

Sundaram-Clayton Limited

60th Annual Report 2022

Sundaram-Clayton Limited

Board of Directors

R GOPALAN

Chairman

venu srinivasan

Chairman Emeritus & Managing Director

Dr. LAKSHMI VENU

Managing Director

K GOPALA DESIKAN

Director & Group Chief Financial Officer

KAMLESH GANDHI

VICE ADMIRAL P J JACOB (Retd.)

RAJESH NARASIMHAN

S SANTHANAKRISHNAN

V SUBRAMANIAN

SASIKALA VARADACHARI

SUDARSHAN VENU

R VIJAYARAGHAVAN

Audit Committee

VICE ADMIRAL P J JACOB (Retd.)

Chairman

R GOPALAN

S SANTHANAKRISHNAN

V SUBRAMANIAN

Nomination and Remuneration Committee

S SANTHANAKRISHNAN

Chairman

VICE ADMIRAL P J JACOB (Retd.)

V SUBRAMANIAN

R VIJAYARAGHAVAN

Risk Management Committee

R GOPALAN

Chairman

Dr. LAKSHMI VENU

VICE ADMIRAL P J JACOB (Retd.),

K GOPALA DESIKAN

Stakeholders' Relationship Committee

R VIJAYARAGHAVAN

Chairman

Dr. LAKSHMI VENU

S SANTHANAKRISHNAN

Corporate Social Responsibility Committee

venu srinivasan

Chairman

Dr. LAKSHMI VENU

VICE ADMIRAL P J JACOB (Retd.)

President and Chief Executive Officer

VIVEK S JOSHI

Company Secretary

R RAJA PRAKASH

Statutory Auditors

M/s. RAGHAVAN, CHAUDHURI & NARAYANAN

Chartered Accountants,

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

Wood Street, Ashoknagar,

Bengaluru - 560 025.

Tel. : 080-2556 7578 / 2551 4771

E-mail : sathya@nca-india.com

Cost Auditor

A N RAMAN

Cost Accountant,

No.10, P. Muthukumaraswami Salai,

Off. Baby Nagar 1st Main Road,

Velachery, Chennai - 600 042.

Tel. : 044-2243 3462

E-mail : anraman@gmail.com

Secretarial Auditor

B CHANDRA

Practising Company Secretary

AG 3, Ragamallika,

No. 26, Kumaran Colony Main Road,

Vadapalani, Chennai 600 026

E-mail : bchandraandassociates@gmail.com

Shares listed with

BSE Limited, Mumbai

National Stock Exchange of India Limited, Mumbai

Share Transfer Agent

Integrated Registry Management Services

Private Limited,

Registered Office:

2nd Floor, Kences Towers,

No.1, Ramakrishna Street,

North Usman Road,

T Nagar, Chennai - 600 017

Tel. : (044) 2814 0801-03

Fax : (044) 2814 2479

Email : corpserv@integratedindia.in,

srirams@integratedindia.in

Bankers

STATE BANK OF INDIA

Corporate Accounts Group Branch

Chennai

Registered Office

"Chaitanya"

No. 12, Khader Nawaz Khan Road,

Nungambakkam, Chennai - 600 006,

Tamil Nadu, India.

Tel. : 044 - 2833 2115

Fax : 044 - 2833 2113

CIN : L35999TN1962PLC004792

E-mail : corpsec@sundaramclayton.com

Website: www.sundaram-clayton.com

Plant Locations

Padi

Chennai - 600 050, Tamil Nadu, India.

Tel. : 044 - 2625 8212

Mahindra World City

Plot No. AA5, VI Avenue

Auto Ancillary SEZ, Mahindra World City,

Chengalpattu, Kancheepuram District - 603 004,

Tamil Nadu, India.

Tel. : 044 - 4749 0049

Oragadam

Plot No.B-14, SIPCOT

Industrial Growth Centre,

Sriperumbudur Taluk,

Kancheepuram District - 602 105

Tamil Nadu, India.

Tel. : 044 - 6710 3300

Hosur

Hosur - Thally Road

Belagondapalli

Hosur - 635 114, Tamil Nadu, India.

Tel. : 04347 - 233 445

Subsidiary Companies

TVS Motor Company Limited

Sundaram-Clayton (USA) Limited, USA

Sundaram-Clayton DCD Limited

Sundaram Holding USA Inc., USA

Sundaram Auto Components Limited

TVS Housing Limited

TVS Motor Services Limited

Intellicar Telematics Private Limited

TVS Credit Services Limited

TVS Electric Mobility Limited

TVS Motor (Singapore) Pte. Limited, Singapore

The Norton Motorcycle Co Limited, United Kingdom

TVS Motor Company (Europe) B.V., Amsterdam

PT TVS Motor Company Indonesia, Jakarta

Swiss E-Mobility Group (Holding) AG, Switzerland

The GO Corporation, Switzerland

TVS Digital Pte Ltd., Singapore

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Sundaram-Clayton Limited

FINANCIAL HIGHLIGHTS INCLUDING SELECTED INDICATORS AND RATIOS

(₹ in crores)

Details	Previous GAAP			Ind AS						
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Sales *	1018.6	1196.8	1346.1	1,527.9	1,515.4	1,672.3	1,833.1	1,324.3	1,176.9	1,743.3
Other income	38.1	35.8	55.0	105.1	74.3	94.4	99.9	99.8	111.2	93.6
Total Income	1056.7	1232.6	1401.1	1,633.0	1,589.7	1,766.7	1,932.9	1,424.1	1,288.1	1,836.9
Gross profit before interest, depn & tax	127.9	149.7	181.1	249.8	208.9	107.6	277.8	237.6	261.6	324.5
Depreciation	51.3	53.2	59.8	55.0	60.6	73.1	92.2	92.7	77.9	101.7
Profit before interest & tax	76.6	96.5	121.3	194.8	148.3	34.5	185.6	145.0	183.7	222.8
Interest	44.3	35.7	36.9	32.3	28.6	33.7	55.2	55.4	47.6	44.9
Profit before taxation and exceptional items	32.3	60.8	84.4	162.5	119.7	0.8	130.5	89.6	136.1	177.9
Exceptional items	–	5.8	3.1	6.0	2.3	–	–	(20.4)	(13.0)	2,122.6
Profit after taxation	35.4	53.7	71.2	144.4	105.6	54.9	119.7	68.7	123.1	2,276.7
Net Fixed assets	408.8	405.9	418.2	456.9	531.3	699.9	760.5	746.2	725.0	680.1
Net current assets	248.6	256.0	289.1	290.0	257.6	321.1	325.4	260.7	279.7	2,587.2
Share capital	9.5	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1
Reserves & surplus	282.6	333.5	364.5	493.0	601.5	653.9	678.6	584.3	705.8	2,890.2
Net worth	292.1	343.6	374.6	503.1	611.6	664.0	688.7	594.4	715.9	2,900.4
Loan funds	414.3	362.2	378.2	369.1	354.2	665.5	723.7	668.3	631.2	732.6
Deferred taxation (net)	16.9	18.5	22.3	30.0	35.8	(20.1)	(20.3)	(27.7)	23.4	23.6
Total	723.2	724.3	775.1	902.2	1,001.6	1,309.4	1,392.1	1,235.0	1,370.5	3,656.6
EPS (Rs)	18.7	27.0	35.2	71.4	52.2	27.1	59.1	34.0	37.5	1,125.3
DPS (Rs)	14.0	19.3	19.0	41.0	31.5	15.0	36.0	31.0	26.0	44.0
Book value per share (Rs)	153.9	169.8	185.2	248.7	302.3	328.2	340.4	293.8	353.8	1,433.5
Return on capital employed (ROCE) %	10.8	13.3	16.2	23.2	15.6	3.0	13.7	9.5	11.5	17.0
Return on net worth (RONW) %	12.3	16.9	19.8	32.9	18.9	8.6	17.7	10.7	13.6	22.7
Fixed assets turnover (no of times)	2.5	2.9	3.3	3.5	3.1	2.7	2.5	1.8	1.6	2.5
Working capital turnover (no of times)	4.3	4.7	4.9	5.3	5.5	5.8	5.7	4.5	9.0	18.6
Gross profit as % of sales (EBITDA)	12.6	12.0	13.2	15.9	13.6	6.4	15.2	17.9	22.2	18.6
Gross profit as % of total income	12.1	11.7	12.7	14.9	13.0	6.1	14.4	16.7	20.3	17.7
Net profit as % of total income	3.4	3.9	4.9	8.5	6.5	3.1	6.2	6.3	7.6	8.8

* Sales includes Excise duty upto June 2017.

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

RONW is profit after tax divided by average network.

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

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

Profitability ratios are calculated without considering exceptional income.

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.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Sixtieth Annual General Meeting of the Company (AGM) will be held on Tuesday, 28th June 2022 at 10.35 A.M. [Indian Standard Time (IST)] through Video Conferencing / Other Audio-Visual Means to transact the following businesses:

ORDINARY BUSINESS

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

RESOLVED THAT the standalone and consolidated audited financial statements for the year ended 31st March 2022, together with the Directors' Report and the Auditors' Report thereon as circulated to the Members and presented to the meeting be and are hereby approved and adopted.

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

RESOLVED THAT Dr. Lakshmi Venu (holding DIN 02702020), Director, who retires by rotation and being eligible, offers herself for re-appointment, be and is hereby re-appointed as a Director of the Company.

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

RESOLVED THAT Mr Sudarshan Venu (holding DIN 03601690), Director, who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company.

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

RESOLVED THAT the re-appointment of M/s Raghavan, Chaudhuri & Narayanan, Chartered Accountants, Bengaluru, having Firm Registration No. 007761S allotted by The Institute of Chartered Accountants of India, as statutory auditors of the Company to hold office, for the second term of five consecutive years from the conclusion of this annual general meeting till the conclusion of the 65th Annual General Meeting, as recommended by the Audit Committee and approved by the Board of Directors of the Company, in terms of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, be and is hereby approved.

RESOLVED FURTHER that approval be and is hereby accorded for the payment of statutory audit fees of ₹ 40 lakhs (Rupees Forty lakhs only) plus reimbursement of out of pocket expenses and applicable taxes excluding services in the nature of limited review, statutory certifications and other professional work, to M/s Raghavan, Chaudhuri & Narayanan, Chartered Accountants, Bengaluru, for the financial year 2022- 23 and the Board of Directors of the Company be and are hereby authorized to increase and pay such statutory audit fees as recommended by the Audit Committee and as they may deem fit for the remaining tenure of their re-appointment.

SPECIAL BUSINESS

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

RESOLVED THAT pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014

(including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the remuneration of ₹ 5,00,000 (Rupees Five Lakhs only), in addition to reimbursement of all applicable taxes, travelling and out-of-pocket expenses, payable to Mr A N Raman, practising cost accountant, holding Membership No. 5359, allotted by The Institute of Cost Accountants of India, who was re-appointed as cost auditor of the Company for the year 2022-23 by the Board of Directors of the Company, as recommended by the Audit Committee, be and is hereby ratified.

By order of the Board of Directors

Chennai
6th May 2022

R Raja Prakash
Company Secretary

Registered office:

"Chaitanya"

No.12, Khader Nawaz Khan Road,
Nungambakkam, Chennai - 600 006.

Notes:

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

1. Pursuant to the Circular No. 2/2022 dated 5th May 2022 read with Circular No. 20/2020 dated 5th May 2020, issued by the Ministry of Corporate Affairs and all other relevant circulars issued from time to time, and SEBI/HO/CFD/CMD2/CIR/P/2021/697 dated 22nd December 2021 issued by the Securities and Exchange Board of India ("SEBI Circular") and in compliance with the provisions of the Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), physical attendance of the Members is not required at a common venue and AGM be held through Video Conferencing (VC) or Other Audio Visual Means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC / OAVM.
2. Pursuant to the Circular No. 14/2020 dated 8th April, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives as Members to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-Voting.
3. The Members can join the AGM through VC / OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC / OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

Sundaram-Clayton Limited

4. The attendance of the Members attending the AGM through VC / OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act, 2013.
5. Pursuant to the provisions of Section 108 of the Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of the Listing Regulations, and the Circulars issued by the Ministry of Corporate Affairs dated 5th May, 2020 the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as voting at the meeting will be provided by NSDL.
6. In line with MCA Circular No. 17/2020 dated 13th April, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.sundaram-clayton.com. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.
7. AGM has been convened through VC / OAVM in compliance with applicable provisions of the Act, 2013, read with Circulars issued by MCA and SEBI from time to time.
11. Members may also note that the Annual Report will also be available on the Company's website viz., www.sundaram-clayton.com for their download.

Members holding shares in electronic form

12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members are requested to submit their PAN to the Depository Participant(s) (DP) with whom they are maintaining their demat accounts.
13. Members are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR code and IFSC Code, Mandates, Nominations, Power of Attorney, Change of Address / Name / e-mail Address / Contact Numbers, etc., to their DP.
14. Electronic copy of the Annual Report and the Notice of the AGM *inter-alia* indicating the process and manner of e-Voting are being sent to all the Members whose e-mail IDs are registered with the Company / DPs for communication purposes.

Members holding shares in physical form

15. Members can submit their PAN details to the Company / Share Transfer Agent (STA).
16. Members are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR code and IFSC code, Mandates, Nomination as per Section 72 of the Act, 2013 by filling Form SH-13, Power of Attorney, Change of Address / Name / e-mail Address / Contact Numbers, etc., with the Company / STA. Blank forms (SH-13) will be shared on request.
17. Members holding shares in physical form, in their own interest, are requested to dematerialize the shares to avail the benefits of electronic holding / trading.

Voting

18. The businesses set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. The Members may cast their votes using electronic voting system from a place other than the venue of the meeting ('remote e-Voting').
19. In case of joint holders attending AGM, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
20. In terms of Section 108 of the Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended ('the Rules') and Regulation 44 of the Listing Regulations, the Company has provided facility to exercise votes through electronic voting system to the Members holding shares as on 21st June 2022 being the "Cut-off Date" ("Cut-Off" for the purpose of Rule 20(4)(vii) of the Rules) fixed for determining voting rights of the Members entitled to participate in the remote e-Voting process through the platform provided by NSDL viz., www.evoting.nsdl.com. The voting rights of the Members / Beneficial Owners will be reckoned on the Equity Shares held by them as on Cut-off date.

Unclaimed Dividend

8. In terms of Section 124 of the Act, 2013, the dividend declared by the Company, for earlier years, which remain unclaimed for a period of seven years will be transferred on due dates to the Investor Education and Protection Fund (IEPF), established by the Central Government. The particulars of due dates for transfer of such unclaimed dividends to IEPF are furnished in the Report on Corporate Governance, forming part of the Annual Report.
9. Members who have not encashed their dividend warrants in respect of the above period are requested to make their claim(s) by surrendering the un-encashed warrants immediately to the Company.

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

General

10. With a view to serving the Members better and for administrative convenience, Members who hold shares in identical names and in the same order of names in more than one folio are requested to write to the Company to consolidate their holdings into one folio.

Members as on the Cut-off date only shall be entitled to avail the facility of remote e-Voting or voting at the meeting.

