Board or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.

Interested Directors not to participate or vote in Board proceedings 126. No Director shall as a Director take any part in the discussion of or vote on any contract or arrangement entered into or to be entered into by or on behalf of the Company, if he is in any way, whether directly or indirectly, concerned or interested in such contract or arrangements; nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote; and if he does vote, his vote shall be void; provided however, that nothing herein contained shall apply to:- Any contract of indemnity against any loss which the Directors, or any one or more of them, may suffer by reason of becoming or being sureties or a surety for the Company;

Any contract or arrangement entered into or to be entered into with a public Company or a private Company which is a subsidiary of a public Company in which the interest of the Directors consists solely;

(i) in his being

- a director of such Company, and
- the holder of not more than shares of such number or value therein as is requisite to qualify him for appointment as a Director thereof, he having been nominated as such Director by the Company, or

(ii) in his being a member holding not more than two percent of its paid up share capital.

Register of contracts in which Directors are interested 127. The Company shall keep a Register in accordance with the applicable provisions of the Act and shall within the time limit specified in the applicable provisions of the Act enter therein such of the particulars as may be relevant having regard to the application thereto of the applicable provisions of the Act as the case may be. The Register aforesaid shall also specify, in relation to each Director of the Company the names of the bodies corporate and firms of which notice has been given by him under Article 125. The Register shall be kept at the Office of the Company and shall be open to inspection at such office, and extracts may be taken therefrom and copies thereof may be required by any member of the Company to the same extent, in the same manner, and on payment of the same fee as in the case of the Register of Members of the Company and the applicable provisions of the Act shall apply accordingly.

(Amended vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)

Directors may be Directors of companies promoted by the Company. 128. A Director may be or become a Director of any Company promoted by the Company or in which it may be interested as a vendor, shareholder, or otherwise, and no such Director shall be accountable for any benefits received as Director or Shareholder of the Company.

		such Company except as otherwise provided under the applicable provisions of the Act. (Amended vide special resolution passed at the 47 th annual general meeting of the Company held on 29 th September 2009)
Retirement and rotation of Directors.	129.	At every Annual General Meeting of the Company, one-third of such of the Directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three, the number nearest to one-third shall retire from office.
Ascertainment of Directors retiring by rotation and filling of vacancies	130.	Subject to the applicable provisions of the Act, the Directors to retire by rotation under Article 129 at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on the same day, those who are to retire, shall, in default of and subject to any agreement among themselves, be determined by lot. (Amended vide special resolution passed at the 47 th annual general meeting of the Company held on 29 th September 2009)
Eligibility for re-election	131.	A retiring Director shall be eligible for re-election.
Company to appoint successors.	132.	Subject to the applicable provisions of the Act the Company at the General Meeting at which a Director retires in the manner aforesaid may fill up the vacated office by electing a person thereto. (Amended vide special resolution passed at the 47 th annual general meeting of the Company held on 29 th September 2009)
Provision in default of appointment	133.	If the place of the retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned until the same day in the next week, at the same time and place. If, at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting unless:- At that meeting or at the previous meeting the resolution for the re-appointment of such Director has been put to the meeting and lost; The retiring Director has, by a notice in writing addressed to the Company or its Board, expressed his unwillingness to be so re-appointed; he is not qualified or is disqualified for appointment; a resolution, whether special or ordinary, is required for the appointment or re-appointment by virtue of any provisions of the Act, or subject to the applicable provisions of the Act is applicable to the case.
Company may increase or reduce the number of Directors	134.	Subject to the applicable provisions of the Act, the Company may, by ordinary Resolution, from time to time, increase or reduce the number of Directors, and may alter their qualifications and the Company may (subject to the applicable provisions of the Act) remove any Director before the expiration of his period of office and appoint another qualified person in his stead. The person so appointed shall hold office during such time as the Director in whose place he is appointed would have held the same if he had not been removed. (Amended vide special resolution passed at the 47 th annual general meeting of the Company held on 29 th September 2009)
Notice of candidate for office of Director except in certain cases.	135.	(a) No person, not being a retiring director, shall be eligible for appointment to the office of Director at any general meeting unless he or some member intending to propose him has, not less than fourteen days before the meeting, left at the office of the Company a notice in writing under his hand signifying his candidature for the office of director or the intention of such member to propose him as a candidate for that office, as the case may be, along with a deposit of five hundred rupees which shall be refunded to such person or, as the case may be, to such member, if the person succeeds in getting elected as a Director. (Substituted vide special resolution passed at the annual general meeting of the Company held on 30.11.1988)

(b). Every person (other than a Director retiring by rotation or otherwise or a person who has left at the Office of the Company a notice under the applicable provisions of the Act signifying his candidature for the Office of a Director) proposed as candidate for the Office of a Director, shall sign and file with the Company, the consent in writing to act as a Director, if appointed.

A person other than a Director re-appointed after retirement by rotation or immediately on the expiry of his term of office, or an Additional or Alternate Director, or a person filling a casual vacancy in the office of the director under the applicable provisions of the Act, appointed as a director or re-appointed as an Additional or Alternate Director immediately on the expiry of his term of office, shall not act as a Director of the Company, unless he has within thirty days of his appointment signed and filed with the Registrar his consent in writing to act as such Director.

(Amended vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)

Register of Directors etc., and notification of change to Registrar.

136. The Company shall keep at its office a Register containing the particulars of the Directors, Managers, Secretaries, and other persons mentioned under the applicable provisions of the Act, and shall otherwise comply with the provisions of the said Section in all respects.

Register of shares or Debentures held by Directors

The Company shall in respect of each of its Directors also keep at its Office a Register, as required under the applicable provisions of the Act, and shall otherwise duly comply with the provisions of the said Section in all respects.

(Amended vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)

Disclosure by Director of appointment to any body corporate

137. Every Director (including a person deemed to be a Director by virtue of the explanation to under the applicable provisions of the Act), Managing Director, Manager, or Secretary of the Company, shall within twenty days of his appointment to any of the above offices, in any other body corporate, disclose to the Company the particulars relating to his office in the other body corporate which are required as required under applicable provisions of the Act.

Disclosure by a director of his holdings of share and debentures of the Company etc.,

Every Director and every person deemed to be a Director of the Company by virtue of the applicable provisions of the Act, shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with the provisions of that Section.

(Amended vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)

MANAGING DIRECTOR

Managing Director

138. The Board may, from time to time, appoint one or more of their Body to the office of Managing Director / Joint Managing Director / Whole-time Director or such other designations as may be considered appropriate for such term and at such remuneration (whether by way of salary or commission or participation in profits or partly in one way and partly in another or otherwise) as they may deem fit. The Directors who are in the whole-time employment in the Company shall be subject to supervision and control of the Managing Director and exercise such of the powers as vested by the Board from time to time.

Whenever there is a Managing Director holding office as such, the business of the Company shall, subject to the supervision, control and direction of the Board of Directors, be managed by the Managing Director.

The Board may, from time to time, entrust to and confer upon the Managing Director for the time being, such of the powers exercisable under these presents by the Board as they may think fit, and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they think expedient of, and in substitution for, all or any of the powers of the Directors in that behalf, and may from time to time, revoke, withdraw, alter or vary all or any of such powers.

The remuneration of the Managing Director may be by way of monthly payment, fee for each meeting, or participation in profits, or by any or all modes or any other mode not expressly prohibited by the Act.

(Deleted and a new article inserted as Article 138 vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)

Non-retiring directors	138A	(Deleted Article 138A vide Special Resolution passed by the shareholders through postal ballot on 7 th September 2022.)
Restriction on Management	139.	The Managing Director shall not exercise the powers to: (a) Make calls on shareholders in respect of money unpaid on the shares in the Company; (b) Issue of debentures: and except to the extent mentioned in the resolution passed at the Board Meeting under Section 292 of the Act, shall also not exercise the power to – (c) borrow moneys otherwise than on debentures; (d) invest the funds of the Company; a©(e) make loans.
Certain persons not to be appointed Managing Director	140.	The Company shall not appoint or employ or continue the appointment or employment of, a person as its Managing Director, if he (a) is an undischarged insolvent, or has at any time been adjudged an insolvent; (b) suspends, or has at any time suspended payment to his creditors, or makes, or has at any time made, a composition with them; or (c) is, or has at any time been convicted by a Court of an offence involving moral turpitude. (Amended vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)
Special position of Managing Director / Joint Managing Director / Whole-time Director	141.	If a Managing Director / Joint Managing Director / Whole-time Director ceases to hold office as Director, he shall ipso facto and immediately cease to be a Managing Director / Joint Managing Director / Whole-time Director. Subject to the provisions of the Act, the Managing Director while holding such office shall not be subject to retirement by rotation or taken into account in determining the rotation of retirement of Directors. (Deleted and a new article inserted as Article 141 vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)
Technical Director	142	Deleted (Vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)

PROCEEDINGS OF THE BOARD OF DIRECTORS

Meetings of Directors	143.	The Directors may meet together as a Board for the despatch of business from time to time, and shall so meet atleast once in every three months and atleast four such meetings shall be held in every year. The Directors may adjourn and otherwise regulate their meetings as they think fit. Subject to the applicable provisions of the Act and any statutory modification or re-enactment thereof for the time being in force, the board shall have the power to permit directors to participate and vote through the means of video or tele-conferencing at a duly constituted meeting of the board of directors or committee thereof, subject to the applicable rules and regulations. The provisions relating to convening of physical board / committee meeting as contained in these articles shall mutatis mutandis apply in case of convening of meetings by video-conferencing. (amended vide special resolution passed at the 49th annual general meeting of the company held on 30th September 2011)

Notice of meeting	144.	(a) Atleast fourteen days' notice of every meeting of the Board shall be given in writing to every Director for the time being in India and at his usual address in India, to every other Director provided, however that in the case of Directors resident outside India notice of every meeting of the Board shall also be given to such Directors at their addresses outside India and to their alternates, if any, in India at their usual address in India. Such notice where given otherwise than by telex as hereinafter provided shall be accompanied by the agenda setting out the business proposed to be transacted at the meeting of the Board provided, however that with the consent of all the Directors present in India a meeting of the Board may be convened by a shorter notice in the case of an emergency or if special circumstances so warrant. (b) Notice of Board meetings to Directors resident outside India shall be given by telex to the number and answer back furnished by them.
Quorum	145.	Subject to applicable provisions of the Act, the quorum for a meeting of the Board shall be one-third of its total strength (excluding Directors, if any, whose places may be vacant at the time and any fraction contained in that one-third being rounded off as one) or two Directors, whichever is higher, provided that where, at any time the number of interested Directors exceeds or is equal to two-thirds of the total strength, the number of the remaining Directors, that is to say, the number of Directors who are not interested, present at the meeting being not less than two, shall be the quorum during such time. (Amended vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009) Provided the directors participating in the meetings through video-conferencing shall form part of valid quorum for transacting any business at such meetings. (amended vide special resolution passed at the 49th annual general meeting of the company held on 30th September 2011)
Adjournment of meeting for want of quorum.	146.	If a meeting of the Board could not be held for want of a quorum, then the meeting shall automatically stand adjourned to such other date and time (if any) as may be fixed by the Chairman not being later than thirty days from the date originally fixed for the meeting.
When meeting to be convened	147.	A Director may, at any time, and the Secretary shall, as and when directed by the Directors to do so, convene a meeting of the Board by giving a notice in writing to every other Director for the time being in India and at his usual address to every other Director.