THE INSTRUCTIONS FOR REMOTE E-VOTING AND VOTING AT THE MEETING ARE AS UNDER

1. The remote e-voting period begins on 25th June 2022 at 9:00 A.M. (IST) and ends on 27th June 2022 at 5:00 P.M. (IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date, may cast their vote by remote e-Voting. The remote e-Voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the member shall not be allowed to change it subsequently.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:





Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	1. Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on Company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Type of shareholders	Login Method
	<ol style="list-style-type: none"> 2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS Portal" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on Company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 4. Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience. <div style="text-align: center;"> <p>NSDL Mobile App is available on</p> <div style="display: flex; justify-content: space-around;">  App Store  Google Play </div> <div style="display: flex; justify-content: space-around; margin-top: 10px;">   </div> </div>
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> 1. Existing users who have opted for Easi / Easiest, they can login through their userid and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/Home/Login0 login or

Type of shareholders	Login Method
	<p>www.cdslindia.com and click on New System Myeasi.</p> <p>2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote.</p> <p>3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration</p> <p>4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective e-Voting Service Provider (ESP) i.e. NSDL where the e-Voting is in progress.</p>
Individual Shareholders (holding securities in demat mode) login through their depository participants	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on Company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p>

Important note: Members who are unable to retrieve User ID / Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues

related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022- 23058542-43

B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/ Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	<p>8 Character DP ID followed by 8 Digit Client ID</p> <p>For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.</p>

b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
 - c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email IDs are not registered**.
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - a) Click on "Forgot User Details / Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) Physical User Reset Password? (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number / folio number, your PAN, your name and your registered address.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e-mail IDs for e-Voting for the resolutions set out in this notice:

1. In case shares are held in physical mode, please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to corpserv@integratedindia.in
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to corpserv@integratedindia.in. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.
3. Alternatively, shareholder / members may send a request to evoting@nsdl.co.in for procuring user id and password for e-Voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders

holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:

- i. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-Voting.
- ii. Only those Members / shareholders, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
- iii. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- iv. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-Voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

- i. Member will be provided with a facility to attend the AGM through VC / OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders / members login by using the remote e-Voting credentials. The link for VC / OAVM will be available in shareholder / members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
- ii. Members are encouraged to join the Meeting through Laptops for better experience.
- iii. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- iv. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio / Video loss due to Fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
- v. Shareholders who would like to express their views / have questions may send their questions in advance mentioning their name demat account number / folio number, email id, mobile number at corpsec@sundaramclayton.com from 24th June 2022 (9.00 A.M. (IST)) to 26th June 2022 (5.00 P.M. (IST))
- vi. Those shareholders who have registered themselves as a speaker will only be allowed to speak at the meeting. The

Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

- vii. Members can submit questions in advance with regard to the financial statements or any other matter to be placed at the AGM, from their registered e-mail address, mentioning their name, DP ID and Client ID number / folio number and mobile number, to reach the Company's e-mail address corpsec@sundaramclayton.com atleast 48 hours in advance before the start of the meeting. Such questions by the Members shall be taken up during the meeting and replied by the Company suitably.

General Guidelines for shareholders:

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail bchandraandassociates@gmail.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-Voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details / Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-Voting or casting vote through e-Voting system during the meeting.
4. M/s B Chandra & Associates, Practising Company Secretaries (Reg. No. P2017TN065700), Chennai, have been appointed as the Scrutinizers to scrutinize the remote e-Voting process and casting vote through the e-Voting system during the meeting in a fair and transparent manner.
5. In case of any queries, Members may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 and 1800 2244 30 and send a request to NSDL official, Ms. Pallavi Mhatre, Manager or Mr Amit Vishal, Assistant Vice President@ evoting@nsdl.co.in.
6. The Scrutinizers shall after the conclusion of e-Voting at the AGM, first download the votes cast at the AGM and thereafter unblock the votes cast through remote e-Voting and shall make a consolidated scrutinizer's report of the total votes cast in favour or against, invalid votes, if any, and whether the resolution has been carried or not, and such report shall then be sent to the Chairman or a person authorized in this regard, within 48 (forty eight) hours from the conclusion of the AGM, who shall then countersign and declare the result of the voting forthwith.

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7. The results declared along with the report of the Scrutinizers shall be placed on the website of the Company at www.sundaram-clayton.com and on the website of NSDL at www.evoting.nsdl.com immediately after the declaration of results by the Chairman or a person authorized by him. The results shall also be immediately forwarded to BSE Limited, Mumbai and National Stock Exchange of India Limited, Mumbai.

8. Pursuant to the Circulars issued by MCA and SEBI, owing to the difficulties involved in dispatching of physical copies of the Notice of the AGM and the Annual Report for the year 2021-22, the said documents are being sent only by email to the Members.

Therefore, those Members, whose email address is not registered with the Company or with their respective Depository Participant/s, and who wish to receive the Notice of the AGM and the Annual Report for the year 2021-22 and all other communication sent by the Company, from time to time, can get their email address registered by following the steps as given below:-

- a) For Members holding shares in physical form, please send scan copy of a signed request letter mentioning your folio number, complete address, email address to be registered along with scanned self-attested copy of the PAN and any document (such as Driving Licence, Passport, Bank Statement, AADHAR) supporting the registered address of the Member, by email to the Company's email address icsta@sundaramclayton.com
- b) For Members holding shares in demat form, please update your email address through your respective Depository Participant/s.

Further, as per Regulation 36 (1) (c) of the Listing Regulations, hard copy of the full annual report will be given to those shareholders who request for the same.

9. Pursuant to Finance Act, 2020, dividend income will be taxable in the hands of the shareholders w.e.f. 1st April 2020 and the Company is required to deduct tax at source ("TDS") from dividend paid to the Members at rates prescribed in the Income Tax Act, 1961 ("the IT Act"). In general, to enable compliance with TDS requirements, Members are requested to complete and / or update their Residential Status, PAN, Category as per the IT Act with their Depository Participants or in case shares are held in physical form, with the Company by sending email to the Company's email address at corpsec@sundaramclayton.com.

10. In order to receive dividend/s in a timely manner, Members holding shares in physical form who have not updated their mandate for receiving the dividends directly in their bank accounts through Electronic Clearing Service or any other means ("Electronic Bank Mandate"), can register their Electronic Bank Mandate to receive dividends directly into their bank account electronically or any other means, by sending scanned copy of the following details / documents by email to reach the Company's email address:

- a. a signed request letter mentioning your name, folio number, complete address and following details relating to bank account in which the dividend is to be received:
 - i. Name and Branch of Bank and Bank Account type;
 - ii. Bank Account Number allotted by your bank after implementation of Core Banking Solutions;

iii. 11 digit IFSC Code;

iv. Self-attested scanned copy of cancelled cheque bearing the name of the Member or first holder, in case shares are held jointly;

v. Self-attested scanned copy of the PAN Card; and

vi. Self-attested scanned copy of any document (such as AADHAR Card, Driving Licence, Election Identity Card, Passport) in support of the address of the Member as registered with the Company.

b. For the Members holding shares in demat form, please update your Electronic Bank Mandate through your Depository Participant/s.

11. In accordance with the provisions of Article 129 of the Articles of Association of the Company, Dr. Lakshmi Venu and Mr Sudarshan Venu, Directors will retire by rotation at AGM and being eligible offer themselves for re-appointment; and

12. In terms of 36(3) of the Listing Regulations read with Secretarial Standards on General Meeting, brief profile of the directors, who are proposed to be re-appointed in this AGM, nature of their expertise in specific functional areas, other directorships and committee memberships, their shareholding and relationship with other directors of the Company alongwith listed entities from which the Director has resigned in the past three years are given below:

I. Profile of Dr. Lakshmi Venu

Dr. Lakshmi Venu, Managing Director, aged 39 years, graduate of Yale University, holds a Doctorate in Engineering Management from the University of Warwick.

She underwent her initial training for three years as a Management Trainee in Sundaram Auto Components Limited, a subsidiary of the Company, beginning from 2003 and when she was deputed to work in the Company. Dr. Lakshmi Venu underwent an extensive in-depth induction and worked in the areas of business strategy, corporate affairs, product design and sales & marketing of the Company.

She has been the lead architect of establishing Company's global footprint. Her decision to set up a foundry in US three years ago in 2019 in Dorchester, South Carolina was indeed remarkable, as most US-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 also holds Directorships in various other companies. She has not resigned in any of the listed companies during the last three years.

She has been the Director of the Company since 22nd March 2010 and was appointed as Joint Managing Director effective 11th September 2014.

Effective 6th May 2022, Dr. Lakshmi Venu took over as Managing Director of the Company.

She is the daughter of Mr Venu Srinivasan, Chairman Emeritus & Managing Director and sister of Mr Sudarshan Venu, Director of the Company.

She does not hold any share in the Company. During the year 2021-22, her remuneration was ₹ 6.82 Cr.

She is a member of Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee of the Company.

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She has attended four out of five Board Meetings held during the year 2021-22.

Details of her other directorships and Directorships / Memberships / Chairmanships are given below:

S.No.	Name of the Companies	Position held	Committee Membership
1.	TAFE Motors and Tractors Limited	Deputy Managing Director	<ul style="list-style-type: none"> Corporate Social Responsibility Committee Nomination and Remuneration Committee
2.	TVS Motor Company Limited	Director	–
3.	ZF Commercial Vehicle Control Systems India Limited (Formerly known as WABCO India Limited)	Director	<ul style="list-style-type: none"> Audit Committee Nomination & Remuneration Committee* Corporate Social Responsibility Committee
4.	Sundaram Auto Components Limited	Director	–
5.	Sundram Non- Conventional Energy Systems Limited	Director	–
6.	LV Trustee Private Limited	Director	–
7.	Sundaram- Clayton (USA) Limited	Director	–
8.	Sundaram Holding (USA) Inc.	Director	–

(*) Indicates committee in which she holds the position as Chairperson

II. Profile of Mr Sudarshan Venu

Mr Sudarshan Venu, Director, aged 33 years, 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. He has extensive knowledge of auto industry and well equipped with administrative capability.

With his active intervention, TVS Motor Company (TVSM), the Subsidiary Company, 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 the TVSM has been voted No. 1 in Customer Satisfaction for four years in a row by the prestigious J. D. Power Awards.

Since 2013, Sudarshan has played a pivotal role in TVSM's growth through expansion to new geographies in Africa, ASEAN, Latin America, in launching of its first EV scooter in January 2020 and in TVSM acquiring the iconic British brand Norton in April 2020 with the vision of regaining Norton brand its full glory in the international motorcycle landscape.

He also has been instrumental in setting up and in the success of Emerald Haven Realty Ltd and TVS Credit Services - a non-deposit Non-Banking Finance Company.

He has been the Director of the Company since 2nd September 2011. He has not resigned in any of the listed companies during the last three years.

He is the son of Mr Venu Srinivasan, Chairman Emeritus & Managing Director and brother of Dr Lakshmi Venu, Managing Director of the Company.

He does not hold any share in the Company. During the year 2021-22, he had not received any remuneration from the Company except sitting fees.

He has attended three out of five Board Meetings held during the year 2021-22.

Details of his other Directorships / Memberships / Chairmanships of committees are given below:

S.No.	Name of the Company	Position held	Committee Membership
1.	TVS Motor Company Limited	Managing Director	<ul style="list-style-type: none"> Stakeholders' Relationship Committee Risk Management Committee
2.	TVS Credit Services Limited	Director	<ul style="list-style-type: none"> Asset Liability Management Committee, IT Strategy Committee Nomination and Remuneration Committee Credit Sanction Committee
3.	Coromandel International Limited	Director	<ul style="list-style-type: none"> Stakeholders' Relationship Committee *
4.	TVS Electric Mobility Limited	Director	–
5.	TVS Housing Finance Private Limited	Director	–
6.	S. Venu Trustee Private Limited	Director	–
7.	The Norton Motorcycle Co. Limited, UK	Director	–
8.	TVS Motor (Singapore) Pte Limited, Singapore	Director	–
9.	TVS Digital Pte Limited, Singapore	Director	–
10.	Swiss E-Mobility Group (Holding) AG, Switzerland	Director	–
11.	Swiss E-Mobility Group (Schweiz) AG, Switzerland	Director	–
12.	Cheema Educational Foundation	Director	–
13.	Veeyes Charities Foundation	Director	–

(*) Indicates committee in which he holds the position as Chairman

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

The following Explanatory statement sets out all material facts relating to the ordinary / special businesses mentioned in the accompanying Notice dated 6th May 2022 and shall be taken as forming part of the Notice.

Item No.4

Reappointment of Auditors

M/s. Raghavan, Chaudhuri & Narayanan, Chartered Accountants, Bengaluru, were appointed as the statutory auditors of the Company for the first term of five years at the Annual General Meeting held on 19th July 2017. The existing term of the Statutory Auditors will get completed at the conclusion of the ensuing Annual General Meeting of the Company and they are eligible for re-appointment in terms of provisions of Section 139(2) of the Companies Act, 2013 (the Act) read with the Rules made thereunder.

Accordingly, in terms of the provisions of Section 139 of the Act, the Company is required to re-appoint the Statutory Auditors for a second term of five years from the conclusion of the ensuing Annual General Meeting. Based on the recommendation of the Audit Committee, the Board of Directors has approved the re-appointment of M/s. Raghavan, Chaudhuri & Narayanan, Chartered Accountants, Bengaluru, (ICAI Firm Registration Number 007761S) as the Statutory Auditors of the Company to hold office from the conclusion of this 60th Annual General Meeting until the conclusion of the 65th Annual General Meeting of the shareholders of the Company at a Statutory Audit fee of ₹ 40 lakhs plus applicable taxes, travelling and other out-of-pocket expenses incurred by them in connection with the statutory audit of the Company for the financial year 2022-23, subject to the approval by the shareholders pursuant to applicable provisions of the Act and rules made thereunder.

The remuneration payable to the statutory auditors for the remaining tenure of the proposed re-appointment will be subsequently determined by the Board as per the recommendations of the Audit Committee. The proposed fees will be in line with the industry benchmarks. The fees for services in the nature of limited review, statutory certifications and other professional work will be in addition to the audit fee as above and will be determined by the Board in consultation with the Auditors and as per the recommendations of the Audit Committee from time to time.

M/s Raghavan, Chaudhuri & Narayanan, Chartered Accountants, Bengaluru, have furnished their consent to act as Statutory Auditors in terms of Section 139 of the Act and have also provided a certificate to the effect that their re-appointment, if made, shall be in accordance with the conditions laid down and that they satisfy the criteria provided

under Section 141 of the Act. Further, as required under Regulation 33 of the Listing Regulations, they have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution as set out in Item No.4 of this Notice.

The Board recommends their re-appointment and accordingly, the approval of the Members is being sought by means of an Ordinary Resolution.

Item No.5

As recommended by the Audit Committee, the Board at its meeting held on 6th May 2022, re-appointed Mr A N Raman, practicing cost accountant, having membership no. 5359, as Cost Auditor of the Company, in terms of Section 148 of the Act, 2013 and fixed a sum of ₹. 5,00,000 (Rupees Five Lakhs) as remuneration payable to him for the financial year 2022-23, subject to ratification by the shareholders of the Company.

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

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution as set out in Item No.5 of this Notice.

The Directors, therefore, recommend the ordinary resolution, as set out in Item No.5 for ratification of remuneration payable to the Cost Auditor of the Company.

By order of the Board of Directors

Chennai
6th May 2022

R Raja Prakash
Company Secretary

Registered office:
"Chaitanya",
No.12, Khader Nawaz Khan Road,
Nungambakkam, Chennai - 600 006.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors have pleasure in presenting the 60th annual report and the audited financial statements of the Company for the year ended 31st March 2022.

1. FINANCIAL HIGHLIGHTS

	(₹ in Cr)	
Particulars	Year ended 31.03.2022	Year ended 31.03.2021
Revenue from Operations	1743.27	1176.91
Other Income	93.59	111.17
Profit / (Loss) before Depreciation, Finance Costs, Exceptional items and Tax Expense	324.54	261.62
Less: Depreciation/ Amortization / Impairment	101.74	77.90
Profit / (Loss) before Finance Costs, Exceptional items and Tax Expense	222.80	183.72
Less: Finance Costs	44.91	47.62
Profit / (Loss) before Exceptional items and Tax Expense	177.89	136.10
Add / (less): Exceptional items	(19.75) *	(13.00)
Profit before Tax Expense	158.14	123.10
Less: Tax Expense (Current & Deferred)	23.80	47.26
Profit / (Loss) for the year	134.34	75.84
Other Comprehensive Income / (Loss)	(3.12)	98.20
Total Comprehensive Income	131.22	174.04
Dividend paid on Equity Shares	89.02	52.61

* Exceptional items excludes profit on sale of shares (including interest) amounting to ₹ 2,142.35 Cr.

2. DIVIDEND

The Board of Directors of the Company (the Board) at their meeting held on 22nd March 2022, declared an interim dividend of ₹ 44/- per share (880%) on 2,02,32,085 equity shares of ₹ 5/- each for the year 2021-22 absorbing a sum of ₹ 89.02 Cr. The same was paid on 7th April 2022.

The Board does not recommend any further dividend for the year under consideration. The dividend pay-out is in accordance with the Company's Dividend Distribution Policy.

The Board is not considering any transfer of amount to General Reserves for the year under review, as it is not mandatorily required.

3. PERFORMANCE

Indian economy:

India's real Gross Domestic Product (GDP) grew by 8.9% in FY22 as against a negative growth of 7.3% in FY21. This growth was seen despite the impact of the 2nd & 3rd waves of CoVID-19 in the first & fourth quarter of FY22. The economy recovered, but at a slower rate caused due to the lower growth in December quarter which pulled down

the overall annual growth rate to below 9%. The global growth increased by 5.5% in 2021 against a negative growth of 2.6% in 2020.

US economy:

The US recorded GDP growth of 5.5% in 2021 (-3.4% in 2020). The continued emergency support of CARES aid till September '21 helped the growth in a broad range of indicators like housing markets, consumer spending and trade.

EU economy:

The EU economy ended 2021 positively with a 5.5% growth over the previous year where the GDP had contracted by a record 7.8%. Throughout the year, restrictions were gradually eased which helped bring growth back into the economy.

Company's Performance:

The year 2021-22 continued to be a challenging but successful year for the Company. The year started with the 2nd wave of CoVID-19 which was more severe than the first wave in 2020-21. This resulted in lower demand in the first quarter of FY22. Post this period, the demand picked up till the festival season on the lower base of previous year, but in H2 the industry witnessed a decline due to continued shortage of semiconductors which impacted production and demand in both rural and urban areas. Despite this volatile and uncertain environment, the Company continued to improve on its performance by its sharp focus on systemic improvement actions across the organization, improving productivity & quality and meeting the customer requirements on-time. This enabled the Company in posting a strong performance during the year.

The following table highlights the performance of the Company during FY 2021-22:

Particulars	FY 2021-22	FY 2020-21	Variance (in %)
Sales (Tonnage)	38,982	32,649	19%
Sale of goods (₹ in Cr)	1,648.67	1,113.32	48%
Domestic sales (₹ in Cr)	868.57	607.62	43%
Export sales (₹ in Cr)	780.10	505.70	54%
Profit before Tax (₹ in Cr)	158.14 *	123.10	29%

* Excludes profit on sale of shares amounting (including interest) to ₹ 2,142.35 Cr.

4. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

I. INDUSTRY STRUCTURE AND DEVELOPMENT:

Domestic

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

(Figures in '000 nos)

Category	FY 2021-22	FY 2020-21	Variance (in %)
Two Wheelers	17,806	18,397	(3%)
Passenger Vehicles	3,630	3,115	17%
Commercial Vehicles (M&HCV)	298	195	53%

(Source: SIAM+DICV internal estimate)

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FY2021-22 was another tough year for the Indian automobile industry. The industry, recovered from the historic lows of 2020-21, but continued to be plagued during the year due to the 2nd & 3rd waves of CoVID-19, shortage of semiconductors, supply chain uncertainties, high logistics cost, rising commodity prices and above all the lowering in demand post the festive season. Geo-political issues and the Russia-Ukraine war also resulted in a muted Q4 for the industry.

Exports

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

Market	Category	(in Nos)		
		FY 2021-22	FY 2020-21	Variance (in %)
North America	Class 8 Trucks	2,70,466	2,39,287	13%
North America	Class 4-7 Trucks	2,65,498	2,45,268	8%
Europe	Heavy trucks (>16T)	2,67,711	2,22,832	20%

(Source: FTR & ACEA)

North America: The Class 8 trucks showed buoyant growth in H1 over the lower base in 2020. Demand for goods was strong which had led to strong freight rates. The industry however experienced the impact of component shortages due to port congestions as well as the availability of semiconductors. The situation was also compounded by the lack of availability of truck drivers due to the vaccine mandate by the US government. Truck manufacturers had to moderate the order intake process throughout the year. With the availability of semiconductors improving in later half of the year, both Class 8 & 4-7 segments saw strong factory shipments.

Europe: In the EU markets, demand for heavy commercial vehicles saw a buoyant growth. New truck registrations surged by ~21% across the European Union. All the 27 EU markets posted growth during the year including the 4 largest ones - Italy, Spain, Germany and France. However, the numbers were still below the pre-pandemic levels of 2019.

II. BUSINESS OUTLOOK AND OVERVIEW

Directors are optimistic about the future. This optimism is based on the lower expected impact of future wave of covid basis the wave 3 which saw minimal hospitalization and loss of life, thrust on infrastructure spending by the Government and the expectation of a normal monsoon.

The Aatma Nirbhar Bharat Scheme of the Union Government is also witnessing significant investments by businesses to make India self-reliant. Significant portion of the incentives are being given for Automotive & Auto Component industries where focus is on having a self-reliant supply chain including accelerating the transition to EV and setting up infrastructure for semiconductor manufacturing in India.

The increase in global oil prices and commodities due to the Russia-Ukraine war is expected to have some impact on the demand in the automotive industry. These are being keenly tracked from demand side as well as the supply side factors.

Despite this, India's GDP is projected to grow between 6% - 7% in FY23. Service sector is likely to grow by 7% - 8% supported by growth in tourism and travel sector which has been impacted over the past

2 years. Industry is expected to grow by 6% also being driven by increased capex outlay.

Global GDP is projected to grow slower at 4% in 2022 on the back of the Russia-Ukraine war which would impact trade and have inflationary effects due to higher prices for input materials. The renewed waves and new variants of CoVID-19 virus also poses concerns for the outlook.

The US economy is poised to slowdown to 2.8% from the previous forecast of nearly 4% growth. Higher prices of gasoline and food forced households to cut back on spending which would result in restrained economic growth. The Fed is expected to tighten the monetary policy by raising the interest rates to fight high inflation which is at a 40 year high. The U.S. truck market (Class 8) volumes are expected to grow by 9% in 2022.

Outlook for EU has become very unpredictable and depends on how the Russia-Ukraine war unfolds. Soaring energy prices and negative confidence imply significant headwinds to domestic demand in the near term. The economic activity is expected to grow by a moderate 2.3%. Few countries in the Union are also expected to go into a recession. Consequently, the EU commercial vehicles demand (M&HCV segment) in 2022 could be in low single digits.

In general, the business environment is expected to be tough during the year both in domestic market as well as in overseas.

III. OPPORTUNITIES & THREATS

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

The revenue of the Company is derived from Medium & Heavy Commercial Vehicles (MHCV) (63%), followed by two wheeler industry (21%) and the car industry (16%).

In the short to medium term, on account of a low base, all auto segments are expected to register a better Q1 but, the overall growth is expected to be negative for the Indian 2W segment whereas the Passenger car and Commercial vehicles would perform better.

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

The supply chain disruptions caused by the pandemic could have OEMs review their global purchasing strategies which would result in a strong push for localization to de-risk the supply chain despite cost impact. We also expect that many companies will move their businesses out of China, which is a major source of supplies for automotive parts.

Several Indian die casting companies and OEMs have set up new capacities or expanded existing capacities over the past few years. With current market conditions, the capacity utilization is expected to moderately improve in FY23. The Company will be continuing its actions to secure new businesses to ensure better utilization of assets despite the increased competition and cost pressure.

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

Raw material timely availability, shortages in semi-conductors and container availability due to CoVID led disruptions in China and high costs of logistics, may impact sales and financial performance during the year.

IV. RISKS AND CONCERNS

Economy

There are possible risks on the horizon, both global and domestic. In India, the strong economic recovery could be hampered by the continued Russia-Ukraine conflict and the emergence of new variants of the virus. The effects of any significant economic disruption could have a cascading effect through both demand and supply channels. If supply chains get hit and inflation starts rising, purchasing power and demand will be constricted.

Globally, the geopolitical strife, economic sanctions and other disruptions to global supply chains or escalation of scale could adversely affect the economic resurgence across the world. Overall, the high inflationary pressures seen could have a negative impact to global demand. This could weaken the outlook for overseas business.

CoVID continues to be a cause of concern owing to the emergence of new variants which could cause hardship for the population and disrupt the progress.

Industry specific

The Indian commercial vehicle industry is a strong indicator of the economic activity in a country and has a strong correlation with the agricultural growth, infrastructure development and the mining industry. The expected increase in industrial activity, steady agricultural output, and the government's focus on infrastructure will drive the demand. But disruptions like semiconductor shortages, port congestions, higher transportation cost, hiked raw material prices and fresh lockdowns could constrain the supply.

The global automotive industry will witness single-digit growth in 2022. Also, the shift away from fossil fuel vehicles, in favour of low/ zero emission vehicles will take centre stage and OEMs will reposition themselves on a new path towards the same.

Aluminium prices climbed to the highest level in two years to average \$ 3,200 per ton in March 2022. Given a tight demand-supply balance, Russian aluminium non-availability will aggravate the metal availability globally. With demand for aluminium soaring, there is a supply deficit pushing up the prices in the near to medium term.

Forex

With significant exports, import of raw materials and capital goods, the Company is always exposed to impact on account of currency

fluctuations. However, the Company has a well-defined forex hedging policy to mitigate the risks.

Contractual

The stipulation and requirements of the automobile industry demands high quality products. Robust quality management systems meeting international standards like IATF 16949 are in place to ensure excellent product quality. Additionally, the Company has also taken appropriate recall and product liability insurance in line with standard industry practice.

Just-in-time delivery is another important contractual obligation. Robust quality and project management systems are in place to avoid delay in deliveries due to quality issues or project implementation.

Capacity utilization

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

Risk Management Policy

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

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

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

V. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

Internal Financial Controls

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

VI. OPERATIONS REVIEW

A. Manufacturing

The Company has been using Total Quality Management (TQM) as the foundation of its management. The Company implemented the best practices like Total Productivity Management (TPM) and Lean Manufacturing (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. The Company's journey of achieving manufacturing excellence was recognized and rewarded by the following customers during FY 2021-22.

- DAF - Recognized the Company in "Leaders category". The Company is one among 17 suppliers globally to be selected for this recognition for the 2nd consecutive year
- Cummins - Best supplier of the year - Direct Sourcing award for the year 2020.
- WABCO - Appreciation for best efforts by the Company for meeting delivery requirements
- TCL - Efforts extended for ensuring delivery of critical parts despite all challenges
- CTT - Timely supply of critical parts
- Volvo - Meeting volume increase and maintaining pipelines during the CoVID-19 wave 3.

B. Quality

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

Poka-yokes, process audits, use of statistical tools for process optimization and online process controls also contribute towards improving and achieving consistency in product quality. The quality system is certified for 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.

C. 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.

D. Information Technology

The Company uses ERP system that integrates all business processes across the Company. Suppliers and customers are also integrated into the system for better planning and execution. During the year, 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.

VII. KEY FINANCIAL RATIOS

As required under Regulation 34 of the Listing Regulations, details of changes in some of the ratios, as compared to the previous year are given below:

Particulars	Unit of measurement	Standalone		Consolidated	
		2021-22	2020-21	2021-22	2020-21
Interest Coverage Ratio	Times	7.57	5.76	12.56	8.88
Net Profit Margin	%	8.39	6.90	3.27	3.03
Return on Net Worth	%	23.91	12.41	16.12	13.18

The ratios have improved in the current year, predominantly due to higher profits driven by better operational performance.

VIII. NON-CONVERTIBLE DEBENTURES

The Company had issued and allotted 1,000 unsecured, redeemable, Non-Convertible Debentures (NCD) of face value of ₹ 10 Lakhs each on 18th August 2020 aggregating to ₹ 100 Crores at 7.65% p.a. and redeemable in equal instalments at the end of 4th year and 5th year. The NCDs were listed with National Stock Exchange of India Limited (NSE) on 25th August 2020.

IX. 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.

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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 31st March 2022, the Company had around 1,606 employees on its rolls.

X. 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.

XI. CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis Report describing the Company's objectives, projections, estimates and expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include, amongst others, economic conditions affecting demand / supply and price conditions in the domestic and overseas market in which the Company operates, changes in the Government Regulations, Tax Laws and Other Statutes and Incidental Factors.

CORPORATE RESTRUCTURING

(I) SCHEME OF AMALGAMATION AND ARRANGEMENT - TVS GROUP

A memorandum of family arrangement was executed on 10th December 2020, between the TVS Family for aligning and synchronizing the ownership of shares in various companies / business with the management of the respective companies, as is currently being done.

In this regard, a Composite Scheme of Amalgamation and Arrangement (Scheme) was filed with NCLT by T V Sundram

Iyengar & Sons Private Limited, the holding Company and an order was pronounced on 6th December 2021 sanctioning the Scheme. Consequent to the Scheme being effective, Sundaram Industries Private Limited and Southern Roadways Private Limited got merged with TVS Sundram Iyengar & Sons Private Limited and the equity shares held by T V Sundram Iyengar & Sons Private Limited and its subsidiaries viz., Sundaram Industries Private Limited and Southern Roadways Private Limited, in Sundaram-Clayton Limited (SCL) have been vested with TVS Holdings Private Limited effective 4th February 2022.

TVS Holdings Private Limited thus became the holding company effective that date.

(II) COMPOSITE SCHEME OF ARRANGEMENT OF THE COMPANY FOR ISSUE OF BONUS REDEEMABLE PREFERENCE SHARES AND DEMERGER OF MANUFACTURING UNDERTAKING

The Company, *inter-alia*, is engaged in the business of manufacturing non-ferrous gravity and pressure die castings and holding investments in entities engaged in two-wheeler and three-wheeler auto business.

The Company has built up substantial surplus reserves, from its retained profits. The surplus reserves are well above the Company's current and likely future business needs. Overall reserves position is expected to improve further even after considering cash requirements for Company's capex programme and working capital requirements. Accordingly, the Company is of the view that these excess funds can be optimally utilized to reward its shareholders in such difficult and unprecedented times.

At the same time, in keeping with Company's tradition of conventional cash management and being mindful of the challenging business environment, the Company is of the view that it would be prudent to retain liquidity as well. Accordingly, the Company has proposed, *inter alia*, to distribute such funds amongst its shareholders, by issuing fully paid up listed non-convertible redeemable preference shares by way of bonus.

Further, given Company's diversified business, it has also become imperative for the Company to reorient and reorganize itself in a manner that allows imparting greater focus on each of its businesses. Segregation and unbundling of the businesses of the Company, will enable enhanced focus on each of the businesses and will further unlock value for the shareholders.

In view thereof, the Company has proposed to reorganise and segregate the businesses of manufacturing non-ferrous gravity and pressure die castings from its other businesses.

As part of the overall restructuring exercise, it is also proposed to consolidate promoter holding entities with the Company by way of merger. Pursuant to the said consolidation, the promoters of the Company will effectively surrender their nonconvertible redeemable preference shares held in lieu of the monetary obligations of the promoter companies. Further, the said consolidation will efficiently streamline the promoter holding structure, bring diverse trading

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businesses from the promoter entities into the Company and will also reduce the administrative, legal and regulatory responsibilities and consequential costs.

Upon approval of the Composite Scheme of Arrangement being approved by National Company Law Tribunal, (NCLT),

- (1) The 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, which will be listed on both the Stock Exchanges viz., BSE Limited and National Stock Exchange of India Limited.
- (2) TVS Holdings Private Limited, (TVS Holdings) the holding Company will merge with the Company. The 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 TVS Holdings, on respective record dates as mentioned in the Scheme. Both equity shares and NCRPS will be listed on both the Stock Exchanges
- (3) The Company shall issue 19 equity shares of INR 5 each fully paid up, to the shareholders of the VS Investments Private Limited (VSIPL), in the proportion of the number of equity shares held by the shareholders in VSIPL.
- (4) The shareholders of the Company will get 1 equity share of INR 5 each fully paid up of Sundaram-Clayton (DCD) Limited, the demerged 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 Sundaram-Clayton (DCD) Limited, for every 1,000 NCRPS held by such shareholder.