CHAIRMAN

Chairman of the Board	148.	Mr T S Srinivasan was the first Chairman of the Board. The Board may, from time to time, appoint one of their Body as Chairman of the Board for such period as may be considered necessary. *The Chairman of the Board shall be entitled to take the Chair at every meeting of the Board. If at any meeting of the Board, he /she shall not be present within 30 (thirty) minutes of the time appointed for holding such meeting or if he / she shall be unable or unwilling to take the chair, then the Managing Director shall be entitled to take the Chair, and failing him / her, the Directors present may choose, one of their number to be the Chairman of that meeting. *(Amended by a Special Resolution passed by the shareholders through postal ballot on 7th September 2022.) (c) Notwithstanding anything contrary contained in the Articles of Association, the board of directors shall have the power to appoint the same individual to hold and occupy both the positions of chairman and managing director or chief executive officer (CEO) or such equivalent managerial position thereof, in the Company.

(Inserted vide special resolution passed through postal ballot under Section 192A of the Act, the results of which was declared by the company on 20th March 2013)

Questions at Board Meetings, how decided.	149	Questions arising at any meeting of the Board shall be decided by a majority of votes and in the case of an equality of votes, the Chairman shall have a second or casting vote.
Powers of Board Meetings	150.	A meeting of the Board for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretion which by or under the Act or the Articles of the Company are for the time being vested in or exercisable by the Board generally.
Directors may appoint Committees	151.	Subject to the restrictions contained in the applicable provisions of the Act, the Board may delegate any of their powers to Committees of the Board consisting of such member or members of its body as it thinks fit, and it may from time to time revoke and discharge any such Committee of the Board either wholly or in part and either as to persons or purposes, but every Committee of the Board so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on by the board. All acts done by any such Committee of the board in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the board. (Amended vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)
Meeting of committee, how to be governed	152.	The meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the directors, so far as the same are applicable thereto and are not superseded by any regulations made by the directors under the last preceding Article.
Resolution by circulation	153.	No resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation, unless the resolution has been circulated in draft, together with the necessary papers, if any, to all the Directors or to all the Members of the Committee, then in India (not being less in number than the quorum fixed for a meeting of the board or committee, as the case may be), and to all other Directors or Members of the Committee, at their usual address in India and has been approved by such of the Directors or Members of the Committee, as are then in India, or by a majority of such of them, as are entitled to vote on the resolution.
Acts of board or committee valid notwithstanding informal appointment	154.	All acts done by any meeting of the Board or by a Committee of the Board, or by any person acting as a Director shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Director or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, and was qualified to be a director and had not vacated his office or his appointment had not been terminated; provided that nothing in this Article shall be deemed to give validity to acts done by a director after his appointment has been shown to the Company to be invalid or to have terminated.
Minutes of proceedings of the meetings of the board	155.	(a). The Company shall cause minutes of all proceedings of every meeting of the Board and Committee thereof to be kept by making within thirty days of the conclusion of every such meeting entries thereof in books kept for the purpose with their pages consecutively numbered.

- (b). Each page of every such book shall be initialled or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting.
- (c). In no case shall the minutes of proceedings of a meeting be attached to any such book as aforesaid by pasting or otherwise.
- (d). The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.
- (e). All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.
- (f). The minutes shall also contain:
 - The names of the directors present at the meeting and
 - in the case of each resolution passed at the meeting, the names of the directors, if any, dissenting from or not concurring in, the resolution.
- (g). Nothing contained in sub-clauses (a) to (f) shall be deemed to require the inclusion in any such minutes of any matter which, in the opinion of the Chairman of the meeting:
 - is or could reasonably be regarded as defamatory of any person;
 - is irrelevant or immaterial to the proceeding; or
 - is detrimental to the interests of the Company.

The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in this sub-clause.

- (h). Minutes of the meetings kept in accordance with the aforesaid provisions shall be evidence of the proceedings recorded therein.

Powers of Directors

156. The Board may exercise all such powers of the Company and do all such acts and things as are not, by the Act, or any other Act, or by the Memorandum, or by the Articles of the Company, required to be exercised by the Company in General Meeting, subject nevertheless to these Articles, to the provisions of the Act, or any other Act and to such regulations being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by the Company in General Meeting but no regulations made by the Company in General Meeting shall invalidate any prior act of the board which would have been valid, if that regulation had not been made.

Provided that the board shall not, except with the consent of the Company in General Meeting -

- (a) sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking, of the whole, or substantially the whole, of any such undertaking.
- (b) remit, or give time for the repayment of, any debt due by a Director.
- (c) invest otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition of any such undertakings as is referred to in clause (a), or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time;
- (d) borrow moneys where the moneys to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the

Company's bankers in the ordinary course of business), will exceed the aggregate of the paid up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose;

Provided further that the powers specified in the applicable provisions of the Act shall, subject to these Articles, be exercised only at meetings of the board unless the same be delegated to the extent therein stated, or

(e) contribute to charitable and other funds, not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five per cent of its average net profits as determined in accordance with the applicable provisions of the Act during the three financial years immediately preceding, whichever is greater.

(Amended vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)

Certain powers of the 157.
board

Without prejudice to the general powers conferred by the last preceding Article and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the last preceding Article, it is hereby declared that the Directors shall have the following powers; that is to say, power

- (a). To pay the costs, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company.
- (b). To pay and charge to the capital account of the Company any commission or interest lawfully payable therefrom under the applicable provisions of the Act;
- (c). Subject to the applicable provisions of the Act, to purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorised to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit; and in any such purchase or other acquisition to accept such title as the directors may believe or may be advised to be reasonably satisfactory.
- (d). At their discretion and subject to the provisions of the Act, to pay for any property, rights or privileges acquired by or services, rendered to the Company, either wholly or partially, in cash or in shares, bonds, debentures, mortgages, or other securities of the Company, and any such shares may be issued either as fully paid-up or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, debentures, mortgages or other securities may be either specially charged upon all or any part of the property of the Company and its uncalled capital or not so charged;
- (e). To secure the fulfillment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit;
- (f). To accept from any member, as far as may be permissible by law, a surrender of his shares or any part thereof, on such terms and conditions as shall be agreed;
- (g). To appoint any person to accept and hold in trust for the Company any property belonging to the Company, in which it is interested, or for any other purposes; and to execute and do all such deeds and things as may be required in relation to any trust, and to provide for the remuneration of such trustee or trustees;

- (h). To institute, conduct, defend, compound, or abandon any legal proceedings by or against the Company or its officers, or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts due, and of any claim or demands by or against the Company and to refer any differences to arbitration, and observe and perform any awards made thereon;
- (i). To act on behalf of the Company in all matters relating to bankrupts and insolvents;
- (j). To make and give receipts, releases, and other discharges for moneys payable to the Company and for the claims and demands of the Company;
- (k). Subject to the applicable provisions of the Act, to invest and deal with any moneys of the Company not immediately required for the purposes thereof upon such security (not being shares of this Company), or without security and in such manner as they think fit, and from time to time to vary or realise such investments. Save as provided under the applicable provisions of the Act, all investments shall be made and held in the Company's own name;
- (l). To execute in the name and on behalf of the Company in favour of any director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company, such mortgages of the Company's property (present and future) as they think fit, and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon;

To determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose;

To distribute by way of bonus amongst the staff of the Company share or shares in the profits of the Company, and to give to any officer or other person employed by the Company a commission on the profits of any particular business or transaction; and to charge such bonus or commission as part of the working expenses of the Company.

To provide for the welfare of Directors or ex- Directors or employees or ex-employees of the Company and their wives, widows and families of the dependents or connections of such persons, by building of houses, dwellings or chawls, or by grants of money, pension, gratuities, allowances, bonus or other payments, or by creating, and from time to time subscribing or contributing to provident and other associations, institutions, funds or trusts and by providing or subscribing or contributing towards places of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the board shall think fit; and to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or objects which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of public and general utility or otherwise.

Before recommending any dividend, to set aside out of the profits of the Company such sums as they may think proper for depreciation or to Depreciation Fund, or to an Insurance Fund or as a Reserve Fund or Sinking Fund or any special fund to meet contingencies or to repay debentures or debenture-stock or for special dividends or for equalizing dividends or for repairing, improving, extending and maintaining any of the property of the Company and for such other purposes (including the purposes referred to in the preceding clause), as the Board may, in

their absolute discretion, think conducive to the interest of the Company, and subject to applicable provisions of the Act, to invest the several sums so set aside or so much thereof as required to be invested, upon such investments (other than shares of the Company) as they may think fit, and from time to time deal with and vary such investments and dispose of any, apply and expend all or any part thereof for the benefit of the Company, in such manner and for such purposes as the Board in their absolute discretion think conducive to the interest of the Company, notwithstanding that the matters to which the Board apply or upon which they expend the same, or any part thereof, may be matters to or upon which the capital moneys of the Company might rightly be applied or expended; and to divide the Reserve Fund into such special funds as the Board may think fit, with full power to transfer the whole or any portion of a Reserve Fund or division of a Reserve Fund to another Reserve Fund or division of a Reserve Fund and with full power to employ the assets constituting all or any of the above funds, including the Depreciation Fund, in the Business of the Company or in the purchase or repayment of Debentures or Debenture-stock, and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with power however to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the board may think proper, not exceeding nine per cent per annum.