The Board at its meeting held on 9th February 2022 has approved the above Composite Scheme of Arrangement of the Company for issue of bonus redeemable Preference shares and Demerger of Manufacturing undertaking, on the recommendation of the Audit Committee and Independent Directors at their respective meetings held on that date. The Company has filed application to both the Stock Exchanges viz., BSE Limited and National Stock Exchange of India Limited for obtaining NOC. Post receipt of NOC, the Company will file necessary application with NCLT, Chennai.

5. DIRECTORS' RESPONSIBILITY STATEMENT

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

- i. in the preparation of annual accounts for the financial year ended 31st March 2022, the applicable Accounting Standards had been followed along with proper explanation relating to material departures, if any;
- ii. the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- iii. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with

the provisions of the Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- iv. the Directors had prepared the accounts for the financial year ended 31st March 2022 on a "going concern basis";
- v. the Directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- vi. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

6. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

Over 26 years of service, SST has played a pivotal role in changing lives of people in rural India by creating self-reliant communities that are models of sustainable development.

The CSR Committee formulated and recommended a CSR Policy in terms of Section 135 of the Act, 2013 along with a list of projects / programmes to be undertaken for CSR spending in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The projects / programmes undertaken by SST and other eligible Trusts are falling within the CSR activities as specified under Schedule VII to the Act, 2013.

Based on the recommendation of the CSR Committee, the Board has approved the projects / programmes carried out as CSR for an amount of ₹ 20 lakhs for undertaking similar programmes / projects constituting more than 2% of the average net profits of the Company, made during the three immediately preceding financial years, towards CSR spending for the financial year 2021-22 and the Company has met the CSR spending through SST registered with the Ministry of Corporate Affairs.

Presently, SST work with communities and governments to empower India's rural poor through awareness, skills and training programs. SST also do this by helping them find solutions that are sustainable, in areas ranging from economic development, and infrastructure to healthcare and education. SST encourage them to alter their attitudes and take ownership of changes that bring about lasting development.

SST is working in thousands of villages spread across Tamil Nadu, Karnataka, Maharashtra, Himachal Pradesh, and Andhra Pradesh. SST has focused on the areas of economic development, health care, education, environment, social, infrastructure, water conservation and rural development actively in many villages. So far in the last 26 years, across SST, more than 60,000 women have been organized into Self-Help Group (SHGs), 2,500 village government infrastructures have been repaired and renovated, more than 290 water bodies have been desilted, to name a few of the activities.

SST has won the 'Outstanding Social Innovation' award at the CK Prahalad Awards 2021 under 'Bottom of the Pyramid' category. The award is a testament to the efforts SST has put in the last 26 years

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working in 2500 villages in and around Southern India bringing about holistic development.

All of the projects undertaken through SST or other trusts, for its CSR obligations, are within the limit of ₹ 1 Cr and do not require impact assessment.

As required under Section 135 of the Act, 2013 read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, the annual Report on CSR, containing the particulars of the projects/programmes approved and recommended by the CSR Committee and approved by the Board for the financial year 2021-22 are given by way of Annexure IV attached to this Report.

It may also be noted that the CSR Committee has approved the projects or programmes to be undertaken by the SST and other eligible trusts for the year 2022-23, preferably in local areas including the manner of execution, modalities of utilisation of funds and implementation schedules and also monitoring and reporting mechanism for the projects or programmes, as required under the Companies Amendment Act, 2020.

7. FINANCIAL PERFORMANCE & POSITION OF SUBSIDIARIES & ASSOCIATES

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

Subsidiaries

1. TVS Motor Company Limited (TVSM), Chennai;
2. Sundaram-Clayton (USA) Limited, USA
3. Sundaram-Clayton DCD Limited, Chennai

Subsidiaries of TVSM

4. Sundaram Auto Components Limited (SACL), Chennai
5. TVS Housing Limited, Chennai
6. TVS Motor Services Limited, Chennai
7. TVS Credit Services Limited (TVSCS), Chennai
8. Intellicar Telematics Private Limited, Bengaluru (Intellicar)
9. TVS Electric Mobility Ltd, Chennai (From 13.12.2021)
10. TVS Motor Company (Europe) B.V., Amsterdam
11. TVS Motor (Singapore) Pte. Limited, Singapore (TVSM Singapore)
12. PT TVS Motor Company Indonesia, Jakarta

Subsidiaries of TVSCS

13. Harita ARC Private Limited, Chennai
14. TVS Housing Finance Private Limited, Chennai
15. TVS Two-wheeler Mall Private Limited, Chennai

Subsidiaries of TVSM Singapore

16. The Norton Motorcycle Co Limited, UK
17. TVS Digital Pte Ltd, Singapore (From 20.05.2021)
18. The GO Corporation, Switzerland (GO AG) (From 16.09.2021)
19. Swiss E-Mobility Group (Holding) AG (SEMG) (From 27.01.2022)

Subsidiaries of GO AG (From 16.09.2021)

20. EGO Movement Stuttgart GmbH, Germany

Subsidiaries of SEMG (From 27.01.2022)

21. Swiss E-Mobility Group (Schweiz), Switzerland
22. Colag E-Mobility GmbH, Germany

Subsidiaries of SACL

23. Sundaram Holding USA Inc, Delaware, USA
24. Green Hills Land Holding LLC, South Carolina, USA
25. Components Equipment Leasing LLC, South Carolina, USA
26. Sundaram - Clayton (USA) LLC, South Carolina, USA
27. Premier Land Holding LLC, South Carolina, USA

Subsidiary of Intellicar (From 10.11.2021):

28. Intellicar Singapore Pte Ltd, Singapore

Associates

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

SUBSIDIARIES / ASSOCIATES

TVS Motor Company Limited (TVSM)

TVSM is engaged in the business of manufacture of two and three wheelers. During the year 2021-22, TVSM's total revenue including other income was ₹ 20,809.50 Cr and earned a profit after tax of ₹ 893.56 Cr

TVSM for the year 2021-22, declared interim dividend of ₹ 3.75 per share (375%) absorbing a sum of ₹ 178.16 Cr on 47,50,87,114 equity shares of ₹ 1 each.

Sundaram-Clayton (USA) Limited

Sundaram-Clayton (USA) Limited, a wholly owned subsidiary of the Company is engaged in the business of providing Professional Employer Organisation ("PEO") services to the employees of the Company.

Sundaram-Clayton DCD Limited

During the year, the Company acquired the entire shares of Sundaram-Clayton DCD Limited and hence it became a wholly owned subsidiary of the Company.

Sundaram Auto Components Limited (SACL)

The total income of SACL was ₹ 608 Cr in the current year as against ₹ 463 Cr in the previous year 2020-21.

SACL earned a profit after tax of ₹ 4.30 Cr after incurring an exceptional cost of ₹ 6 Cr during the year 2021-22 as against loss of ₹ 19.08 Cr in the previous year after incurring an exceptional cost of ₹ 9.36 Cr. Exceptional cost includes separation cost. SACL is a wholly owned subsidiary of TVSM.

TVS Housing Limited (TVSH)

TVS Housing Limited is a wholly owned subsidiary of TVSM.

TVS Motor Services Limited (TVS MS)

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

TVS MS now holds 0.54% only in TVS CS post redemption of its preference shares held by TVSM and TVS MS continues to be a wholly owned subsidiary of TVSM.

TVS Credit Services Limited (TVS CS)

TVS CS is the retail finance arm of TVSM for financing of two wheelers. During the year 2021-22, TVS CS's overall disbursements registered at ₹ 12,533 Cr as compared to ₹ 8,627 Cr in the previous year registering growth of 45%. During the year under review, the assets under management are around ₹ 13,911 Cr as against ₹ 11,200 Cr during the

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previous year registering a growth of 24%. Total income during the financial year FY 2021-22 increased to ₹ 2,731 Cr from ₹ 2,241 Cr during the financial year, an increase of 22% of previous year.

The profit before tax and exceptional items for the year stood at ₹ 151 Cr as against ₹ 105 Cr during the previous year registering a growth of 44%.

The following companies are the subsidiaries of TVS CS.

1. Harita ARC Private Limited, Chennai.
2. TVS Housing Finance Private Limited, Chennai.
3. TVS Two wheeler Mall Private Limited, Chennai.

All the above subsidiaries are yet to commence their operations.

During the year, TVS CS has divested its entire stake in Harita Collection Services Private Limited, TVS Micro Finance Private Limited and TVS Commodity Financial Solutions Private Limited.

Intellicar Telematics Private Limited (Intellicar)

Intellicar provides advanced fleet management solutions through an integrated platform powered by IoT technologies coupled with strong analytics and data management capabilities. It will help accelerate the ongoing digital initiative of the Company that are targeted at delivering enhanced customer experience. Total income of Intellicar was at ₹ 21.6 Cr in the year 2021-22 as against ₹ 7.9 Cr in the previous year 2020-21. Intellicar made a profit before tax of ₹ 0.96 Cr in the year 2021-22 as against loss of ₹ 4.8 Cr in the previous year 2020-21 and is forecasting strong YoY financials with material growth in both revenue and ARR (Annual Recurring Revenue) for 2022-23. Intellicar is a wholly owned subsidiary of TVSM.

TVS Electric Mobility Ltd, Chennai (TVSEM) (From 13.12.2021)

During the year, TVSM has incorporated TVSEM on 13th December 2021, to undertake Electric Mobility business. The entire shares of TVSEM have been subscribed by TVSM and hence, TVSEM is a wholly owned subsidiary of TVSM.

TVS Motor Company (Europe) B.V

TVS Motor Company (Europe) B.V. was incorporated with a view to serve as special purpose vehicle for making and protecting the investments made in overseas operations of PT TVS.

TVS Motor (Singapore) Pte. Ltd

TVS Motor (Singapore) Pte Limited, a wholly owned subsidiary, through its subsidiary TVS Digital Pte. Ltd. (TVSD), Singapore is being leveraged to operationalize a digital technology organization focused on delivering high quality digital solutions that address real life business challenges by harnessing the power of Analytics, Artificial Intelligence, Augmented Reality, Machine Learning and Internet of Things. The solutions and offerings are focused in the areas of automotive and fintech industries that have direct relevance to the Company and its subsidiaries and are scalable and monetizable in the digital economy.

TVS Motor (Singapore) Pte Limited had made investments aggregating USD 17.9 Mn in Altizon Inc (USA) in the area of Digital Manufacturing focused on Digitizing Legacy Factories, Predictrics Corporation (USA) in the area of Digital Manufacturing focused on Predictive Maintenance, Scienaptic (USA) in the area of Credit Services focused on Credit Decisioning, Underwriting and Collections and in Tagbox (Singapore) in the area of Fleet Management focused on Granular Asset Tracking.

The Company's invested entities have performed very well with Altizon, Intellicar and Tagbox registering double-digit revenue growth, while all invested entities delivered YoY multiples in ARR growth coupled with improved operational and financial metrics compared to the previous financial year. Thanks to the growth in digital technologies driven by both CoVID-19 and booming digital economy, it is expected that the invested start-ups will continue to deliver material growth in FY 2022-23 including with financial and operational metrics while continuing to add value to the ongoing digital transformation initiatives in our group companies.

TVS Digital Pte Ltd, Singapore (From 20.05.2021)

TVS Digital Pte Limited, Singapore is a wholly owned subsidiary of TVS Motor Singapore Pte Limited.

PT. TVS Motor Company Indonesia (PT TVS)

PT TVS posted an Operating PBT of ₹ 17.69 Cr for the full year.

PT TVS recorded sales of 11,094 nos. of three wheelers as against 5,863 nos. of sales during the previous year (growth of 89%) and 86,196 nos. of two wheelers as against 58,901 nos. in last year, thereby registering a growth of 46%.

The growth in sales numbers, coupled with effective management of fixed costs enabled company to achieve EBITDA of ₹ 38.53 Cr as against ₹ 20.08 Cr of last year.

Swiss E-Mobility Group (Holding) AG (SEMG)

During the year, TVSM acquired majority stake in Swiss E-Mobility Group and its subsidiaries viz., Swiss E-Mobility Group (Schweiz) and Colag E-Mobility GmbH through TVS Motor (Singapore) Pte Ltd.

The acquisition reaffirms TVSM's commitment to expansion in Europe, largest eBike market outside of China, through a portfolio of premium and technology leading brands including EGO Movement.

SEMG is a market-leading provider of e-mobility solutions within the DACH region, operating the largest pure-play e-bike retail chain M-way in Switzerland. By combining its extensive physical network and e-commerce platform with two online platforms and 31 physical stores strategically located across Switzerland.

This acquisition of a profitable and growing platform with the opportunity to drive further value will augur well for the Company in the long run.

GO AG, Switzerland (GO AG)

During the year, TVSM acquired majority stake in GO AG, Switzerland and its subsidiary EGO Movement through TVS Motor (Singapore) Pte Ltd.

Over the past decade, the personal mobility landscape has evolved significantly with the global sustainability agenda, increasing urbanisation and advancement in battery technology.

EGO Movement's product portfolio focuses on delivering sustainable products with the latest technology and stylish designs. A powerful battery is blended harmoniously into the frame, whose ergonomic design allows for a comfortable upright sitting position. In addition, with technical refinements such as a powerful mid-motor including a torque sensor, a USB port on the removable lithium-ion battery and an LED light that

Sundaram-Clayton Limited

automatically switches on at dusk. The unique and innovative design philosophy has earned the company multiple awards, including the prestigious Red Dot Award.

This acquisition is in line with TVSM's commitment towards electrification and the broader sustainability agenda for building an aspirational product portfolio while nurturing sustainable and scalable brands. EGO Movement is a Swiss technology company providing innovative mobility solutions through a portfolio of e-bikes, e-cargo bikes and e-scooters. EGO Movement has a strong presence in Europe with customer-centric products, a unique omnichannel network and a visionary team at its helm.

The Norton Motorcycle Co Limited, UK

During the financial year 2021-22, The Norton Motorcycle Co. Limited (UK) (Norton) which was acquired by the wholly owned subsidiary TVS Motor (Singapore) Pte. Limited in April 2020, has established a modern, state of the art manufacturing facility, capable of producing high end premium motorcycles, at Solar Park, Solihull, West Midlands, UK. Norton has firmed up its product plan with a series of new products to be launched in coming years catering to various segments of the premium motorcycle market.

Production of motorcycles at the newly established facility has commenced and they are expected to be in the market very soon. Key management positions have been filled up and the organisation has been strengthened through recruitment of manpower with required skills & talent in all functions. Norton will continue its focus on manufacturing products with high quality standards, establishing a robust supply chain & distribution network in its journey of relaunching this iconic brand to its rightful place at the global level.

Sundaram Holding USA Inc. (SHUI) & its subsidiaries

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

SHUI's wholly owned subsidiaries are:

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

During the year 2021-22, the Company has invested a sum of USD 23.95 Mn in the ordinary shares of SHUI. The Company and SACL holds 49.7% and 50.3% respectively of the total capital of SHUI as on 31st March 2022.

Post CoVID-19, SHUI has restarted its operation and started supplies to customer during first half of 2021-22.

Associates:

Emerald Haven Realty Limited (EHRL)

During the year, EHRL revenue increased by 46% and sales increased by 6% despite adverse impacts due to the second wave of CoVID-19

and the lockdown restrictions imposed in May / June'21, severe cyclone and floods in November '21.

The Company also worked on various value engineering measures to control operating and fixed costs, which helped in the operating performance of the Company.

Subsidiaries of EHRL

1. Emerald Haven Development Limited;
2. Emerald Haven Projects Private Limited;
3. Emerald Haven Life Spaces (Radial Road) Limited;
4. Emerald Haven Realty Developers (Paraniputhur) Private Limited;
5. Emerald Haven Property Development Limited;
6. Emerald Haven Town and Country Private Limited;
7. Happiness Harmony Property Developers Private Limited; and
8. Emerald Haven Towers Limited.

TVS Training and Services Limited (TVS TSL)

TVS TSL is engaged in the business of establishing and providing vocational training services to various industries and is participating in the National Skill Development Projects. During the year, the Company earned an income of ₹ 23.71 Cr and profit after tax for the year ended 31st March 2022 was ₹ 1.38 Cr.

Sundram Non-Conventional Energy Systems Limited (SNCES)

SNCES is engaged in the business of generation of power. During the year 2021-22, the Company earned a total revenue of ₹ 2.70 Cr and Profit after tax was ₹ 2.50 Cr.

8. CONSOLIDATED FINANCIAL STATEMENTS

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

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

The consolidated Profit Before Tax of the Company and its subsidiaries & associates amounted to ₹ 1184.20 Cr for the financial year 2021-22 as compared to ₹ 854.26 Cr in the previous year.

9. DIRECTORS & KEY MANAGERIAL PERSONNEL

Special Recognition for Mr Venu Srinivasan

Mr Venu Srinivasan was conferred the Padma Bhushan by the President of India. The award is conferred for "distinguished service of a high order and is one of the highest civilian awards of the Republic of India".

Mr Venu Srinivasan is also the AUTOCAR MAN OF THE YEAR 2021.

Appointment of Chairman Emeritus and Chairman

Mr Venu Srinivasan was designated as Chairman Emeritus effective 1st April 2022 by the Board, at its meeting held on 9th February 2022 and continues to be the Managing Director of the Company.

At the same meeting, the Board appointed Mr R Gopalan, Independent Director as Chairman of the Board effective 1st April 2022.

Dr. Lakshmi Venu takes over as Managing Director

Effective 6th May 2022, as approved by the Board at its meeting held on that date, Dr. Lakshmi Venu, took over as the Managing Director of the Company. Dr. Lakshmi Venu has been leading the Company from the forefront with aplomb for over a decade now. She has been the lead architect of establishing Company's global footprint. She managed the turnaround of the Company to make it a competitive foundry in the world, and has built deep customer relationships.

Directors' appointment / re-appointment / resignation

During the year under review, the Board has appointed Mr K Gopala Desikan, as an Additional Director and also as Director and Group Chief Financial Officer (Director & Group CFO), in the rank of Whole-Time Director for a period of 5 years effective 9th February 2022, on the recommendation of the Nomination and Remuneration Committee (NRC).

The Board considered his appointment as an additional Director and Director & Group CFO of the Company, subject to the approval of the shareholders, liable to retire by rotation. His terms of appointment and remuneration payable as Director & Group CFO were approved by the shareholders through Postal Ballot on 21st March 2022.

Mr T K Balaji and Mr Gopal Srinivasan, Non-Executive Directors resigned from the Board effective 4th February 2022. Consequent upon resignation, they also ceased as the members of the Committee, wherever they hold membership.

The Board recorded its appreciation on the contributions made by Mr T K Balaji and Mr Gopal Srinivasan and also their uniqueness in handling issues to the granularity which made an indelible impression on all Directors of the Company and had the highest degree of understanding and earnestness for solving problems.

In terms of the provisions of sub-section (6) read with explanation to Section 152 of the Act, 2013 two-thirds of the total number of Directors i.e., excluding IDs, are liable to retire by rotation and out of which, one-third is liable to retire by rotation at every annual general meeting. Dr Lakshmi Venu and Mr Sudarshan Venu are liable to retire by rotation, at the ensuing AGM, and being eligible, offer themselves for re-appointment.

The Directors have recommended the re-appointment for the approval of shareholders. Brief profiles of the retiring Directors are furnished in the Notice convening the AGM of the Company.

Independent Directors (IDs)

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

At the AGM held on 23rd July 2019, Ms Sasikala Varadachari was appointed as ID for the first term of five consecutive years. M/s Vice Admiral P J Jacob was re-appointed as ID for a second term of five consecutive years from 21st August 2019 and M/s V Subramanian, S Santhanakrishnan, R Vijayaraghavan and Kamlesh Gandhi were re-appointed as IDs for the second term of three consecutive years from 21st August 2019. Mr Gopalan was re-appointed as ID for the second term of three consecutive years from 24th July 2019. The terms of appointment of IDs include the remuneration payable to them by way of fees and profit related commission, if any.

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

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

The detailed terms of appointment of IDs is disclosed on the Company's website in the link as provided in page no. 73 of this Annual Report.

All the IDs have registered with the databank of Independent Directors developed by the Indian Institute of Corporate Affairs in accordance with the provisions of Section 150 of the Act, 2013 and obtained ID registration certificate and renewed the same for five years / life time, as the case may be.

Separate meeting of Independent Directors

During the year under review, a separate meeting of IDs was held on 22nd March 2022.

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

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

IDs used various criteria prescribed by the Nomination and Remuneration Committee (NRC) for evaluation of Non-IDs and Executive Directors viz., M/s. Venu Srinivasan, Dr. Lakshmi Venu and K Gopala Desikan and Non-Executive Directors viz., Sudarshan Venu and Rajesh Narasimhan, Directors, and also of Chairman of the Board and the Board as a whole, for the year 2021-22.

IDs evaluated the performance of all Non-IDs individually, through a set of questionnaires. They reviewed the developing strategic plans aligned with the vision and mission of the Company, displaying leadership qualities for seizing the opportunities and priorities,

developing and executing business plans aware of the risks involved, establishing an effective organizational structure, and demonstrating high ethical standards and integrity and commitment to the organization besides participation at the Board / Committee meetings, effective deployment of knowledge and expertise and constructive comments / guidance provided to management by the Non-IDs.

They have also noted the milestones achieved by the Company during the year under review.

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

(b) Chairman

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

The IDs also placed on record their appreciation of Chairman's high level of integrity & objectivity and judicious approach, and brings his vast experience to bear on steering Board discussions and decisions for the benefit of the Company and Shareholders.

(c) Board

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

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

IDs recorded that they were always kept involved through open and free discussions and provided additional inputs in emerging areas being forayed into by the Company and high levels of Corporate Governance in all management discussion and decisions were maintained.

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

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

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

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

The Company is in compliance with the statutory requirements under both the Companies Act and Listing Regulations and all the information provided to the Directors are very wholesome.

The information provided for the meetings were clear, concise and comprehensive to facilitate detailed discussions and periodic external presentations on specific areas well supplemented the management inputs. The emerging e-technology was duly incorporated in the overall review of the Board.

KEY MANAGERIAL PERSONNEL (KMP)

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

Nomination and Remuneration Policy

The Nomination and Remuneration Committee of Directors (NRC) reviews the composition of the Board to ensure an appropriate mix of abilities, experience and diversity to serve the interests of all stakeholders of the Company.

Nomination and Remuneration Policy was approved by the Board at its meeting held on 24th September 2014 and amended from time-to-time to maintain consistency and statutory amendments to be reflected in the policies to make it upto date and more comprehensive. The objective of such policy shall be to attract, retain and motivate executive management and devise remuneration structure to link to Company's strategic long term goals, appropriateness, relevance and risk appetite.

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

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

Remuneration payable to Independent Directors

The shareholders at the 59th AGM held on 30th July 2021 renewed the authorization for the payment of remuneration by way of commission not exceeding 1% of the net profits, in aggregate, payable to Independent Directors of the Company (IDs) for every year, from 1st April 2021.

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

Evaluation of Independent Directors and Committees of Directors

In terms of Section 134 of the Act, 2013 and the Corporate Governance requirements as prescribed under Listing Regulations, the Board reviewed and evaluated Independent Directors and various Committees viz., Audit Committee, Risk Management Committee, Nomination and Remuneration

Committee, Corporate Social Responsibility Committee and Stakeholders Relationship Committee, based on the evaluation criteria laid down by the NRC.

Board has carried out the evaluation of all Directors (excluding the Director being evaluated) and its Committees through a set of questionnaires.

Independent Directors

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

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

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

Committees

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

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

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

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

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

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

Number of Board meetings held:

The number of board meetings held during the financial year 2021-22 is provided as part of Corporate Governance Report prepared in terms of the Listing Regulations.

10. AUDITORS

Statutory Auditors

The Company at its fifty fifth AGM held on 19th July 2017 appointed M/s Raghavan, Chaudhuri & Narayanan, Chartered Accountants, Bengaluru, having Firm Registration No. 007761S allotted by The Institute of Chartered Accountants of India, as Statutory Auditors of the Company to hold office, for the first term of five consecutive years, from the conclusion of the said AGM till the conclusion of 60th AGM.

It is therefore proposed to re-appoint them as Statutory Auditors for the second term of five consecutive years from the conclusion of the ensuing AGM till the conclusion of the 65th AGM of the Company with Statutory Audit Fee of ₹ 40 lakhs in addition to applicable taxes, out of pocket expenses, travelling and other expenses for the year 2022-23. The remuneration payable to the statutory auditors for the remaining tenure of the proposed re-appointment will be subsequently determined by the Board as per the recommendations of the Audit Committee.

The Company has obtained necessary certificate under Section 141 of the Act, 2013 conveying their eligibility for being statutory auditors of the Company for the year 2022-23.

The Auditors' Report for the financial year 2021-22 does not contain any qualification, reservation or adverse remark and the same is attached with the annual financial statements.

Secretarial Auditor

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

The Secretarial Audit Report for the financial year 2021-22, given by Mrs B Chandra, Practising Company Secretary, Chennai for auditing the secretarial and related records is attached to this report. The Secretarial Audit Report does not contain any qualification, reservation or other remarks.

The Board at its meeting held on 6th May 2022 has re-appointed Mrs B Chandra, Practising Company Secretary, Chennai, (CP No. 7859) as Secretarial Auditor for the financial year 2022-23.

Cost Auditor

As per Section 148 of the Act, 2013 read with the Companies (Cost Records and Audit) Rules 2014, as amended, the cost audit records maintained by the Company in respect of parts manufactured by the Company covered under other machinery specified under Customs Tariff

Act heading in Table B to Rule 3 of the above rules, are required to be audited by a Cost Auditor.

In terms of the Companies (Cost Records and Audit) Amendment Rules, 2014, the Board, re-appointed Mr A N Raman, Cost Accountant, Chennai holding Certificate of practice No. 5359 allotted by The Institute of Cost Accountants of India, as a Cost Auditor for conducting cost audit for the financial year 2022-23.

The Company has also received necessary certificate under Section 141 of the Act, 2013 from him conveying his eligibility to act as a cost auditor. A sum of ₹ 5 lakhs has been fixed by the board as remuneration in addition to reimbursement of all applicable taxes, travelling and out-of-pocket expenses payable to him, which is required to be approved and ratified by the members, at the ensuing AGM as per Section 148(3) of the Act, 2013.

The Company has filed the Cost Audit Report of 2020-21 on 18th August 2021 in XBRL format.

11. CORPORATE GOVERNANCE

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

A separate section on Corporate Governance and a certificate from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under the Listing Regulations form part of this Annual Report.

The Chairman Emeritus & Managing Director and the Chief Financial Officer of the Company have certified to the Board on financial statements and other matters in accordance with Regulation 17(8) of the Listing Regulations, 2015 pertaining to CEO / CFO certification for the financial year ended 31st March 2022.

12. BUSINESS RESPONSIBILITY REPORT

In terms of Regulation 34 of the Listing Regulations, the Business Responsibility Report for the year 2021-22 describing the initiatives taken from an environment, social and governance perspectives, in the prescribed format is given as Annexure-VI to this Report and is also available on the Company's website in the link as provided in page no. 73 of this Annual Report.

13. POLICY ON VIGIL MECHANISM

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

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

The Policy is disclosed on the Company's website in the link as provided in page no. 73 of this Annual Report.

14. PUBLIC DEPOSITS

The Company has not accepted any deposit from the public within the meaning of Section 76 of the Act, 2013, for the year ended 31st March 2022.

15. STATUTORY STATEMENTS

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

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

Material changes and commitments, if any, affecting the financial position of the Company, having occurred since the end of the Year and till the date of the Report:

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

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

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

Annual Return

Copy of the Annual Return (Annexure II) in prescribed form is available on the Company's website in the link as provided in page no. 73 of this Annual Report, in terms of the requirements of Section 134(3)(a) of the Act, 2013 read with the Companies (Accounts) Rules, 2014.

Employee's remuneration

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

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and any Shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the Registered Office of the Company.

Comparative analysis of remuneration paid

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

Details of material related party transactions

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

Details of loans / guarantees / investments made

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

Please refer note no. 4 to Notes on accounts for the financial year 2021-22, for details of investments made by the Company.

Reporting of fraud

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

Secretarial Standards

The Company has complied with the applicable secretarial standards as amended from time to time.

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

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

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

16. ACKNOWLEDGEMENT

The Directors gratefully acknowledge the continued support and co-operation received from the Promoter(s) of the Company.

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

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

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

For and on behalf of the Board of Directors

Chennai
06th May 2022

R GOPALAN
Chairman

Annexure - I to Directors' Report to the shareholders

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

A. CONSERVATION OF ENERGY

1. Measures taken – FY 2021-22:

- (i) Replaced energy efficient compressor with IE4 motors with increased Free air delivery
- (ii) Replaced energy efficient compressor, which resulted in reduction of specific energy consumption upto 9%.
- (iii) Incorporated Variable Frequency Drive (VFD) in the induced draught fan motor of tower furnace scrubber.
- (iv) Introduced VFD in cooling tower delivery pump and motors for constant water pressure in Dies for all Pressure Die Casting (PDC) machines to optimize the power consumption.
- (v) Replaced the conventional fans with energy efficient BLDC (Brushless DC Motor) fans.
- (vi) Introduced motion controller and LDR sensor (Light Dependent Resistant) for office & street lights to switch OFF when it is not required.
- (vii) Air leak reduced from 12% to 7% by leakages arresting and provided Zero leak pneumatic panels
- (viii) Combined two coolant pumps into one by optimizing the nozzle design in all CNC lathes machines
- (ix) Introduced of thyristor drives in furnaces - 10 Nos.
- (x) Implemented auto lid for furnaces, optimized the capacity of furnaces and introduced Indofen top heating furnaces.
- (xi) Optimization of chillers and thermo regulation unit in PDC machines.
- (xii) Reduce the heat loss of Core shop Die surface by Thermal coat and reduced energy consumption.

The above measures have resulted in an annual saving of about ₹ 66.41 Lakhs.

2. Proposed Measures - FY 2022-23:

- (i) Implementing the immersion chiller for coolant in the HMC machines.
- (ii) Replacing the energy efficient (IE3 & IE4) motors in 40 machines.
- (iii) Interfacing the Thyristor drives in the Impregnation plant hot water tanks.
- (iv) Replacement of Nutech furnace to fuel furnace.
- (v) Introducing efficient air nozzle by using dry cleaning activity.
- (vi) Air cleaning stations.
- (vii) Idle time cut off of Hydraulic pumps, heaters, Coolant pump and conveyors.
- (viii) Introduction of Automatic Lid in the Gravity Die Casting Holding Furnaces.

- (ix) Introduction of low capacity compressors during low production and Holidays.
- (x) Replacement of energy efficient air dryers & compressors.
- (xi) Introduction of Inlet valve flow control in compressor main header to optimize the air flow & energy.
- (xii) Replacement of conventional fans with BLDC (Brushless DC) fan for office and canteen.
- (xiii) Compressor energy consumption reduction by air audit study and optimizing the compressed utilization across all plants.
- (xiv) Replace the energy efficient compressor and dryers.
- (xv) Replace the conventional fans with HVLS (High Volume low speed fans) in the casting shop fettling area.
- (xvi) Interfacing the VFD for blowers, Die Coat pumps, Raw water and DM water supply pumps

The above measures are expected to yield an annual saving of about ₹ 215.16 Lakhs.

3. Steps taken for utilizing alternate sources of energy:

During the year 2021-22, the Company has utilized power generated through wind and solar energy to an extent of 196.2 and 44.6 lakh units.

The Company also plans to continue the utilization of wind and solar captive energy (240 lakh units) during the year 2021-22.