To appoint, and at their discretion remove or suspend such general managers, managers, secretaries, assistants, supervisors, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and duties, and fix their salaries or emoluments or remuneration and to require security in such instances and to such amount as they may think fit. Also from time to time provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit; and the provisions contained in the four next following sub-clauses shall be without prejudice to the general powers conferred by this sub-clause.

To comply with the requirements of any local law which in their opinion it shall, in the interests of the Company, be necessary or expedient to comply with.

From time to time and at any time to establish any Local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any person to be members of such Local Board, and fix their remuneration.

Subject to applicable provisions of the Act, from time to time, and at any time, to delegate to any person so appointed any of the powers, authorities and discretion for the time being vested in the Board, other than their power to make calls or to make loans or borrow moneys, and to authorise the members for the time being of any such Local Board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation may be made on such terms and subject to such conditions as the Board may think fit, and the Board may at any time remove any person so appointed, and may annul or vary any such delegation.

At any time and from time to time by power of Attorney under the Seal of the Company, to appoint any person or persons to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls and excluding also, except in their limits authorised by the Board, the power to make loans and borrow moneys) and for such period and subject to such conditions as the Board may from time to time think fit; and any such appointment may (if the Board thinks fit) be made in favour of the members or any of the members of any Local Board, established as aforesaid or in favour of any Company, or the shareholders, directors, nominees or managers of any Company or firm or otherwise in favour of any fluctuating body of persons

whether nominated directly or indirectly by the Board and any such Power of Attorney may contain such powers for the protection or convenience of persons dealing with such Attorneys as the Board may think fit and may contain powers enabling any such delegates or attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretion for the time being vested in them.

Subject to applicable provisions of the Act, for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.

From time to time to make, vary and repeal by-laws for the regulation of the business of the Company, its officers and servants.

(Amended vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)

MANAGEMENT

Prohibition of simultaneous appointment of different categories of managerial personnel.

158.

The Company shall not appoint or employ at the same time both the following categories of managerial personnel, namely -

- (a). Managing Director, and
- (b). Manager

SECRETARY

Secretary

159.

The directors shall from time to time appoint, and, at their discretion, remove the Secretary. The directors may also at any time appoint some person (who need not be the secretary) to keep the registers required to be kept by the Company.

THE SEAL

The seal, its custody and use

160.

(a). The board shall provide a Common Seal for the purposes of the Company, and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof, and the Board shall provide for the safe custody of the Seal for the time being, and the Seal shall never be used except by the authority of the board or a committee of the board previously given.

(b). The Company shall also be at liberty to have an official seal in accordance with the applicable provisions of the Act, for use in any territory, district or place outside India.

(Amended vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)

Deeds how executed

161.

Every deed or other instrument, to which the Seal of the Company is required to be affixed, shall, unless the same is executed by a duly constituted attorney, be signed by two directors or one director and secretary or some other person appointed by the board for the purpose, provided that in respect of the share certificate, the seal shall be affixed in accordance with Article 19(a).

DIVIDENDS

Division of profits

162.

The profits of the Company, subject to any special rights relating thereto created or authorised to be created by these Articles, and subject to the provisions of these Articles, shall be divisible among the members in proportion to the amount of capital paid-up or credited as paid-up on the shares held by them respectively.

The Company in 163.
general meeting may
declare a dividend

The Company in General Meeting may declare dividends out of profits of any financial year or previous financial years to be paid to members according to their respective rights, but no dividends shall exceed the amount recommended by the board, but the Company in general meeting may declare a smaller dividend.

Dividends only to be 164.
paid out of profits

(a). No dividend shall be declared or paid otherwise than out of profits of the financial year arrived at after providing for depreciation in accordance with the applicable provisions of the Act or out of profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both provided that;

If the Company has not provided for depreciation for any previous financial year or years, it shall, before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of the financial year or out of the profits of any other previous financial year or years;

If the Company has incurred any loss in any previous financial year or years the amount of the loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the year for which the dividend is proposed to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the applicable provisions of the Act or against both.

(b). Notwithstanding anything contained in sub-clause (1) hereof, no dividend shall be declared or paid by the Company for any financial year out of the profits of the Company for that year arrived at after providing for depreciation in accordance with the provisions of sub-clause (a) hereof except after the transfer to the reserves of the Company of such percentage of its profits for that year not exceeding ten per cent as may be prescribed.

Provided that nothing in this clause shall be deemed to prohibit the voluntary transfer by the Company of a higher percentage of its profits to the reserves in accordance with such rules as may be made by the Central Government in this behalf.

(c). Where owing to inadequacy or absence of profits in any year, the Company proposes to declare dividend out of the accumulated profits earned by the Company in previous years and transferred by it to the reserves, such declaration of dividend shall not be made except in accordance with such rules as may be made by the Central Government in this behalf, and where any such declaration is not in accordance with such rules such declaration shall not be made except with the previous approval of the Central Government.

(Amended vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)

Interim 165.
dividend

The Board may, from time to time, pay to the members such interim dividend as in their judgement the position of the Company justifies.

Capital paid up in 166.
advance at interest not
to earn dividend.

Where capital is paid in advance of calls, such capital may carry interest but shall not in respect thereof confer a right to dividend or to participate in profits.

Dividend in proportion 167.
to amount paid-up

All dividend shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share rank for dividend accordingly.

Retention of dividends until completion of transfer under Article 62	168.	Subject to the provisions of the Act, the Board may retain the dividends payable upon shares in respect of which any person is under Article 62 entitled to become a member or which any person under that Article is entitled to transfer, until such person shall become a member, in respect of such shares or shall duly transfer the same.
Dividend etc., to joint holders	169.	Any one of several persons who are registered as the joint holders of any share may give effectual receipts for all dividends or bonus and payments on account of dividends or bonus or other moneys payable in respect of such shares.
No member to receive dividend while indebted to the Company and the Company's right of reimbursement of the debt	170.	No member shall be entitled to receive payment of any interest or dividends in respect of his share or shares, while any money may be due or owing from him to the Company in respect of such share or shares or otherwise, howsoever either alone or jointly with any other person or persons and the board may deduct from the interest or dividend payable to any member all sums of money so due from him to the Company.
Transfer of shares must be registered.	171.	A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.
Dividends how remitted.	172.	Unless otherwise directed, any dividend may be paid by cheque or warrant or by a pay slip or receipt having the force of a cheque or warrant sent through the post to the registered address of the member or person entitled or in the case of joint holders to that one of them first named in the register in respect of the joint-holdings. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transmission, or for any dividend lost to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the forged signature of any pay slip or receipt or the fraudulent recovery of the dividend by any other means.
Unclaimed dividend	173.	No unclaimed or unpaid dividend shall be forfeited by the Board and the Company shall comply with all the applicable provisions of the Act in respect of unclaimed or unpaid dividend.
No interest on dividends.	174.	Subject to the provisions of the Act, no unpaid dividend shall bear interest as against the Company.
Dividend and call together	175.	Any general meeting declaring a dividend may, on the recommendation of the Directors, make a call on the members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend; and the dividend may, if so arranged between the Company and the members, be set off against the calls.

CAPITALISATION

Capitalisation	176.	(a). The Company in General Meeting may resolve that any moneys, investments or other assets forming part of the undivided profits of the Company standing to the credit of the Reserve Fund, or any Capital Redemption Reserve Account, or in the hands of the Company and available for dividend (or representing premium received on the issue of shares and standing to the credit of the Share Premium Account) be capitalised and distributed among such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalised fund be applied on behalf of such shareholder in paying up in full either at par or at such premium as the resolution may provide, any unissued shares or debentures or debenture-stock of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares or debentures or debenture-stock and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interests in the

said capitalised sum, provided that a Share Premium Account and a Capital Redemption Reserve Account may, for the purposes of this Article, only be applied in the paying of any unissued shares to be issued to members of the Company as fully paid bonus shares.

(b). A General Meeting may resolve that any surplus moneys arising from the realisation of any capital assets of the Company, or any investment representing the same, or any other undistributed profits of the Company not subject to charge for income-tax be distributed among the members on the footing that they receive the same as capital.

(c). For the purpose of giving effect to any resolution under the preceding paragraphs of this Article, the board may settle any difficulty which may arise in regard to the distribution as it thinks expedient, and in particular may issue fractional certificates, and may fix the value for distribution of any specific assets, and may determine that such cash payments shall be made to any members upon the footing of the value so fixed or that fraction or less value than Rs.5/- may be disregarded in order to adjust the rights of all parties, and may vest any such cash or specific assets in trustees upon such trusts for the person entitled to the dividend or capitalised fund as may seem expedient to the board. Where requisite, a proper contract shall be delivered to the Registrar for registration in accordance with the applicable provisions of the Act, and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalised fund, and such appointment shall be effective.

(Amended vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)

ACCOUNTS

Directors to keep true 177.
accounts

(a). The Company shall keep at the Office or at such other place in India as the Board thinks fit proper books of accounts in accordance with the applicable provisions of the Act with respect to :

(i) All sums of moneys received and expended by the Company and the matters in respect of which the receipts and expenditure take place.

(ii) All sales and purchase of goods by the Company; and

(iii) The assets and liabilities of the Company.

(b). Where the Board decides to keep all or any of the books of account at any place other than the office of the Company, the Company shall within seven days of the decision file with the Registrar a notice in writing giving the full address of that other place.

(c). The Company shall preserve in good order the Books of Accounts relating to a period of not less than eight years preceding the current year together with the vouchers relevant to any entry in such Books of Account.

(d). Where the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with this Article if proper books of account relating to the transaction effected at the branch office are kept at the branch office and proper summarised return, made up to date at intervals of not more than three months, are sent by the branch office to the Company at its office or other place in India at which the Company's books of accounts are kept as aforesaid.

(e). The books of account shall give a true and fair view of the state of the affairs of the Company or branch office, as the case may be, and explain its transactions. The books of account and other books and papers shall be open to inspection by any directors during business hours.

As to inspection of 178.
accounts or books by
members.

The Board shall, from time to time, determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of members not being directors, and no member (not being a director) shall have any right of inspecting any accounts or books or document of the Company except as conferred by law or authorised by the board.

Statement of accounts to 179.
be furnished to General
Meeting.

The Directors shall from time to time, in accordance with the applicable provisions of the Act, cause to be prepared and to be laid before the Company in General Meeting, such Balance Sheets, Profit and Loss Accounts and Reports as are required by these Sections.

(Amended vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)

Copies of accounts or 180.
statement in prescribed
form to be sent.