4. Capital investment in energy conservation equipment:

In the year 2021-22, the Company has invested ₹ 0.75 Cr towards energy conservation equipment's and accessories

The Company is planning to invest around ₹ 1.75 Cr in 2022-23 towards the green energy generation of Solar (5 MW) of power.

B. TECHNOLOGY ABSORPTION FOR 2021-22

Research & Development (R & D)

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

Completed activities:

- (i) Jet cooling outlet monitoring system introduced to monitor any blockage in jet cooling lines.
- (ii) Developed environment friendly abrasive media for abrasive flow machining process.
- (iii) Established lubrication technologies for improving casting quality and die life.
- (iv) Developed prototype aluminium components through Additive Manufacturing.
- (v) Established semi-solid technology (GISS) on PDC castings.
- (vi) Developed processes and techniques for producing structural components.

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- (vii) Tungsten carbide coating machine for dies introduced to reduce soldering of aluminum on die surface.
- (viii) Copper ring plunger system introduced to reduce shot sleeve wear.
- (ix) CI Ring crack elimination - Product design optimization along with customer.
- (x) Established process in critical dies with Vacuum value <300m Bar.
- (xi) Structural parts proved in Semi-Solid (GISS) process (Cylinder head front, CFS, Diffuser plate, pinion handle).
- (xii) Proved elimination of ED coating process in inlet manifold castings through the implementation of superior alloy and samples shared to Customer.
- (xiii) Increase mean time between service (5000 shots to 15,000 shots).
- (xiv) Development of silicon nitride riser tube.
- (xv) Conversion of single side shooting of core box to double side shooting core box.
- (xvi) Crucible less furnace for 800T machine.
- (xvii) Furnace oil consumption reduction from 75 lit / ton to 60 lit / ton by incorporating recuperate unit in tower furnace.
- (xviii) Elimination of refiner in Low Pressure Die Casting (LDPC) melting.

Ongoing activities:

- (i) Development of Latitude compressor surface finish less than 8Ra at inner volute.
- (ii) Residual stress measurement of dies.
- (iii) Robust optimization of process in High Pressure Die Casting (HDPC) parts.
- (iv) Implement FARO arm 3D scanning machine for inspection improvement and reverse engineering.
- (v) Introduce ROBO fettling.

- (vi) Convert FO melting furnace to LPG.
- (vii) Image intensifier for X-Ray machine.

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

- (i) Developed new die cast products for customers;
- (ii) Validation of product life by performance testing;
- (iii) Ideas generated for new business;
- (iv) Upgradation of technical competency of employees;
- (v) Quality improvement in existing parts; and
- (vi) Energy saving.

3. Future plan of action:

- (i) New alloy development
- (ii) Additive manufacturing facility establishment

Data relating to imported technology:

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

Expenditure on R&D - ₹ 7.68 Cr.

C. FOREIGN EXCHANGE ACTUAL EARNINGS AND OUTGO

1. Export activities

Export during the year ended 31st March 2022 amounted to ₹ 780.1 Cr as against ₹ 505.7 Cr for the year ended 31st March 2021.

2. Total foreign exchange earned and used (actual)

(₹ in Cr.)

a) Foreign exchange used	166.92
b) Foreign exchange earned	751.22

For and on behalf of the Board of Directors

Chennai
06th May 2022

R GOPALAN
Chairman

Annexure - IV to Directors' Report to the shareholders

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

1.	Brief outline on CSR Policy of the Company: This policy encompasses the Company's philosophy for giving back to society as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programs for the transformation and sustainable development of the rural communities at large.					
2.	Composition of the CSR Committee.					
	#	Name of the Director (M/s.)		Designation	Status	
	1.	Venu Srinivasan		Chairman Emeritus and Managing Director	Chairman	
	2.	Dr. Lakshmi Venu		Managing Director	Member	
	3.	Vice Admiral P J Jacob		Independent Director	Member	
3.	Web-link where Composition of CSR Committee and Policy are disclosed on the website of the Company		https://www.sundaram-clayton.com/Information.htm			
	Web-link where Projects approved by the board are disclosed on the website of the Company					
4.	Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).		Not Applicable			
5.	Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any.		Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be setoff for the financial year, if any (in ₹)
			1	2020-21	₹ 0.05 Cr.	Nil
6.	Average net profit of the Company as per Section 135(5) of Act, 2013		₹ 8.82 Cr			
7.	(a) Two percent of average net profit of the Company as per Section 135(5) of Act, 2013		₹ 0.20 Cr			
	(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.		Nil			
	(c) Amount required to be set off for the financial year, if any		Nil			
	(d) Total CSR obligation for the financial year (7a + 7b - 7c).		₹ 0.20 Cr			

8 (a) CSR amount spent or unspent for the financial year: ₹ 0.20 Cr.

		Amount Unspent (in ₹)			
Total Amount Spent for the financial year (in ₹)	Total amount transferred to Unspent CSR Account as per Section 135(6) of the Companies Act, 2013		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5) of the Companies Act, 2013		
	Amount.	Date of transfer	Name of the Fund	Amount.	Date of transfer
0.20 Cr	Not applicable				
8(b)	Details of CSR amount spent against ongoing projects for the financial year: - Not Applicable				
8(c)	Details of CSR amount spent against other than ongoing projects for the financial year:				
	Name of the Project	Activities Undertaken		Item from the list of activities in Schedule VII to the Companies Act, 2013	
	Women Empowerment	<ul style="list-style-type: none">• Formation of Self-Help Group (SHG)• Support Income Generation Program• Creating Job opportunities through training• Marketing support for SHG products		Promoting gender equality, empowering women and measures for reducing inequalities faced by socially and economically backward groups.	
	Livestock	<ul style="list-style-type: none">• Conducting veterinary camps• Conducting awareness program to upgrade new technologies on livestock management• Demo on feed management and training on proper cattle management		Rural development projects	
	Youth Development	<ul style="list-style-type: none">• Training on vocational skills• Creating job opportunities		Promotion of Education, including special education and employment, enhancing vocation skills.	
	Health	<ul style="list-style-type: none">• Awareness program for Women & Children• Supply of Nutritious food to tribal people and providing medicines free of cost• Conducting general health camp including anemia awareness program		Eradicate poverty, promoting preventive healthcare and sanitation and making available safe drinking water	
	Local area (Yes / No).		Yes		
	Location of the project (State / District)		<ul style="list-style-type: none">- Tamil Nadu: Tirunelveli and Nagapattinam districts- Karnataka: Mysuru, districts		
	Amount spent for the project (in ₹).		₹ 23.08 Cr (includes ₹ 0.20 Cr contributed by the Company)		
	Mode of Implementation - Direct (Yes / No)		No		

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	Name of the Implementing Agency	Srinivasan Services Trust Jayalakshmi Estates, No. 29, Haddows Road, Chennai - 600 006. Tamil Nadu Phone No: 044-28332115 Mail ID: swaran@tvssst.org	8(d) Amount spent in Administrative overheads	Not Applicable
			8(e) Amount spent on Impact Assessment, if applicable	
	CSR Registration No.	CSR00001508.	8(f) Total amount spent for the Financial Year (8b + 8c + 8d + 8e)	₹ 0.20 Cr

8(g) Excess amount for set off, if any

Sl. No.	Particulars	Amount (in ₹)
(i)	Two percent of average net profit of the Company as per Section 135(5) of Act, 2013	₹ 0.20 Cr
(ii)	Total amount spent for the Financial Year	₹ 0.20 Cr
(iii)	Excess amount spent for the financial year [(ii)-(i)]	NIL
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	NIL

9(a)	Details of Unspent CSR amount for the preceding three financial years:							(In ₹)
Sl. No.	Preceeding Financial Year	Amount transferred to Unspent CSR Account under Section 135(6)	Amount spent in the reporting Financial Year	Amount transferred to any fund specified under Schedule VII as per Section 135(6) , if any			Amount remaining to be spent in succeeding financial years	
				Name of the Fund	Amount	Date of transfer		
Not Applicable								

9(b)	Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): - Not Applicable		
10	In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year; (asset-wise details).		
	(a)	Date of creation or acquisition of the capital asset(s)	Not Applicable
	(b)	Amount of CSR spent for creation or acquisition of capital asset	
	(c)	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc	
	(d)	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc	
11	Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per Section 135(5).		Not Applicable

For and on behalf of the Board

Place : Chennai
Date : 06th May 2022

VENU SRINIVASAN
Chairman Emeritus & Managing Director
and Chairman of CSR Committee

Sundaram-Clayton Limited

Annexure - V to Directors' Report to the shareholders

COMPARATIVE ANALYSIS OF REMUNERATION PAID TO DIRECTORS AND EMPLOYEES WITH THE COMPANY'S PERFORMANCE - FY 2021-22

Sl. No.	Name of the Director (M/s.)	Category	Ratio to Median Remuneration	% increase in remuneration
1	R Gopalan	ID	1:3	25%
	Venu Srinivasan	ED	1:16	12%
	Dr Lakshmi Venu	ED	1:118	42%
	K Gopala Desikan*	ED	1:4	NA
	Kamlesh Gandhi	ID	1:2	33%
	Vice Admiral P J Jacob	ID	1:3	25%
	Rajesh Narasimhan	NED	–	–
	S Santhanakrishnan	ID	1:3	25%
	V Subramanian	ID	1:3	25%
	Sasikala Varadachari	ID	1:2	33%
	Sudarshan Venu	NED	–	–
	R Vijayaraghavan	ID	1:3	25%
	Vivek S Joshi	CEO	NA	28%
	R Raja Prakash	CS	NA	15%
	ED - Executive Director NED - Non-Executive Director ID - Independent Director * effective 09.02.2022 CEO - Chief Executive Officer CS - Company Secretary NA - Not Applicable			
2	The percentage increase in the median remuneration of employees in the financial year;			3%
3	The number of permanent employees on the rolls of Company;			1,606
4	a. Average percentile increase already made in the salaries of employees other than the managerial personnel in the financial year 2021-22			9%
	b. Average percentile increase in the managerial remuneration in the financial year 2021-22 There are no exceptional circumstances for increase in the managerial remuneration.			38%
5	Affirmation that the remuneration is as per the remuneration policy of the Company.			Remuneration paid during the year 2021-22 is as per the Remuneration Policy of the Company

For and on behalf of the Board of Directors

Chennai
06th May 2022

R. GOPALAN
Chairman

Annexure - VI to Directors' Report to the shareholders

BUSINESS RESPONSIBILITY REPORT

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

Introduction

The National Guidelines on Responsible Business Conduct (NGRBC) introduced by the Ministry of Corporate Affairs (MCA) in the year 2019 replaced and revised the National Voluntary guidelines (NVG) on Social, Environmental and Economic Responsibilities of Business earlier issued by MCA in the year 2011.

This report conforms to the Business Responsibility Reporting (BRR) requirement of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and the NGRBC.

The NGRBC are designed to be used by all businesses, irrespective of their ownership, size, sector, structure or location. The NGRBC also provide a useful framework for guiding Companies in their operations, in addition to aligning with applicable national standards and norms governing responsible business conduct.

SECTION A: GENERAL DISCLOSURES

1.	Name of the Company	Sundaram-Clayton Limited					
2.	Year of registration	1962					
3.	Corporate Identity Number (CIN) of the Company	L35999TN1962PLC004792					
4.	Corporate address, telephone, email and website	"Chaitanya", No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai - 600 006, Tamil Nadu, India. Tel: 044-28332115 e-mail: corpsec@sundaramclayton.com Website: www.sundaram-clayton.com					
5.	Financial Year reported	2021-22					
6.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Aluminium Castings <table border="1"><tr><td>NIC Code</td><td>Description</td></tr><tr><td>2930</td><td>Aluminium alloy cast articles including parts and components.</td></tr></table>		NIC Code	Description	2930	Aluminium alloy cast articles including parts and components.
NIC Code	Description						
2930	Aluminium alloy cast articles including parts and components.						
7.	List of three key products that the Company manufactures	Machined and sub-assembled aluminium castings for heavy and medium commercial vehicles, passenger cars and two-wheelers (Please refer to Company's website for complete list of products)					
8.	Brands (top five by respective share of market) owned and percentage of revenue contributed	Not Applicable					
Operations:							
9.	Location of plants (in case of manufacturing businesses)	i.	Number of National Locations:				
a.	National (Districts and states - top five by employee strength):	A.	The Company has four manufacturing locations: 1. Padi Chennai - 600 050, Tamil Nadu, India 2. Mahindra World City Plot No. AA5, VI Avenue, Auto Ancillary SEZ, Mahindra World City, Chengalpattu, Kancheepuram District - 603 004, Tamil Nadu, India 3. Oragadam Plot No.B-14, SIPCOT Industrial Growth Centre, Sriperumbudur Taluk, Kancheepuram District - 602 105, Tamil Nadu, India. 4. Hosur Hosur - Thally Road, Belagondapalli, Hosur - 635 114, Tamil Nadu, India.				

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b. International (Country - top three by employee strength):		ii. Number of International Locations: The Company does not have any manufacturing unit outside India. However, its overseas subsidiary viz., Sundaram Holding USA Inc., has set up an overseas manufacturing facility in the United States of America.
10.	Location of major offices (in case of service businesses)	
	a. National (Districts and states - top five by employee strength)	Not applicable
	b. International (Country - top three by employee strength)	Not applicable
Employees:		
11.	Number of permanent employees	1,606
12.	Contractual employees (seasonal, non-seasonal)	389
13.	Temporary employees	1,305
14.	Percentage of women employees	6.7%
	a. On the Governance Structure	–
	b. In top management i.e. business and function heads;	–
Associate entities:		
15.	Names of subsidiary / associate companies	Subsidiaries of Sundaram-Clayton Limited <ol style="list-style-type: none"> 1. TVS Motor Company Limited, Chennai 2. Sundaram-Clayton (USA) Limited, USA 3. Sundaram-Clayton DCD Limited, Chennai Subsidiaries of TVS Motor Company Limited <ol style="list-style-type: none"> 4. Sundaram Auto Components Limited (SACL), Chennai 5. TVS Housing Limited, Chennai 6. TVS Motor Services Limited, Chennai 7. TVS Credit Services Limited, (TVS CS), Chennai 8. Intellicar Telematics Private Limited, Bengaluru (Intellicar) 9. TVS Electric Mobility Ltd, Chennai (From 13.12.2021) 10. TVS Motor Company (Europe) B.V., Amsterdam 11. TVS Motor (Singapore) Pte. Limited, Singapore (TVSM Singapore) 12. PT TVS Motor Company Indonesia, Jakarta Subsidiaries of TVS CS <ol style="list-style-type: none"> 13. Harita ARC Private Limited, Chennai 14. TVS Housing Finance Private Limited, Chennai 15. TVS Two-wheeler Mall Private Limited, Chennai Subsidiaries of TVSM Singapore <ol style="list-style-type: none"> 16. The GO Corporation, Switzerland (From 16.09.2021) 17. Swiss E-Mobility Group (Holding) AG (SEMG) (From 27.01.2022) 18. The Norton Motorcycle Co Limited, UK 19. TVS Digital Pte Ltd, Singapore (From 20.05.2021) Subsidiaries of GO AG (From 16.09.2021) <ol style="list-style-type: none"> 20. EGO Movement, Stuttgart, GmbH, Germany

Sundaram-Clayton Limited

Names of subsidiary / associate companies - (continued)

Subsidiaries of SEMG (From 27.01.2022)

21. Swiss E-Mobility Group (Schweiz), Switzerland
22. Colag E-Mobility GmbH, Germany

Subsidiaries of SACL

23. Sundaram Holding USA Inc, Delaware, USA (SHUI)

Subsidiaries of SHUI

24. Green Hills Land Holding LLC, South Carolina, USA
25. Components Equipment Leasing LLC, South Carolina, USA
26. Sundaram - Clayton (USA) LLC, South Carolina, USA
27. Premier Land Holding LLC, South Carolina, USA

Subsidiary of Intellicar (From 10.11.2021):

28. Intellicar Singapore Pte Ltd., Singapore

Associates

1. Emerald Haven Realty Limited, Chennai and its 8 subsidiaries
2. TVS Training and Services Limited, Chennai; and
3. Sundram Non-Conventional Energy Systems Limited, Chennai

16. Details of Trust / Society / Section 8 company to further its CSR agenda:

- a. Name;
- b. Organization form (Trust, Society, Company) and year of establishment;
- c. Main objects / purpose;

Srinivasan Services Trust

Trust, Established in 1996

Main objects:

- i. Eradicating hunger, poverty, promoting preventive healthcare and sanitation and making available safe drinking water
- ii. Promotion of education, including special education and employment, enhancing vocation skills especially among children, women and livelihood enhancement projects
- iii. Promoting gender equality, empowering women and measures for reducing inequalities faced by socially and economically backward groups
- iv. Ensuring environment sustainability, ecological balance, animal welfare, agroforestry, conservation of natural resources and maintain quality of soil, air and water
- v. Rural development projects

- d. Amounts and sources of funds received in the reporting year;

Donations received from various entities.

17. Contact details of Nodal officer of this report (Name, Designation, E-mail ID, Phone number)

Mr. R. Raja Prakash, Company Secretary
rrp@sundaramclayton.com
 044-2833 2115

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed to demonstrate the structures, policies and processes put in place towards adopting the Principles and Core Elements.

P1 Businesses should conduct and govern themselves with integrity, and in a manner that is ethical, transparent and accountable.

P2 Businesses should provide goods and services in a manner that is sustainable and safe.

P3 Businesses should respect and promote the well-being of all employees, including those in their value chains.

P4 Businesses should respect the interests of, and be responsive to all its stakeholders.

P5 Businesses should respect and promote human rights.

P6 Businesses should respect and make efforts to protect and restore the environment.

P7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

P8 Businesses should promote inclusive growth and equitable development.

P9 Businesses should engage with and provide value to their customers in a responsible manner.

S. No.	Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes										
1.	Names of the policy / policies that covers each Principle	The Company has in place the following policies in line with the NGRBC: <ol style="list-style-type: none"> Code of Business Conduct and Ethics Whistle Blower Related Party Transaction Corporate Social Responsibility Code of fair disclosure Code of conduct to regulate, monitor and report trading by insiders Quality and Environment, Health & Safety policies relating to safe and sustainable products 								
2.	Core Elements related to the Principle that the policy / policies cover	All the core elements as stated in the policies								
3.	Policy / policies relating to each principle that has been translated into guidelines and procedures	Y	Y	Y	Y	Y	Y	–	Y	Y
4.	Extent to which manpower, planning and financial resources have been allocated for the implementation of the policy / policies relating to each Principle.	Y	Y	Y	Y	Y	Y	–	Y	Y
5.	National and International codes and standards adopted mapped to various Principles	Y	Y	Y	Y	Y	Y (ISO 14001 ISO 45001)	–	Y	Y
		All the policies of the Company are in compliance with the national / international standards wherever applicable.								

Sundaram-Clayton Limited

S. No.	Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Governance, leadership and oversight										
6.	Names of the above policies that have been approved by the Board / top management	<p>The following policies / codes have been approved by the Board:</p> <ol style="list-style-type: none"> 1. Code of Business Conduct and Ethics 2. Whistle Blower 3. Related Party Transaction 4. Corporate Social Responsibility 5. Code of fair disclosure of material information 6. Code of conduct to regulate, monitor and report trading by insiders <p>Other operational / internal policies are approved by the management.</p>								
7.	Name of the specified committee(s) of the Board / Director / Officer and processes to oversee the implementation of the policy / policies	<p>Audit committee and Board oversees the implementation of various policies / Codes as required under the legal framework in force from time to time.</p> <p>CSR committee oversees the implementation of CSR activities by the Company.</p> <p>All the policies and their implementation are being reviewed at regular intervals by the Board.</p> <p>The implementation and adherence to the code of conduct for employees is administered by the Human Resources Department.</p> <p>The Environmental, Health and Safety (EHS) policy is overseen by Personnel Department.</p>								
8.	The process for board / top management to review performance against the above policies and incorporating inputs	<p>The implementation of the Company's Code of Conduct and other policies are reviewed through internal audit function. The Quality, Safety & Health and Environmental policies are subject to internal and external audits as part of certification process and continuous assessments.</p>								
9.	Process for Board / top management to review compliance with statutory requirements of relevance to the Principles and rectify any non-compliances	<p>All policies adopted by the Company for ensuring the orderly and efficient conduct of business including adherence to Company's policies have been evaluated annually by the Internal Audit Department as part of internal financial control requirement.</p> <p>The report on Company's conduct of its businesses is presented to the Board for its review and further improvement of its standards.</p>								
10.	Frequency of the reviews of the business's alignment with the Principles and Core Elements conducted by the Board / top management	<p>The Board on a continuous basis reviews the business' alignment with the principles and core elements.</p>								

Sundaram-Clayton Limited

S. No.	Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
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Stakeholder Engagement

11.	Description of the process to identify your business's key stakeholders	<p>The Company is aware of the fact that not all stakeholders have a direct business engagement with it.</p> <p>The Company has identified stakeholders under eight broad groups:</p> <ol style="list-style-type: none"> 1. Investors 2. Employees 3. Customers 4. Suppliers 5. Government 6. Regulatory Authorities 7. Trade Union 8. Local Community 								
12.	Description of the process to engage with your stakeholders on the Principles	The Company continuously expands its proactive engagement with the stakeholder groups. The Company also recognizes that stakeholder engagement is an integral part of partnership building and aims to institutionalize a structured approach through a formal process in the future.								
13.	Description of the processes to identify groups that are vulnerable and marginalized stakeholders.	The Company identifies marginalized and disadvantaged groups through need assessment in all the villages where it works by engaging with the local communities.								
14.	Description of the processes to identify issues related to inclusion and impact of adopting the Principles on vulnerable and marginalized stakeholders	The Company continuously strives to achieve total inclusiveness by encouraging people from all sections of the community irrespective of caste, creed or religion to benefit from its CSR initiatives which would also be focused on communities that reside in the proximity of the Company's various manufacturing locations in the country.								

Communication

15.	Description of process to communicate to stakeholders, the impact of your policies, procedures, decisions and performance that impact them.	The Company proactively engages with stakeholders formally and informally to Share information, discuss the Company's sustainability priorities, programs and performance, and determine opportunities to collaborate towards common goals.								
16.	Description of how the business communicates the results of stakeholder engagement in the public domain	The Company communicates the performance against the Guidelines to the stakeholders through its website, stakeholder interactions, BRR and Annual Report.								
17.	Description of the process of communicating performance against these Guidelines to relevant stakeholders	<p>The Company believes in listening to the viewpoints of its stakeholders and addressing them on priority.</p> <p>The Company values the inputs received from the engagement process and these engagements help to identify material aspects.</p> <p>The progress on the material aspects are communicated in Annual Report, BRR and on websites at periodic intervals.</p>								
18.	Note on how disclosures and reporting helped in improving business performance / strategy	Such measures help the Company to identify stakeholder expectations and to design its sustainability strategy to balance the different stakeholder needs and expectations.								

Sundaram-Clayton Limited

If answer to question (1) above is "No" i.e., not all Principles are covered by a policy, reasons to be stated:

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The Company has not understood the Principles	–	–	–	–	–	–	–	–	–
The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified Principles	–	–	–	–	–	–	–	–	–
The Company does not have financial or manpower resources available for the task	–	–	–	–	–	–	–	–	–
It is planned to be done within next 6 months	–	–	–	–	–	–	–	–	–
It is planned to be done within next 12 months	–	–	–	–	–	–	–	–	–
Any other reason (please specify)	P7 - The Company through the various industrial forums endeavors to promote growth and technological process, economic reforms, inclusive development policies and sustainable business principles. Therefore, there is no need for such policy.								

PRINCIPLE 1: BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH INTEGRITY, AND IN A MANNER ETHICAL, TRANSPARENT AND ACCOUNTABLE.

Essential Indicators:

1. Month / Year of last review by Governance Structure / top management of performance of the business across the Principles and Core Elements of the Guidelines:

Company's current and future organization structure of senior level employees is reviewed by the Nomination and Remuneration Committee at periodic intervals.

2. Percentage Coverage of leadership team by awareness programmes on the Guidelines:

a. In reporting year : 100% of the functional heads are covered by awareness programmes on the Guidelines at all times.

b. Total to date : 100%

3. Percentage of suppliers and distributors (by value), in the year:

a. Covered by awareness programmes for the Guidelines - 100% of the suppliers.

b. Had responsible / sustainable business policies in place? - 100%

4. Number of meetings / dialogues with minority shareholders that were organized in the year:

Nil

5. Number of complaints received on any aspect of the NGRBC in the year from:

a. Shareholders / investors - Nil

b. Lenders - Nil

6. Number of the above complaints pending resolution at close of year:

Not Applicable

7. Value of non-disputed fines / penalties imposed on your business by regulatory and judicial institutions in the year?

Nil

8. Number of complaints / cases of corruption and conflicts of interest that were registered in the year?

Nil

9. Details of unmet obligations (fiscal, social, etc.) arising out of any benefits or concessions provided by the Central, State or Local Governments:

Nil

Leadership Indicators:

1. Percentage coverage of all employees by awareness programmes for the Guidelines:

a. In reporting year - 100 % of the functional heads

b. Total to date - 100%

The reporting under the guidelines are ensured by the functional heads and the awareness programme for the guidelines was conducted to the said functional heads.

2. Percentage of suppliers and distributors (by value) covered by social and environmental audits:

a. In reporting year - Nil

b. Total to date - Nil

3. Was report on responsible business conduct made, in the year:

a. **As per mandatory / global reporting frameworks** - The Company publishes Business Responsibility Report (BRR) annually as per the National Guidelines on Responsible Business Conduct (NGRBC). The Company also follows Global Reporting Standards (GRI).

b. **Available in the public domain** - BRR is available in the company's website

Internal Report on the said standards is generally prepared for reporting to management. The said report is not available in public domain.

c. **Assured by a third party** - Internal Report is being prepared and assurance on such report will be obtained thereafter.

4. Details of non-disputed fines / penalties imposed on your business by regulatory and judicial institutions in the year available in public domain:

Nil

5. Provide examples (up to three) of corrective action taken on the above fines / penalties imposed.

Not Applicable.

6. Provide examples (up to three) of corrective action taken on the complaints / cases of corruption and conflicts of interest to prevent recurrence.

No cases. Hence, Not Applicable

PRINCIPLE 2: BUSINESSES SHOULD PROVIDE GOODS AND SERVICES IN A MANNER THAT IS SUSTAINABLE AND SAFE

Essential Indicators:

1. List top three goods / services (revenue in the year) which incorporate environmental and social concerns, risks, and / or opportunities in their design.

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

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

Sundaram-Clayton Limited

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

2. Details of investments in specific technologies to improve the environmental and social impacts (top three by value):

The Company is developing process technologies that will improve the surface finish of turbocharger parts and improve its efficiency. This in turn improves the fuel efficiency and reduces emissions from automobiles.

The Company is also investing in green energy through installations on solar power and reducing its dependence on conventional forms of energy.

3. Percentage of input material and services (by value), in the year, sourced from suppliers adhering to internal or external sustainability standards / codes / policies / labels:

83% of the input is sourced from local vendors (within India).

4. Percentage of total raw material consumed in the year (by value) that consisted of material that was recycled or reused) (a.<5% ; b. between 5%& 25%, c. > 25%):

The material processed by the Company - i.e Aluminum based alloys is 100% recyclable. Presently rejected aluminum castings (8% of production) are re-melted inside the factory.

Aluminum swarf is sold to external agencies for recycling. Sand (2500 tonnes / year) used for making cores is recycled.

Hazardous waste materials generated by the Company during aluminium casting production are given to authorised vendors either for disposal or recycling.

5. Describe the process in place to safely collect, reuse, recycle and dispose of your products at end-of-life:

The Company do not have a process to collect, reuse, recycle and dispose the aluminium castings after supply to customers. However, this process is done by various OEMs or third parties to recover and reuse aluminium. Infact the major raw material used is ADC12 that is primarily generated from aluminium scrap which is converted into castings by the Company.

Leadership Indicators:

1. For goods and services that incorporated environmental and social concerns, give details of:

a. Resource use (energy, water, raw material) per unit produced in the year:

Resource use per unit produced in the year:

- The Company takes up internal projects to reduce energy consumption per ton of aluminum castings produced.
- The Company is also pursuing the TPM process across its plants to reduce waste.

b. Reduction in resource use covering sourcing, production and distribution in the year:

Reduction in resource use: Sourcing

- The Company works continuously with its vendors to use returnable packaging modes (trolleys and plastic bins) to reduce usage of non-recyclable packaging wherever possible.
- The Company also strives to ensure a considerable vendor count for specific commodities in its surrounding areas in order to reduce material movement.
- The Company takes initiative every year to select a group of suppliers who are trained for quality up-gradation in their plant. Both in-house and outside faculty is employed to develop suppliers by training.

c. Sustainability standards / codes / labels adhered to:

Following Sustainability Standards / codes / labels adhered:

The Company is a supplier of parts as per customers' drawings and specifications and therefore adheres to customer specific requirements as stated in their manuals.

In addition, the Company also comply with following:

- Operational : TS16949:2016
- Environmental : ISO14001:2015 and ISO45001:2018
- Internal standards for gender equality, human rights and labour standards

d. Product life cycle assessment completed

Not applicable

2. Information on the impacts of your products across the value chain communicated to:

a. To which stakeholder groups?

Investors, employees, customers, suppliers, the government, regulatory authorities, trade unions and local community.

b. By which channels for each group?

The Company follows a system of timely feedback and response through formal and informal channels of communication to ensure that the stakeholder information remains current and updated.

c. At what frequency?

Annually, Quarterly, Monthly and need based.

3. Provide examples (up to three) on how the feedback received from stakeholders is used for improvements:

The Company has strong team which gathers information through market survey, customer research, etc. It has developed its own methodology for this purpose. The Company incorporate these inputs to improve its processes and systems on a continuous basis.

PRINCIPLE 3: BUSINESSES SHOULD RESPECT AND PROMOTE THE WELL-BEING OF ALL EMPLOYEES, INCLUDING THOSE IN THEIR VALUE CHAINS.

Essential Indicators

1. Complaints received on cases arising out of discrimination and Number of complaints received in the year:

The Company follows clear code of conduct and the same is communicated to every employee.

It clearly states that the Company is an equal opportunity employer and prohibit any kind of discrimination / favouritism based on gender / region / religion / race / caste / colour and abide by laws of the country.

During 2021-22 the Company has not received any complaints relating to discrimination.

2. Number of the above complaints pending resolution at end of the year:

Not applicable since during the year 2021-22, the Company has not received any complaints relating to discrimination.

3. Percentage of permanent employees who are members of the employee association(s) recognized by the management:

100% of permanent employees in the workers grade are members of internal Employees Union that is affiliated to INTUC.

4. Percentage of your establishments / value chain that has been audited in the year for - a. Child labour; b. Forced / involuntary labour:

As a part of Internal audit, this particular aspect is scheduled and covered during the audit process. Audits are conducted in all locations of the Company.

5. Number of cases of child labour in your establishments / value chains identified to date - a. Resolved; b. Pending resolution:

There are no cases of child labour.