A copy of every such Profit and Loss Account and Balance Sheet (including the Auditor's Report and every other document required by law to be annexed or attached to the Balance Sheet), which are to be laid before the Company in general meeting shall, not less than twenty-one days before the date of the meeting be sent to the every member of the Company, to every trustee for the holders of any debentures issued by the Company, whether such member or trustee is or is not entitled to have notices of general meetings of the Company sent to him, and to all persons other than such members or trustees being persons so entitled. Provided that the Company may, instead of sending copies of documents as aforesaid, keep copies of such documents available for inspection at the Office during working hours for a period of twenty one days before the date of meeting and send a statement containing the salient features of such documents in the form prescribed by the Central Government to every member and to every trustee for the holders of any debentures issued by the Company not less than twenty one days before the date of the meeting.

(substituted at the annual general meeting of the Company held on 30.11.1988)

AUDIT

When accounts to be 181.
deemed finally settled

Every Balance Sheet and Profit and Loss Account of the Company when audited and adopted by the Company at an annual general meeting shall be conclusive except as regards any mistake or error discovered therein. Whenever any such mistake or error is discovered, the balance sheet and profit and loss account shall be corrected by the board at a meeting of the board and shall henceforth be conclusive.

DOCUMENTS AND NOTICES

Service of documents or 182.
notices

Article 182(a)

A document or notice may be served or given by the Company on any member either personally or by sending it by post to the member to his or its registered address or (if the member has no registered address in India) to the address, if any, in India supplied by him/ it to the Company for serving documents or notices on him or it.

(Deleted and a new article inserted as Article 182(a) vide special resolution passed at the 47th annual general meeting of the Company held on 29th September 2009)

(b) Where a document or notice is sent by post, service of the document or notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the document or notice, provided that where a member has intimated to the Company in advance that documents or notices should be sent to him under certificate of posting or by registered post with or without acknowledgement due

and has deposited with the Company a sum sufficient to defray the expenses of doing so; service of the document or notice shall not be deemed to be effected unless it is sent in the manner intimated by the member and such service shall be deemed to have been effected in the case of a Notice of a meeting, at the expiration of forty-eight hours after the letter containing the document or notice is posted and in any other case, at the time at which the letter would be delivered in the ordinary course of post.

Advertisement	183.	A document or notice advertised in a newspaper circulating in the neighborhood of the office shall be deemed to be duly served or sent on the day on which the advertisement appears on or to every member who has no registered address in India and has not supplied to the Company an address within India for the serving of documents on or the sending of notices to him.
On joint holders	184.	A document or notice may be served or given by the Company on or to the joint holders of share by serving or giving the document or notice on or to the joint holder named first in the Register of Members in respect of the share.
On personal representatives etc.,	185.	A document or notice may be served or given by the Company on or to the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in prepaid letter addressed to them by name or by the title or representatives of the deceased, or assignee of the insolvent or by any like description at the address (if any) in India supplied for the purpose by the persons claiming to be entitled, or (until such an address has been so supplied) by serving the document or notice in any manner in which the same might have been given if the death or insolvency had not occurred.
To whom documents or notices to be served or given	186.	Documents or notices of every General Meeting shall be served or given in the same manner herein before authorised on or to (a) every member, (b) every person entitled to a share in a consequence of the death or insolvency of a member, and (c) the Auditor or Auditors for the time being of the Company.
Members bound by documents given to be served on or given to previous holders	187.	Every person who, by operation of law transfer or other means whatsoever, shall become entitled to any share, shall be bound by every document or notice in respect of such share, which previously to his name and address being entered on the Register of Members, shall have been duly served on or given to the person from whom he derives his title to such shares.
Document or notice by Company and signature thereto	188.	Any document or notice to be served or given by the Company may be signed by a Director or some person duly authorised by the Board of Directors for such purpose and the signature thereto may be written, printed or lithographed.
Service of documents or notices by member	189	All documents or notices to be served or given by members on or to the Company or to any officer thereof shall be served or given by sending it to the Company or officer at the office by post or leaving it at the Office. Provided that where the securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

(Amended vide special resolution passed at the 36th annual general meeting of the Company held on 10th September 1998.)

WINDING-UP

Liquidator may divide assets in specie	190.	The Liquidator on any winding up (whether voluntary, under supervision or compulsory) may, with the sanction of a Special Resolution, but subject to the rights attached to any Preference Share Capital, divide among the contributories in specie any part of the assets of the Company and may with the like sanction, vest any part

of the assets of the Company in trustees upon such trusts for the benefit of the contributories as the liquidator with the like sanction shall think fit.

INDEMNITY AND RESPONSIBILITY

Directors' and others' 191
right of Indemnity

Every Officer or Agent for the time being of the Company shall be indemnified out of the assets of the Company against all liability incurred by him in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or discharged or in connection with any application under the applicable provisions of the Act in which relief is granted to him by the Court.

(Amended vide special resolution passed at the 36th annual general meeting of the Company held on 10th September 1998.)

SECRECY CLAUSE

Secrecy clause 192

Every Director, Manager, Auditor, Treasurer, Trustee, Member of the Committee, officer, Servant, Agent, Accountant or other person employed or engaged in the business of the Company, shall, if so required by the Directors, before entering upon his duties, sign a declaration pledging himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.

No member shall be entitled to visit any works of the Company without the permission of the Directors or to require discovery of or any information respecting any details of the Company's trading, or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process or any other matter which may relate to the conduct of the business of the Company and which in the opinion of the Directors, it would be inexpedient in the interest of the Company to disclose.

SECTION IX - MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts which are or may be deemed material have been entered or are to be entered into by our Company. These contracts and also the documents for inspection referred to hereunder, may be inspected on working days at the Registered Office of our Company situated at “Chaitanya”, No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai, Tamil Nadu 600006 from 10.00 a.m. to 02.00 p.m. on working days from the date of the Information Memorandum.

MATERIAL CONTRACTS

1. Tripartite Agreement dated May 1, 2021 among our Company, the Registrar and CDSL.
2. Tripartite Agreement dated May 1, 2021 among our Company, the Registrar and NSDL.
3. Registrar Agreement dated March 24, 2023 executed between our Company and the Registrar to the Issue.

MATERIAL DOCUMENTS

1. Certificate of Incorporation of our Company.
2. Memorandum and Articles of Association of our Company, as amended to date.
3. Copy of the Fairness Report provided by SBI Capital Markets Limited dated February 9, 2022.
4. Auditor Certificate dated February 9, 2022 submitted to Stock Exchanges.
5. Report dated February 9, 2022 from the Committee of Independent Directors recommending the draft Scheme.
6. Valuation report dated February 9, 2022 of the underlying NCRPS issued by Mr. Drusti R. Desai pursuant to the Scheme.
7. Copy of the resolution passed by the Board of directors dated February 9, 2022 approving the scheme.
8. Composite Scheme of Arrangement among Sundaram-Clayton Limited and their respective Shareholders.
9. Letter under Regulation 37 of SEBI LODR Regulations issued by BSE vide DCS/AMAL/MJ/IP/2429/2022-23 dated July 29, 2022 and NSE vide NSE/LIST/30196_II dated July 29, 2022.
10. Copy of the resolution dated December 16, 2022 passed by the equity shareholders for approving the Composite Scheme of Arrangement.
11. Copy of the resolution dated December 16, 2022 passed by the unsecured creditors for approving the Composite Scheme of Arrangement.
12. Order dated March 6, 2023 of the National Company Law Tribunal, Chennai sanctioning the Composite Scheme of Arrangement under Section 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Act.
13. Rating Letter dated March 15, 2023 by CRISIL Ratings Limited assigning a rating of “A1+” for the Issue with rating rationale.
14. Annual Reports of our Company for the last three financial years ended March 31, 2022, 2021 and 2020.
15. NSE letter no. NSE/LIST/35120 dated April 27, 2023 and BSE letter no. DCS/AMAL/TL/IP/2759/2023-24 dated May 11, 2023, granting in-principle listing approvals.
16. SEBI Relaxation letter no. SEBI/HO/CFD/DCR-2/P/OW/2023/22520/1 dated June 01, 2023 granting relaxation for listing from the applicability of Rule 19(2)(b) of the Securities Contract (Regulation) Rules, 1957.

DECLARATION

We, the Directors of Sundaram-Clayton Limited (“the Company”), hereby certify and declare that:

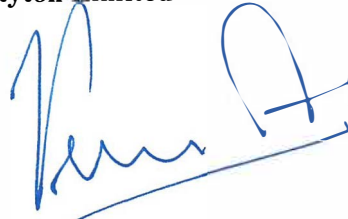
- a. all applicable legal requirements in connection with the Issue and our Company, including relevant provisions of the Companies Act, 2013, as amended, and the rules prescribed thereunder, to the extent applicable as on this date, the Securities Contracts (Regulation) Act, 1956, as amended, the Securities and Exchange Board of India Act, 1992, as amended, and rules, regulations, guidelines and circulars issued by the Government of India, the rules, regulations, guidelines and circulars issued by the Reserve Bank of India, and the rules, regulations, guidelines and circulars issued by Securities and Exchange Board of India including, the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable, as the case may be, have been complied with;
- b. no statement made in this Information Memorandum is contrary to the relevant provisions of any rules, regulations, guidelines and circulars as applicable to this Information Memorandum.
- c. compliance with the Companies Act, 2013 and the rules does not imply that payment of dividend, is guaranteed by the Central Government;
- d. all the disclosures and statements in this Information Memorandum and in the attachments thereto are true, accurate, correct and complete and do not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, false or misleading;
- e. this Information Memorandum does not contain any misstatements; and

f. no information material to the subject matter of this form has been suppressed or concealed and whatever is stated in this Information Memorandum is as per the records maintained by the Company.

Signed by the Board of Directors of Sundaram-Clayton Limited



R Gopalan
Non-Executive Chairman
DIN: 01624555



Venu Srinivasan
Chairman Emeritus and Managing Director
DIN: 00051523



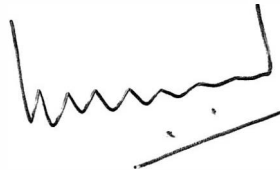
Lakshmi Venu
Managing Director
DIN: 02702020



Sudarshan Venu
Non-Executive Director
DIN: 03601690

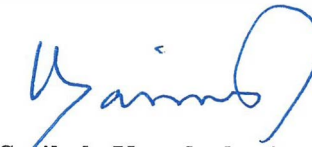


K Gopala Desikan
Director and Group Chief Financial Officer
DIN: 00067107



C R Dua
Independent Director
DIN: 00036080

Rajesh Narasimhan
Non-Executive Director
DIN: 07824276



Sasikala Varadachari
Independent Director
DIN: 07132398

Anuj Shah
Independent Director
DIN: 05323410

Date: 8 June 2023

Place: Chennai

DECLARATION

We, the Directors of Sundaram-Clayton Limited (“the Company”), hereby certify and declare that:

- a. all applicable legal requirements in connection with the Issue and our Company, including relevant provisions of the Companies Act, 2013, as amended, and the rules prescribed thereunder, to the extent applicable as on this date, the Securities Contracts (Regulation) Act, 1956, as amended, the Securities and Exchange Board of India Act, 1992, as amended, and rules, regulations, guidelines and circulars issued by the Government of India, the rules, regulations, guidelines and circulars issued by the Reserve Bank of India, and the rules, regulations, guidelines and circulars issued by Securities and Exchange Board of India including, the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable, as the case may be, have been complied with;
- b. no statement made in this Information Memorandum is contrary to the relevant provisions of any rules, regulations, guidelines and circulars as applicable to this Information Memorandum.
- c. compliance with the Companies Act, 2013 and the rules does not imply that payment of dividend, is guaranteed by the Central Government;
- d. all the disclosures and statements in this Information Memorandum and in the attachments thereto are true, accurate, correct and complete and do not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, false or misleading;
- e. this Information Memorandum does not contain any misstatements; and

f. no information material to the subject matter of this form has been suppressed or concealed and whatever is stated in this Information Memorandum is as per the records maintained by the Company.

Signed by the Board of Directors of Sundaram-Clayton Limited

R Gopalan
Non-Executive Chairman
DIN: 01624555

Venu Srinivasan
Chairman Emeritus and Managing Director
DIN: 00051523

Lakshmi Venu
Managing Director
DIN: 02702020

Sudarshan Venu
Non-Executive Director
DIN: 03601690

K Gopala Desikan
Director and Group Chief Financial Officer
DIN: 00067107

C R Dua
Independent Director
DIN: 00036080



Rajesh Narasimhan
Non-Executive Director
DIN: 07824276

Sasikala Varadachari
Independent Director
DIN: 07132398



Anuj Shah
Independent Director

Date: 8 June 2023

Place: Singapore

ANNEXURE I – CREDIT RATING LETTER AND RATIONALE

[This page has been intentionally kept blank]

CONFIDENTIALRL/WTIL/314443/Cumulative NCPS/0323/54516/146331085
March 15, 2023**Mr. K. Gopala Desikan**

Director & Group Chief Financial Officer

Sundaram-Clayton Limited

Chaitanya, No. 12,

Khader Nawaz Khan Road,

Nungambakkam,

Chennai - 600006

9894402109

Dear Mr. K. Gopala Desikan,

Re: CRISIL Rating on the Rs.2347 Crore Cumulative Non-Convertible Redeemable Preference Shares of Sundaram-Clayton Limited

We refer to your request for a rating for the captioned Debt Programme.

CRISIL Ratings has, after due consideration, assigned a CRISIL A1+ (pronounced as CRISIL A one plus rating) rating on the captioned debt instrument. Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.

For the purpose of issuance of captioned debt programme, this letter is valid for 60 calendar days from the date of the letter. In the event of your company not placing the above programme within this period, or in the event of any change in the size/structure of your proposed issue, the rating shall have to be reviewed and a letter of revalidation shall have to be issued to you. Once the instrument is issued, the above rating is valid (unless revised) throughout the life of the captioned debt Programme with a contracted maturity of one year or less.

As per our Rating Agreement, CRISIL Ratings would disseminate the rating through its publications and other media, and keep the rating under surveillance for the life of the instrument. CRISIL Ratings reserves the right to withdraw or revise the ratings assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information or other circumstances, which CRISIL Ratings believes, may have an impact on the rating. Please visit www.crisilratings.com and search with the name of the rated entity to access the latest rating/s.

Should you require any clarifications, please feel free to get in touch with us.

With warm regards,

Yours sincerely,

Poonam Upadhyay
Director - CRISIL RatingsNivedita Shibu
Associate Director - CRISIL Ratings

Disclaimer: A rating by CRISIL Ratings reflects CRISIL Ratings' current opinion on the likelihood of timely payment of the obligations under the rated instrument, and does not constitute an audit of the rated entity by CRISIL Ratings. Our ratings are based on information provided by the issuer or obtained by CRISIL Ratings from sources it considers reliable. CRISIL Ratings does not guarantee the completeness or accuracy of the information on which the rating is based. A rating by CRISIL Ratings is not a recommendation to buy / sell or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. CRISIL Ratings has a practice of keeping all its ratings under surveillance and ratings are revised as and when circumstances so warrant. CRISIL Ratings is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of its ratings. CRISIL Ratings' criteria are available without charge to the public on the web site, www.crisilratings.com. CRISIL Ratings or its associates may have other commercial transactions with the company/entity. For the latest rating information on any instrument of any company rated by CRISIL Ratings, please visit www.crisilratings.com or contact Customer Service Helpdesk at CRISILRatingdesk@crisil.com or at 1800-267-1301

CRISIL Ratings Limited
A subsidiary of CRISIL Limited, an S&P Global Company
Corporate Identity Number: U67100MH2019PLC326247

Rating Rationale

March 14, 2023 | Mumbai

Sundaram-Clayton Limited

Ratings removed from 'Watch Developing'; Ratings Reaffirmed; 'CRISIL A1+' assigned to Cumulative Non-Convertible Redeemable Preference Shares

Rating Action

Total Bank Loan Facilities Rated	Rs.982.08 Crore
Long Term Rating	CRISIL AA-/Stable (Removed from 'Rating Watch with Developing Implications'; Rating Reaffirmed)
Short Term Rating	CRISIL A1+ (Removed from 'Rating Watch with Developing Implications'; Rating Reaffirmed)

Rs.2347 Crore Cumulative Non-Convertible Redeemable Preference Shares	CRISIL A1+ (Assigned)
Rs.100 Crore Non Convertible Debentures	CRISIL AA-/Stable (Removed from 'Rating Watch with Developing Implications'; Rating Reaffirmed)
Rs.100 Crore Commercial Paper	CRISIL A1+ (Removed from 'Rating Watch with Developing Implications'; Rating Reaffirmed)

Note: None of the Directors on CRISIL Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings has assigned its '**CRISIL A1+**' rating to Rs.2347 crore Cumulative Non-Convertible Redeemable Preference Shares of Sundaram-Clayton Limited (SCL).

CRISIL Ratings has also removed its ratings on the bank facilities, non convertible debentures and commercial paper of SCL from '**Rating Watch with Developing Implications**' and has reaffirmed the ratings at '**CRISIL AA-/CRISIL A1+**', while assigning a '**Stable**' outlook to the long term rating. The existing ratings were earlier on 'Rating Watch with Developing Implications'

The revision in rating for existing facilities, follows National Company Law Tribunal (NCLT) approval on the composite scheme of arrangement on March 6, 2022, following which the aluminium die-casting business (manufacturing operations) in SCL and its subsidiaries, will be demerged into a separate entity, Sundaram Clayton DCD Ltd (SCDCD). The entire process of demerger of manufacturing operations is expected to be completed by June 2023.

The ratings assigned on the cumulative NCRPS factors CRISIL Ratings expectations that, SCL will maintain a healthy credit profile and debt cover, post the ongoing scheme of restructuring and arrangement, which has been approved by the NCLT, following which SCL (excluding its manufacturing operations), will ultimately become mainly a holding company, with 50.26% stake in TVS Motor Company Ltd (TVSM). Once the process of restructuring is completed (expected in short term), the market value of SCL's stake in TVSM (currently in excess of Rs.26,000 crore), and only moderate debt mainly in form of NCRPS will ensure healthy debt cover.

As per the scheme of arrangement approved by the NCLT, the first step would involve SCL undertaking a bonus issue of NCRPS of Rs 10 each at a ratio of 116:1 for each listed equity share of Rs 5 each of SCL, totaling Rs.2347 crores. The NCRPS will be listed on the exchanges and will be redeemed no later than 12 months from date of issuance. The issuance of these NCRPS will be done from SCL's reserves.

The second stage would be amalgamation of TVS Holdings Private Limited (THPL) which holds 64.72% stake in SCL with SCL. Upon amalgamation, the promoter family members will become direct shareholders of SCL and will also receive cumulative NCRPS equivalent to their shareholding worth Rs.1520 crores. The promoters will transfer the cumulative

NCRPS to another promoter entity, Venu Srinivasan Investments Private Limited (VSIPL) to repay the loan taken from the entity from lenders, which has been on lent to promoters, who have used the proceeds for settlement among TVS family members, as part of the TVS family arrangement executed in December 2021. Following the family arrangement among TVS family, all cross-holdings of stake of SCL now vest with investment companies held by Mr Venu Srinivasan and his family members.

Subsequently in the third stage, VSIPL will amalgamate with SCL, thereby extinguishing the reserves and cumulative NCRPS on the books of VSIPL and the loan outstanding will be repaid with cash balance available in SCL (Rs.2050 crores as on September 30,2022) to an extent of Rs.1520 crore. Any residual loans will be cleared by the promoters. It may be noted that, SCL had diluted about ~7% stake in TVSM for consideration of ~Rs.2100 crores in the open market in fiscal 2022. Further, SCL had also sold off its stake in Suprajit Engineering Ltd for a consideration of ~Rs.150 crores in fiscal 2022.

The final stage will be the demerger of SCL's existing die-casting business (manufacturing operations) into SCLDCD. Both SCL and will have mirror shareholding and both entities will be listed. Thus, post culmination of this entire transaction, there will be two listed entities, SCL, which will act as a holding company for TVSM, and SCLDCD which will act as an operating company, carrying out manufacture of die-casting components.

The management of SCL has indicated that the assets and liabilities presently on the books of SCL which are related to manufacturing operations will be moved to SCLDCD. Therefore, in terms of debt remaining, SCL will have cumulative NCRPS (owed to other promoter entities and public shareholders of Rs.828 crores) as debt which will be redeemed within 12 months from the date of issuance.

Subsequently, the resulting SCL will be renamed as TVS Holdings Limited and SCL DCD will be renamed as SCL.

In September 2022, SCL had acquired 50.05% stake in Sundaram Holdings USA Inc (SHUI), holding entity of Sundaram-Clayton USA Limited (SCUL), from Sundaram Auto Components Limited (SACL), a wholly owned subsidiary of TVSM for a consideration of Rs.317 crores. Prior to this transaction, SCL already held 49.95% stake in SHUI; thereby post the transaction, SHUI became a 100% subsidiary of SCL. The consideration was funded through liquid surplus generated from the stake sale in TVSM.

On the operational front, in the first nine months of fiscal 2023, SCL's manufacturing revenues grew by 25% driven by healthy domestic demand in all segments and stable export demand, as well as higher realizations in keeping up increased aluminium prices. Better operating leverage, pass through of input price increases and continuation of past cost rationalization measures have helped SCL to sustain the operating margins at ~11.5-12%. For the full year, SCL's revenues are expected to register 18-20% revenue growth driven partly by incremental revenue contribution from SHUI as well. However, its consolidated operating margins are expected to be below 10% due to operational losses in SHUI. Over the medium term, the revenue growth is expected to be at 5-7% driven by healthy domestic volumes and almost stable export demand. Operating profitability is expected to gradually improve to 12-14% in fiscal 2024, also supported by turnaround in operations at SHUI. In the interim, SCLDCD's debt metrics will remain adequate, despite moderating temporarily due to losses at SHUI, as well as debt relating to SCUL. For instance, SCLDCD's gearing is estimated to range between 1.1-1.2 times at March 31, 2023, while the ratio of debt to earnings before interest, depreciation, tax and amortization (EBITDA) is expected at ~5 times in fiscal 2023. These ratios are expected to witness gradual improvement from fiscal 2024 onwards.

The ratings continue to reflect SCL DCD's diverse customer base across automobile sub-segments and geographies, above average operating efficiency, and adequate financial risk profile. These strengths are partially offset by high revenue dependence on the cyclical commercial vehicle (CV) segment, and on OEMs, which limits pricing power; and exposure to increasing competition. Loss making operations of SHUI are also a limiting factor.

SCL (holding company) enjoys healthy debt cover, relative to value of its shareholding in TVSM, which also enjoys a healthy credit profile. That said, the holding company also remains exposed to market-related risks and part reliance on dividend inflows from TVSM for debt-servicing.

Analytical Approach

CRISIL Ratings has used the holding company approach to arrive at rating of SCL (which will become the holding entity) for purpose of rating the cumulative NCRPS. SCL post completion of transaction will hold ~50.26% in TVSM. Its other businesses, which will be modest, will include management services for the group, and trading in automobile components. TVS Holdings Private Limited (THPL), and Venu Srinivasan Investments Private Limited (VSIPL), have been consolidated with SCL (holding company), as these entities are in process of getting amalgamated with SCL.

For arriving at the existing rating of the debt facilities of the die-casting business which will be housed under SCLDCD, CRISIL Ratings has considered the consolidated die-casting business of SCLDCD and SHUI. SCLDCD is also expected to provide managerial, organizational, and financial support to SHUI, which is in similar line of business. Prior to the acquisition of majority stake in SHUI in September 2022, CRISIL Ratings has considered standalone credit profile of SCL to arrive at the rating.

Key Rating Drivers & Detailed Description

Strengths:

Diverse customer base, spread across automotive sub-segments and geographies: SCL's die casting business customer base is diverse, spread across sub-segments of the auto sector, such as two-wheelers, passenger cars, and commercial vehicles (CVs), and across geographies. Healthy demand growth from two-wheeler and domestic CV segment in fiscal 2018, and for most of fiscal 2019, enabled good growth in domestic volumes for SCLDCD, besides offsetting impact of sluggish demand from passenger vehicle OEMs. Albeit moderation in aluminium prices in the recent past (which is a pass through) impacted realizations. Higher aluminium prices have supported revenues since fiscal 2021. The company has enhanced its production capacity, including for passenger OEM customers, which has enabled it to increase market share during the recovery in fiscal 2021, and benefit of same is continuing since fiscal 2022.

Healthy share of exports also enhances SCLDCD's revenue and geographic diversity. While the company's share of export revenue declined to 35-37% in fiscals 2017 and 2018, from over 40% in fiscal 2016 due to sluggish demand from European customers, better demand from US markets helped exports recover to over 45% of revenues in fiscal 2021 and share of exports is expected to at ~ 40-45% in the near to medium term.

Presence across sub-segments and geographies, partially offsets the impact of cyclicity inherent in the business. The diverse customer base and increased demand from export as well as domestic customers, and increased contribution from recently expanded capacities should support revenue growth over the medium term.

Above average operating efficiencies: Operating profitability has been largely stable at 10-13% since fiscal 2014 (except a temporary blip in fiscal 2018), backed by ability to pass on changes in raw material prices onto end customers. Implementation of industry-wide best practices, such as Total Quality Management, enterprise resource planning and other internal automation measures, help products meet the rigorous standards of the top global auto manufacturers. Despite limited technological collaboration, SCLDCD has maintained steady business with most customers, on the back of its adequate operating capabilities. During fiscal 2020, SCLDCD has implemented proactive cost optimization measures in low cost automations, employee consolidation, recycling of materials etc. which has facilitated better cost management during the downturn and weather the impact of pandemic related disruptions. Benefits of these has started to accrue as operating margins are being maintained at over 13% over the last two fiscals. While operating profitability is expected to dip to below 10% in fiscal 2023 due to consolidation with SHUI, the same are expected to recover to ~12-14% over the medium term with improvement in SHUI's performance.

Adequate financial risk profile and healthy financial flexibility: The die-casting business's resultant financial risk profile is likely to moderate temporarily with increase in debt due to consolidation with SHUI. The gearing is expected to be slightly higher than 1 time post demerger and Debt/EBITDA is expected to rise temporarily to ~5 times in fiscal 2023 post demerger. Among the present cash balance of over Rs.2000 crores, some part will be retained in by the die-casting business being demerged. However, the overall credit profile of demerged SCLDCD will not vary materially from credit profile of resulting SCL, the holding entity.

SCLDCD's capex spend is expected at Rs. 100-120 crore over the next two fiscals, mainly for routine modernisation and maintenance, with sufficient headroom available in existing capacity. With improvement in performance of SHUI, the debt metrics will improve from fiscal 2024 onwards., However, in the interim, any support required to meet the debt obligations in SHUI and operational losses will be provided by the domestic die-casting business' operational cash flows, or by additional debt.

With the planned demerger, the stake in TVSM is expected to be retained in the holding company while SCLDCD will be holding the manufacturing assets. Nonetheless, due to common promoters and holding structures, CRISIL Ratings expects both companies to benefit from the holding in TVSM. CRISIL Ratings believes SCL(the resulting holding company) is unlikely to dilute its stake materially in TVSM below 50% in the medium term and in the interim, the market value of the stake will continue to underpin SCL's financial flexibility, in addition to providing steady dividend income. Any significant dilution in stake in TVSM or material decline in market value of holding, will remain a rating monitorable.

Healthy cover available for the holding company: SCL, the resulting holding company, will hold 50.26% stake in TVSM which is valued at over Rs.26000 crores (as at March 10, 2023). SCL's debt profile will mainly comprise cumulative NCRPS worth Rs.828 crores due for redemption in 12 months from the date of issuance and coupon payment of 9% p.a totaling the liability to Rs.903 crores. The high market capitalization provides healthy debt cover of over 30x at present and support the credit profile of SCL.

The liabilities of Rs.903 crores due in 1 year will be serviced by mix of cash available post demerger (estimated to be over Rs.350 crores), dividend income from TVSM, and income generated from trading operations, royalty and management services income. If required, SCL will also have the flexibility to refinance any shortfall due to the healthy cover available and healthy relationship with bankers.

Healthy credit risk profile of TVSM: TVSM is India's fourth-largest two-wheeler (including mopeds) manufacturer and second-largest exporter of motorcycles. It will continue to benefit from its strong market position and proposed launches in different two-wheeler segments. TVSM's two-wheeler (motorcycles and scooters) volumes grew by 15% in fiscal 2022, despite decline in industry volumes by 2%. Its marketshare in the domestic motorcycles market improved improved to 9 months in the first 11 months of fiscal 2023 (8% in fiscal 2022), compared to 6% in fiscal 2021. Similarly, its domestic market share in scooter segment improved to 24% in the first 11 months of fiscal 2023 (22% in fiscal 2022), compared with ~21% in fiscal 2021. The increase in market share was driven by the company's brand relaunches, as well as existing models.

TVSM's business risk profile also benefits from the technological tie-up with BMW Motorrad for manufacturing two wheelers and expansion in export markets (Central America and Sri Lanka). The company is also entering the EV space with substantial investments expected over the next 3-4 years for manufacturing vehicles across categories.

The acquisition of the British motorcycle brand 'Norton' and associated assets from Norton Motorcycles Holdings Ltd and Norton Motorcycles (UK) Ltd amongst others, will help TVSM diversify its offerings in the premium segment in European and Indian markets. Albeit volumes are not expected to be meaningful in the near term, with Norton requiring support to stabilise and turnaround its operations atleast for next couple of years.

Operating profitability is expected to continue to improve as regular price hikes and benefits of past cost cutting measures has helped partially offset the impact of rising commodity prices. Moreover, operations at the Indonesian subsidiary have also been improving with company booking profits since fiscal 2021.

TVSM's financial risk profile also remains healthy, due to strong cash generation, resulting in good debt metrics as well. The company's interest cover stood at 11.6 times in fiscal 2022 (9.3 times in fiscal 2021) These are expected to be sustained, due to prudently funded expansion plans.

Weaknesses:

Significant exposure to cyclical CV segment: The die-casting business has high exposure to the CV segment given that it almost derives its entire export revenues from the CV segment, although the domestic customer base is spread across automotive industry sub-segments. Any cut in production schedules by key CV customers could result in a decline in capacity utilisation, and return on capital employed (RoCE), especially with specific lines being devoted to key customers.

While higher capacity, the die-casting business will be able to manage sudden surge in offtake by customers over the medium term. That said, it remains vulnerable to cyclical offtake mainly by the CV segment, which could affect both revenue and profitability.

Susceptibility to pricing pressure from OEMs: The die-casting business is highly dependent on offtake by Tier-I auto component suppliers as well as OEMs, in both the domestic and export markets. High exposure to OEMs exposes the company to significant pricing pressure. While SCLDCD is able to pass on key raw materials costs to its customers, it has limited flexibility in passing on increase in conversion costs like power costs, employee costs etc., although the continuous cost control measures and process improvements over the years have partly mitigated the impact.

Higher than anticipated losses in USA Subsidiary, SHUI: SHUI initially was setup as subsidiary of SACL, a wholly owned subsidiary of TVSM with SACL holding 56% and SCL holding 44%. SHUI is primarily involved in die casting business in Delaware, USA, and began operations from fiscal 2021. Over the years, SCL increased its stake to 49%, and then also bought out 51% stake in SHUI from SACL, following which SHUI became the wholly owned subsidiary of SCL.

SHUI has been making operational losses for the past 3 fiscals. The ramp up was delayed due to covid-19 and subsequent moderation in demand from OEMs. While losses were expected to decline materially in fiscal 2023 and the company was expected to turnaround, SHUI is expected to report losses of Rs.80-100 crore at operational level. The ramp up in operations and breakeven at operational level is expected in the next fiscal, linked to demand from US based OEMs. Timely ramp up of revenue levels, and turnaround of operations will remain a monitorable.

Exposure to market-related risks and part reliance on dividend inflows for debt-servicing: For SCL (holding company), the exposure to market-related risks may persist, as financial flexibility, in terms of cover available, will, to some extent, depend on prevailing market sentiments and share price of TVSM. Any increase in systemic risks, leading to a sharp fall in the share prices of TVSM, or larger than expected debt levels at SCL (holding company) will be key rating sensitivity factors. Furthermore, part of servicing of NCRPS will remain dependent on dividend inflows from TVSM.

Liquidity: Strong

Liquidity is strong for SCLDCD largely supported by steady cash accrual (estimated annually at over Rs. 135-140 crore) and adequate headroom in bank lines (Rs.861 crores of sanctioned limits). Even though the flexibility due to stake held in TVSM will not be available directly post demerger, the flexibility will arise from the promoter level who will retain the ability to support its businesses if required. Capex spending is expected to be moderate over the medium term, due to sufficient headroom in capacity. Repayment obligations are Rs.137 crore in fiscal 2023 and Rs. 160-165 crore in fiscal 2024 on a consolidated basis, which can be serviced from annual accruals and will partly be refinanced.

Liquidity for resulting SCL (holding company) will be driven largely by market value of its stake in TVSM, which is estimated at over Rs.26000 crores as of March 10, 2023. Besides, it will also be supported by healthy dividend income of Rs.80-90 crores per annum, royalty income and management services income. The cumulative NCRPS will be repayable at the end of 12 months from date of issuance and including the dividend will amount to Rs.903 crores. The same is expected to be paid out from cash surpluses, dividend income, and partly through refinancing, if required.

Rating sensitivity factors – Cumulative NCRPS

- Material decline in the market value of investments in TVSM on a sustained basis, or higher than expected debt levels, impacting financial flexibility, as well as debt cover (for instance below 8-10 times).
- Significant decline in the credit profile of TVSM

Outlook: Stable (for existing debt facilities relative to SCLDCD)

CRISIL Ratings expects SCL will continue to witness steady improvement in its business performance, supported by healthy off-take especially from domestic automotive original equipment manufacturers for its die-cast components, adequate operating efficiencies, and turnaround of its US operations from next fiscal. Besides, its financial risk profile, will also gradually improve over the medium term, after undergoing temporary moderation in fiscal 2023.

Rating Sensitivity factors – SCLDCD

Upward factors:

- Sustained steady annual revenue growth driven by increased market share in both domestic and overseas markets, and operating profitability of over 13-14%, leading to healthy cash generation.
- Prudent capital spending and working capital management, which along with routine debt repayment will support improvement in key debt metrics

Downward factors:

- Sharp decline in revenues, owing to slowdown in demand from domestic and export markets, or due to delay in ramp up of operations in US subsidiary leading to decline in operating margins to less than 8-9%
- Large debt funded capex or acquisition or significant stretch in working capital levels further impacting debt metrics
- Change in stance of support post movement of stake in TVSM to SCL (holding company),

About the Company

SCL was incorporated in Chennai in 1962. The company is a leading manufacturer of aluminium die-casting components. It supplies to major automotive OEMs including TVS Motor, the Cummins group, the Volvo group, Hyundai Motor India Ltd (rated 'CRISIL AAA/Stable/CRISIL A1+'), Ford Motors, the Daimler group, and to component suppliers such as Wabco India Ltd and the Visteon group. SCL was set up by the TVS group and the UK-based Clayton Dewandre Holdings Ltd.

Until fiscal 2007, SCL's financials included the CV brakes business. With effect from March 28, 2008, the Madras High Court approved the de-merger of the brakes business into a separate company, Wabco India Ltd. The non-brakes business (aluminium die-casting) and investments in the TVS group entities remained with SCL. The company has its main die-casting component production facilities at Padi, Mahindra City, and Oragadam in Chennai, and Belagondapalli at Hosur, in Tamil Nadu. During fiscal 2012, SCL restructured its businesses, hiving off the non-automotive businesses into its erstwhile subsidiary, Sundaram Investments Ltd (SIL).

For the first nine months of fiscal 2023, SCL's profit after tax (PAT) was Rs. 111 crore on net sales of Rs. 1563 crore, against profit after tax (PAT) of Rs. 1554 crore on net sales of Rs.1246 crore for the corresponding period of previous fiscal. The higher PAT in the first nine months of previous fiscal was mainly due to extraordinary income by way of the stake sale in TVSM during that period.

Key Financial Indicators

As on/for the period ended March 31	Unit	2022	2021
Revenue	Rs Crore	1743	1177
Profit After Tax (PAT)	Rs Crore	2277	77
PAT Margin	%	130.6	6.5
Adjusted debt/adjusted networkth	Times	0.25	0.88
Interest coverage	Times	7.23	5.5

Any other information: Not applicable

Note on complexity levels of the rated instrument:

CRISIL Ratings' complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

CRISIL Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale

published subsequent to the issuance of the instrument when details on such features are available.

For more details on the CRISIL Ratings` complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name of Instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs.Cr)	Complexity Level	Rating Assigned with Outlook
INE105A08014	Non-Convertible Debenture	18-Aug-2020	7.65%	18-Aug-25	100	Simple	CRISIL AA-/Stable
NA	Bank Guarantee	NA	NA	NA	6	NA	CRISIL A1+
NA	Cash Credit#	NA	NA	NA	210	NA	CRISIL AA-/Stable
NA	External Commercial Borrowings	NA	NA	Feb-2024	106.76	NA	CRISIL AA-/Stable
NA	FCNR (B) Long Term Loan	NA	NA	Dec-2027	140	NA	CRISIL AA-/Stable
NA	Letter of Credit	NA	NA	NA	75	NA	CRISIL A1+
NA	Commercial Paper	NA	NA	7-365 days	100	Simple	CRISIL A1+
NA	Rupee Term Loan	NA	NA	Sep-2027	185.5	NA	CRISIL AA-/Stable
NA	Proposed Long Term Bank Loan Facility	NA	NA	NA	258.82	NA	CRISIL AA-/Stable
NA	Cumulative Non-Convertible Redeemable Preference Shares^	NA	NA	NA	2347	Complex	CRISIL A1+

#Interchangeable with packing credit in foreign currency (PCFC)/Bills Discounting/Short Term Loan

^Yet to be issued

Annexure – List of entities consolidated (For SCL -holding company)

Names of Entities Consolidated	Extent of Consolidation	Rationale for Consolidation
TVS Holdings Private Ltd	100%	In process of getting amalgamated with SCL
Venu Srinivasan Investments Pvt Ltd	100%	In process of getting amalgamated with SCL

Annexure – List of entities consolidated (which will move to SCLDCD)

Names of Entities Consolidated	Extent of Consolidation	Rationale for Consolidation
Sundaram Holdings USA Inc	100%	Same line of business, and 100% subsidiary
Sundaram-Clayton USA LLC	100%	Step down 100% subsidiary, Same line of business
Green Hills Land holding LLC,	100%	Step down 100% subsidiary, Same line of business
Component Equipment Leasing LLC,	100%	Step down 100% subsidiary, Same line of business
Premier Land Holding LLC	100%	Step down 100% subsidiary, Same line of business

Annexure - Rating History for last 3 Years

Current				2023 (History)		2022		2021		2020		Start of 2020
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	901.08	CRISIL AA-/Stable	06-01-23	CRISIL AA-/Watch Developing	10-10-22	CRISIL AA-/Watch Developing	28-05-21	CRISIL AA-/Stable	07-05-20	CRISIL AA-/Stable	CRISIL AA-/Stable
			--		--	12-08-22	CRISIL AA-/Watch Developing		--		--	--
			--		--	18-05-22	CRISIL AA-/Watch Developing		--		--	--
			--		--	17-02-22	CRISIL AA-/Watch Developing		--		--	--
			--		--	07-01-22	CRISIL AA-/Stable		--		--	--

Non-Fund Based Facilities	ST	81.0	CRISIL A1+	06-01-23	CRISIL A1+/Watch Developing	10-10-22	CRISIL A1+/Watch Developing	28-05-21	CRISIL A1+	07-05-20	CRISIL A1+	CRISIL A1+
			--		--	12-08-22	CRISIL A1+/Watch Developing		--		--	--
			--		--	18-05-22	CRISIL A1+/Watch Developing		--		--	--
			--		--	17-02-22	CRISIL A1+/Watch Developing		--		--	--
			--		--	07-01-22	CRISIL A1+		--		--	--
Commercial Paper	ST	100.0	CRISIL A1+	06-01-23	CRISIL A1+/Watch Developing	10-10-22	CRISIL A1+/Watch Developing	28-05-21	CRISIL A1+	07-05-20	CRISIL A1+	--
			--		--	12-08-22	CRISIL A1+/Watch Developing		--		--	--
			--		--	18-05-22	CRISIL A1+/Watch Developing		--		--	--
			--		--	17-02-22	CRISIL A1+/Watch Developing		--		--	--
			--		--	07-01-22	CRISIL A1+		--		--	--
Non Convertible Debentures	LT	100.0	CRISIL AA-/Stable	06-01-23	CRISIL AA-/Watch Developing	10-10-22	CRISIL AA-/Watch Developing	28-05-21	CRISIL AA-/Stable	07-05-20	CRISIL AA-/Stable	--
			--		--	12-08-22	CRISIL AA-/Watch Developing		--		--	--
			--		--	18-05-22	CRISIL AA-/Watch Developing		--		--	--
			--		--	17-02-22	CRISIL AA-/Watch Developing		--		--	--
			--		--	07-01-22	CRISIL AA-/Stable		--		--	--
Cumulative Non-Convertible Redeemable Preference Shares	ST	2347.0	CRISIL A1+		--		--		--		--	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Bank Guarantee	6	State Bank of India	CRISIL A1+
Cash Credit#	210	State Bank of India	CRISIL AA-/Stable
External Commercial Borrowings	106.76	State Bank of India	CRISIL AA-/Stable
FCNR (B) Long Term Loan	140	State Bank of India	CRISIL AA-/Stable
Letter of Credit	75	State Bank of India	CRISIL A1+
Proposed Long Term Bank Loan Facility	258.82	Not Applicable	CRISIL AA-/Stable
Rupee Term Loan	185.5	Exim Bank	CRISIL AA-/Stable

This Annexure has been updated on 14-Mar-23 in line with the lender-wise facility details as on 07-Jan-22 received from the rated entity.
#Interchangeable with packing credit in foreign currency (PCFC)/Bills Discounting/Short Term Loans

Criteria Details

Links to related criteria

[CRISILs Approach to Financial Ratios](#)

[Rating criteria for manufacturing and service sector companies](#)

[CRISILs Bank Loan Ratings - process, scale and default recognition](#)

[Rating Criteria for Auto Component Suppliers](#)

[CRISILs Criteria for rating short term debt](#)

[CRISILs Criteria for Consolidation](#)

Media Relations	Analytical Contacts	Customer Service Helpdesk
Aveek Datta Media Relations CRISIL Limited M: +91 99204 93912 B: +91 22 3342 3000 AVEEK.DATTA@crisil.com Prakruti Jani Media Relations CRISIL Limited M: +91 98678 68976 B: +91 22 3342 3000 PRAKRUTI.JANI@crisil.com Rutuja Gaikwad Media Relations CRISIL Limited B: +91 22 3342 3000 Rutuja.Gaikwad@ext-crisil.com	Anuj Sethi Senior Director CRISIL Ratings Limited B: +91 44 6656 3100 anuj.sethi@crisil.com Poonam Upadhyay Director CRISIL Ratings Limited B: +91 22 3342 3000 poonam.upadhyay@crisil.com Sree Madhu Sankar Rating Analyst CRISIL Ratings Limited B: +91 44 6656 3100 Sree.Madhu@crisil.com	Timings: 10.00 am to 7.00 pm Toll free Number: 1800 267 1301 For a copy of Rationales / Rating Reports: CRISILratingdesk@crisil.com For Analytical queries: ratingsinvestordesk@crisil.com

Note for Media:

This rating rationale is transmitted to you for the sole purpose of dissemination through your newspaper/magazine/agency. The rating rationale may be used by you in full or in part without changing the meaning or context thereof but with due credit to CRISIL Ratings. However, CRISIL Ratings alone has the sole right of distribution (whether directly or indirectly) of its rationales for consideration or otherwise through any media including websites and portals.

About CRISIL Ratings Limited (A subsidiary of CRISIL Limited, an S&P Global Company)

CRISIL Ratings pioneered the concept of credit rating in India in 1987. With a tradition of independence, analytical rigour and innovation, we set the standards in the credit rating business. We rate the entire range of debt instruments, such as bank loans, certificates of deposit, commercial paper, non-convertible/convertible/partially convertible bonds and debentures, perpetual bonds, bank hybrid capital instruments, asset-backed and mortgage-backed securities, partial guarantees and other structured debt instruments. We have rated over 33,000 large and mid-scale corporates and financial institutions. We have also instituted several innovations in India in the rating business, including ratings for municipal bonds, partially guaranteed instruments and infrastructure investment trusts (InvITs).

CRISIL Ratings Limited ('CRISIL Ratings') is a wholly-owned subsidiary of CRISIL Limited ('CRISIL'). CRISIL Ratings Limited is registered in India as a credit rating agency with the Securities and Exchange Board of India ("SEBI").

For more information, visit www.crisilratings.com

About CRISIL Limited

CRISIL is a leading, agile and innovative global analytics company driven by its mission of making markets function better.

It is India's foremost provider of ratings, data, research, analytics and solutions with a strong track record of growth, culture of innovation, and global footprint.

It has delivered independent opinions, actionable insights, and efficient solutions to over 100,000 customers through businesses that operate from India, the US, the UK, Argentina, Poland, China, Hong Kong and Singapore.

It is majority owned by S&P Global Inc, a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide.

For more information, visit www.crisil.com

Connect with us: [TWITTER](#) | [LINKEDIN](#) | [YOUTUBE](#) | [FACEBOOK](#)

CRISIL PRIVACY NOTICE

CRISIL respects your privacy. We may use your contact information, such as your name, address and email id to fulfil your request and service your account and to provide you with additional information from CRISIL. For further information on CRISIL's privacy policy please visit www.crisil.com.

DISCLAIMER

This disclaimer is part of and applies to each credit rating report and/or credit rating rationale ('report') that is provided by CRISIL Ratings Limited ('CRISIL Ratings'). To avoid doubt, the term 'report' includes the information, ratings and other content forming part of the report. The report is intended for the jurisdiction of India only. This report does not constitute an offer of services. Without limiting the generality of the foregoing, nothing in the report is to be construed as CRISIL Ratings providing or intending to provide any services in jurisdictions where CRISIL Ratings does not have the necessary licenses and/or registration to carry out its business activities referred to above. Access or use of this report does not create a client relationship between CRISIL Ratings and the user.

We are not aware that any user intends to rely on the report or of the manner in which a user intends to use the report. In preparing our report we have not taken into consideration the objectives or particular needs of any particular user. It is made abundantly clear that the report is not intended to and does not constitute an investment advice. The report is not an offer to sell or an offer to purchase or subscribe for any investment in any securities, instruments, facilities or solicitation of any kind to enter into any deal or transaction with the entity to which the report pertains. The report should not be the sole or primary basis for any investment decision within the meaning of any law or regulation (including the laws and regulations applicable in

the US).

Ratings from CRISIL Ratings are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold or sell any securities/instruments or to make any investment decisions. Any opinions expressed here are in good faith, are subject to change without notice, and are only current as of the stated date of their issue. CRISIL Ratings assumes no obligation to update its opinions following publication in any form or format although CRISIL Ratings may disseminate its opinions and analysis. The rating contained in the report is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment or other business decisions. The recipients of the report should rely on their own judgment and take their own professional advice before acting on the report in any way. CRISIL Ratings or its associates may have other commercial transactions with the entity to which the report pertains.

Neither CRISIL Ratings nor its affiliates, third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively, 'CRISIL Ratings Parties') guarantee the accuracy, completeness or adequacy of the report, and no CRISIL Ratings Party shall have any liability for any errors, omissions or interruptions therein, regardless of the cause, or for the results obtained from the use of any part of the report. EACH CRISIL RATINGS PARTY DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING BUT NOT LIMITED TO ANY WARRANTIES OF MERCHANTABILITY, SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall any CRISIL Ratings Party be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of any part of the report even if advised of the possibility of such damages.

CRISIL Ratings may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of the instruments, facilities, securities or from obligors. Public ratings and analysis by CRISIL Ratings, as are required to be disclosed under the regulations of the Securities and Exchange Board of India (and other applicable regulations, if any), are made available on its website, www.crisilratings.com (free of charge). Reports with more detail and additional information may be available for subscription at a fee - more details about ratings by CRISIL Ratings are available here: www.crisilratings.com.

CRISIL Ratings and its affiliates do not act as a fiduciary. While CRISIL Ratings has obtained information from sources it believes to be reliable, CRISIL Ratings does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives and/or relies on in its reports. CRISIL Ratings has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process. CRISIL Ratings has in place a ratings code of conduct and policies for managing conflict of interest. For details please refer to: <https://www.crisil.com/en/home/our-businesses/ratings/regulatory-disclosures/highlighted-policies.html>.

Rating criteria by CRISIL Ratings are generally available without charge to the public on the CRISIL Ratings public website, www.crisilratings.com. For latest rating information on any instrument of any company rated by CRISIL Ratings, you may contact the CRISIL Ratings desk at crisilratingdesk@crisil.com, or at (0091) 1800 267 1301.

This report should not be reproduced or redistributed to any other person or in any form without prior written consent from CRISIL Ratings.

All rights reserved @ CRISIL Ratings Limited. CRISIL Ratings is a wholly owned subsidiary of CRISIL Limited.

CRISIL Ratings uses the prefix 'PP-MLD' for the ratings of principal-protected market-linked debentures (PPMLD) with effect from November 1, 2011, to comply with the SEBI circular, "Guidelines for Issue and Listing of Structured Products/Market Linked Debentures". The revision in rating symbols for PPMLDs should not be construed as a change in the rating of the subject instrument. For details on CRISIL Ratings' use of 'PP-MLD' please refer to the notes to Rating scale for Debt Instruments and Structured Finance Instruments at the following link: <https://www.crisil.com/en/home/our-businesses/ratings/credit-ratings-scale.html>

ANNEXURE II- DAY COUNT CONVENTION

ILLUSTRATION FOR GUIDANCE IN RESPECT OF THE DAY COUNT CONVENTION DEPICTING COMPUTATION OF DAYS REGARDING REDEMPTION

Name of the issuer	Sundaram-Clayton Limited
Face Value per NCRPS (in ₹)	10
Issue Price per NCRPS (in ₹)	10
Day and Date of Allotment	March 25, 2023
Date of redemption	March 25, 2024
Tenure and Dividend Rate	12 months from the Date of Allotment i.e., March 25, 2023; 9 % p.a.
Frequency of the dividend payment	At the discretion of the Board of Directors
Day Count Convention	Actual / Actual

Eligible Shareholders should note that the below examples are solely for illustrative purposes:

Cash Flows	Due Date	Date of Redemption	No. of days	Amount (in ₹ each NCRPS)
Date of allotment	March 25, 2023		366	10
Redemption Value	March 25, 2024	March 25, 2024		10

Notes:

1. The payment of dividend shall be in accordance with the provisions of the Companies Act, 2013 and rules made thereunder, as and when declared by the Board, at its discretion.
2. Date of Allotment is March 25, 2023.
3. The Redemption Amount shall be paid at the Redemption Date.