- 6. Number of cases of forced / involuntary labour identified to date - a. Resolved; b. Pending resolution :**
No cases reported.
- 7. Percentage of your employees that were paid above the legal minimum wage in the last year:**
100%. Majority of employees are above the legal minimum wage limit as agreed through long-term wage settlements for the Company's Workforce and market / industry benchmark for Executives and Managers.
Stipends for trainees are fixed above legal minimum wage limit through attracting talent from campus / market.
- 8. Ratio of the highest salary paid to the median salary paid amongst your permanent employees:**
Refer Annexure V to the Directors Report for the year 2021-22.
- 9. Number of cases of delay in payment of wages during the year - a. Resolved; b. Pending resolution:**
NIL. Wages for employees are paid on or before last working day of the month. Stipend for trainees is paid on or before 7th day of every month.
Wages for contract workforce is ensured to be paid through Service providers on or before 7th day of every month.
- 10. Number of complaints related to harassment to date - a. Resolved; b. Pending resolution:**
The Internal Committee (IC) meets regularly towards reviewing issues raised and solved on harassment. It also submits its annual report as stipulated by the Prevention of Sexual Harassment (POSH) Rules.
The Company has not received any complaints relating to harassment till date.
- 11. Percentage of employees (all categories) trained on health and safety issues and measures - a. In the year; b. Total to date:**
100% of new recruits in all categories including Workforce, Executives and Managers undergo health and safety orientation before being deployed.
100% of contract workforce is also provided health and safety orientation periodically.
In addition, regular and scheduled role-based, process-based health and safety programmes are conducted for employees.
As a special drive, employees and their families were trained on road safety awareness.
- 12. Percentage of employees provided training and skill upgradation - a. In the year; b. Total to date:**
The Company focuses on skill development of its workforce through regular training. The management ensures continuous skill upgradation and competency development of employees through its structured training and competency development programs.

Leadership Indicators:

- 1. Categories of employees (list up to three) supported by affirmative action, and has there been any change from the previous year:**
Workforce, Executives and Managers are the three categories of employees.
Continuous efforts are made towards affirmative actions as and when opportunities arise for recruitment / engagement of Workforce, Executive and Managers.
- 2. Percentage of non-permanent employees that are linked to any standing platform / association:**
For 100% of non-permanent employees, the Company has different platforms as mentioned below:
a. Trainees / Temporary workforce - Contact programmes are scheduled and conducted periodically to feel the pulse on Things Going Right (TGR) and take action on Things Going Wrong (TGW).
b. Contract workforce - Contact programme is leveraged to obtain feedback and take correction if any.

3. Percentage of children identified as employed in your establishments / value chain that have been remediated - a. In reporting year; b. Total to date:

No cases of child labour.

As a system lock, hiring process allows only adults aged 18 years and above.

As a part of daily management, entry into the premises is restricted only for persons 18 years and above.

With all Company's Supplier and Service provider, this requirement is one of the clauses in all Business agreements mentioned and enforced.

4. Percentage of forced / involuntary labour identified in your establishments / supply remediated - a. In reporting year; b. Total to date:

NIL.

5. Examples of steps taken (up to three) to prevent adverse consequences to the complainant in the case of harassment cases:

As mentioned in Code of Conduct, all complaints, enquiries and investigations are treated with confidentiality and the protection to whistle bower is also assured.

Needless to mention, any attempts to intimidate the whistle bower is also treated as violation of Code of Conduct and communicated to all employees.

Information revealed by the committee is strictly on a need to know basis. The process followed is with Principles of Natural Justice, maintaining anonymity of the employee.

6. Percentage of supply chain partners (by value) that were assessed for adherence to health and safety practices:

100% of the suppliers and service providers.

7. Describe the work-life balance issues (up to three) that were brought up by employees:

a. Due to the pandemic the seating arrangements in the dining halls were made with no possibility to have conversations amongst employees. This was raised by employees during various focused group discussions.

b. Employees, especially working mothers, were requesting to open the in-house creche and day care facilities for their children.

c. Marketing team members are staying back to attend to various overseas calls and meetings with customers which goes late into the evening. During this time, they were requesting for canteen to provide some light snacks for them in the evening hours post office work timing.

8. Examples (up to three) of identified work-life balance topics that have been implemented:

The Company conducts various programs concerning wellbeing and work-life balance of employees. The Company partnered with YourDost, a well-being platform for employees to engage and improve on their wellbeing both professionally as well as for personal issues. In this platform employees / employee's family members can also avail counselling sessions with experts.

With the relaxation in CoVID-19 norms, dining hall seating arrangements were reverted to group dining, allowing employees to have conversations with their colleagues over meals.

Focused programs are also conducted keeping in view the welfare of women employees. In-house crèche and day care facilities re-started for children of all employees.

PRINCIPLE 4: BUSINESSES SHOULD RESPECT THE INTERESTS OF, AND BE RESPONSIVE TO ALL ITS STAKEHOLDERS

Essential Indicators:

1. List stakeholder groups that have been identified as key to your business:

Customers, Dealers, Employees, Policy Makers, Government, Regulatory bodies, Shareholders, Investors, Suppliers, Trade Union, Media and Local Community.

2. Positions / departments / functions responsible for engagement with each stakeholder category identified above?

Internal stakeholders: Corporate, President & CEO, Business planning, Marketing, Quality, Operations, Purchase, HR, Personnel, Finance.

External stakeholders: Corporate, President & CEO, Business planning, Finance, HR, Personnel.

3. Number of stakeholder groups that were formally engaged on environment and social issues in the last year:

All stakeholder groups were formally engaged on environment and social issues

4. Percentage of input material and services (by value), in the year, that were procured from local and small vendors / producers:

54.7% of the input is sourced from local vendors (within India).

Leadership Indicators:

1. Frequency of engagement with each stakeholder group:

Daily, Weekly, Monthly, Quarterly, Yearly- Based on the needs and Key Performance Indicators (KPI) review schedules.

2. Examples (up to three) of how the business has incorporated inputs from stakeholders:

As explained in Principle No.2, Leadership Indicator, Question No.3.

3. List of the vulnerable and marginalized groups in each stakeholder group:

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

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

4. Examples of decisions and actions taken by the business to address the interests of vulnerable / marginalized groups :

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

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

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

The Company is making efforts to increase percentage of women employees including senior levels. Now we have 6.7% women workforce.

PRINCIPLE 5: BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

Essential Indicators:

1. Percentage of employees that have been provided training on human rights issues - a. In the year; b. Total to date:

The Company does not have a stated Human Rights Policy.

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

2. Employee categories that are covered by the human rights policies of the business - Permanent / Contract / Casual

All categories of employees viz., Permanent / Contract & Casual are covered by the Code of Conduct.

3. Number of business agreements and contracts with third party partners that were reviewed in the year, to avoid complicity with adverse human rights impact in the previous year:

100% of business agreements are reviewed to ensure code of conduct is adhered with.

4. Stakeholders groups governed by the grievance committee for human rights issues:

The whistle blower mechanism provides employees to report any concerns or grievances pertaining to any potential or actual violation of the Company's Code of Conduct, which covers all aspects of BRR.

Each of the policies formulated by the Company has an in-built grievance and redressal mechanism.

5. Number of stakeholders that reported human rights related grievances and/or complaints - a. Received in the year; b. Pending resolution:

Nil

Leadership Indicators:

1. Percentage of contractual employees and value chain partners that have been made aware / provided training on human rights issues - a. In the year; b. Total to date:

Contract workforce are engaged through professional service providers.

Contract agreements comply with to all statutory labour laws including POSH.

2. External stakeholder groups and representatives that are covered by the human rights policies of the business:

All contract agreements with stakeholders have clauses pertaining to Industrial & labour laws compliance.

The Company does not have a stated Human Rights Policy.

3. Stakeholder groups that have been made aware of the grievance mechanisms for human rights issues - a. During the year; b. Total to date:

100% of stakeholders have been made aware of the grievance mechanism for any issues with clear redressal process.

In addition, following programmes enable picking up early warning signals and taking action closer to the source of occurrence.

- Employee Contact Program
- Employee Address
- Open Door Policy
- Plant Committee Meeting
- Workers participation through various committees which meet periodically
- Need based meetings with Union

4. List (up to three) corrective actions taken to eliminate complicity with adverse human rights impact in the last year.

Nil

5. Provide (up to two) examples of a business process being modified / introduced as a result of addressing human rights grievances / complaints.

Not Applicable.

6. Provide details of the scope and coverage of any human rights due-diligence conducted during the year.

Nil

PRINCIPLE 6: BUSINESSES SHOULD RESPECT AND MAKE EFFORTS TO PROTECT AND RESTORE THE ENVIRONMENT.

Essential Indicators

1. Material risks of potential or actual adverse impact upon the environment and communities by the business:

The Company is ISO 14001 and ISO 45001 certified. The Company has an environmental policy that applies to the Company only.

The Company's environmental policy focuses on eco friendliness, conservation of resources, water management and prevention of pollution.

Green initiatives include:

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

a. Identified in the year:

NIL

b. Mitigation and adaptation measures put in place for the above environmental risks:

Not applicable

2. Good practices (up to three) in reduction, recycling and reuse initiatives that contributed to lowering the adverse environmental footprint of your business activities:

Refer Principle 6 - Essential Indicators - Point no. 1

3. Examples of any collective action by your business with other businesses / NGOs / government agencies / international partners / development institutions undertaken to address any of the environmental risks opportunities identified above:

- Senior management personnel attended program by external technical experts
- Identified employees were sent to attend sustainability programs conducted externally.
- The Company has identified an external partner to study its operations from a sustainability perspective and is working to identify actions and timelines for implementing improvements towards sustainability.

4. Details of any adverse orders in respect of any show cause / legal notices from CPCB / NGT / SPCB received during the year:

Nil

Leadership Indicators:

1. Information on environmental impact assessments undertaken in the year:

- a. Have the results been communicated in the public domain.**
- b. Provide details of any actions taken to mitigate any negative social impacts.**

Necessity for Environment impact assessment did not arise.

2. Risk management strategies and measures for each material environmental risk identified for the business:

a. Details of measures:

Risk Management Strategies:

The Company is certified under ISO 14001: 2015 standard and has laid down procedure for risk identification, assessment and mitigation.

Risk Identification and Assessment

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

- Significant aspects due to emergency conditions, legal requirements and interested party concern.
- Internal and external issues.
- Environmental conditions.
- Needs and expectations of interested parties.

Risk Mitigation and Monitoring

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

b. Targets and achievement values:

To be decided after identifying the action plans.

3. Details of your specific contribution to India's Nationally determined Contributions (submitted at UNFCCC COP21 in 2015):

The Company has taken actions to continuously work on improving energy efficiency and increasing usage of renewable energy. Currently 20% of energy consumed is from renewable sources.

4. New businesses - products - services created to address the material environmental risks identified:

The Company has developed a patented process that can be introduced in products made that will improve fuel efficiency and reduce emissions in automobiles.

a. Information on businesses created:

The Company is discussing with various customers to introduce in the market.

b. Percentage of revenue contributed by these:

Revenue yet to be realized.

5. Details of good practices cited in reduction, recycling, and reuse initiatives benchmarked against industry best practice:

The Company has adopted 3R principle of Reduce, Reuse & Recycle towards consumables like cutting tools, coolants, lubricants, etc and their usage across its plants.

PRINCIPLE 7: BUSINESSES, WHEN ENGAGING IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A MANNER THAT IS RESPONSIBLE AND TRANSPARENT

Essential Indicators:

1. Review public policy advocacy positions by the governance structure for consistency with Principles of these Guidelines a. Frequency; b. Month / year of last review:

The Company works closely with leading Industry Associations and Chambers of Commerce at International, National, State and Local levels to advocate and pursue various causes that are in the larger interests of industry, economy, society and the public.

From time-to-time these have been in areas such as economic reforms, corporate governance and transparency, affirmative action, education and skill development, women empowerment.

2. Names of trade and industry chambers and associations that you are a member / affiliate of:

The Company is member of :

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

3. Details of any adverse orders received from regulatory authorities for anti-competitive conduct by your business:

Nil

4. Monetary contributions (if any) that have been made to political parties:

Nil

Leadership Indicators:

1. The public policy positions available in the public domain:

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

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

2. Examples (up to three) of any policy changes in the past year as a result of your advocacy efforts:

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

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

3. Details of corrective action for anti-competitive conduct, taken by the business based on adverse orders from regulatory authorities:

Not Applicable.

PRINCIPLE 8: BUSINESSES SHOULD PROMOTE INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT.

Essential Indicators

1. Social impact assessments of your business operations conducted:

a. Number completed in the year?

The Company carries out its welfare and CSR activities through Srinivasan Services Trust (SST), the CSR arm of the Company and also through other implementing agencies.

SST's intervention under CSR is mainly confined to individual and household level, the measure on the impact is regularly made at village level internally through few indicators such as:

- Increase in community involvement on SST initiatives in villages as equal partner in the process of change.

- Increase in the delivery of existing government schemes and programs in villages which enable a win-win situation for people and government officials.
- Increase in the level of ownership by community towards sustainability of development created in villages through community-based organizations.

b. Number conducted by an independent external agency.

No social impact assessment was done by external agencies in this year.

2. Examples of products, technologies, processes or programmes (up to three) that contribute to the benefit of the vulnerable and marginalized sections of society:

- Facilitating formation of Self-Help Groups (SHG) among rural women.
- Facilitating SHGs to avail credit facilities from banks.
- Enabling farmers to utilize the benefit of Agriculture schemes announced by the Government.
- Enabling livestock owning families to utilize the benefit of veterinary schemes announced by the Government.
- Undertaking infrastructure repair works for Anganwadis, school, health centre, veterinary centres, water supply and water storage structures.
- Create awareness among villagers on the various social security schemes and assist them to avail the scheme.

3. With respect to projects during the year for which Re-settlement and Re-habilitation (R&R) is applicable - a. Number of persons that were affected / displaced by these projects ; b Gross amount paid out to project-affected and displaced persons:

Not applicable.

4. Details of investments (top three by value) in regions which are underdeveloped:

To implement the CSR activities the working areas are categorized into clusters based on geographical division. The top three invested clusters during this year includes:

- | | |
|-----------------------------|-----------------|
| • Thirukurugudi, Tamil Nadu | : ₹ 248.18 lakh |
| • Padavedu, Tamil Nadu | : ₹ 203.94 lakh |
| • Hosur, Tamil Nadu | : ₹ 159.29 lakh |
| • Mysuru, Karnataka | : ₹ 115.18 lakh |

5. Examples of goods and services (up to three) that incorporate local traditional knowledge:

The resource and skills available with the Company and employees are transformed to community for making better quality produce such as:

- Concerting waste banana bark into value added product.
- Concerting palm leaf into handicraft product.
- Making of eco-friendly bags from jute.

6. Summary of the key themes covered by CSR initiatives (as per Section 135 of Companies Act, 2013) or linked to the CSR Policy of the business:

- The Company's CSR initiatives towards developing a conduit between the government and local communities, enabling people to access various government schemes and benefits.
- The attempt is to make people independent and drivers of change themselves. The idea is to eventually convert individual beneficiaries into community leaders, who in turn motivate and guide others to bring about social and economic transformation of communities.
- Development of rural communities requires a holistic approach where different aspects in an individual's life need to be addressed.
- The economic well-being, education, social empowerment, health of the community and clean environment are all interrelated. Improvement of any one parameter often results in a commensurate improvement in others.

7. Details of adverse orders or judgments in intellectual property rights disputes related to traditional knowledge during the year (100 words).

NIL

8. Summary of the key themes covered by CSR initiatives (as per Section 135 of Companies Act 2013) or linked to the CSR Policy of the business (up to 100 words)

- Empowering women, Promotion of Education, including special education and employment, enhancing vocational skills.
- Eradicate poverty, promoting preventive healthcare and sanitation and making available safe drinking water.
- ensuring environment sustainability, ecological balance, animal welfare, agroforestry, conservation of natural resources and maintain quality of soil, air and water.
- Rural development projects.

Leadership Indicators:

1. With respect to these social impact assessments:

a. Results made available in the public domain:

The results of social impact assessments of SST is made available in its Website: www.tvssst.org.

b. Details of any actions taken to mitigate any negative social impacts:

No such negative social impact noticed. SST has in house planning, implementation and monitoring team, which review the project activities in various locations at periodic intervals. The CSR team is flexible to take forward the learning at every stage of the project and do course corrective measures.

2. Numbers benefitting from such beneficial products, technologies or processes:

- 770+ women SHGs formed with 10000+ members.
- ₹ 50+ Cr received as loan by women SHG members from banks.
- 1000+ Agriculture awareness programme conducted on Government schemes. 7000+ farmers benefitted from Government schemes.
- 1000+ Livestock awareness programme conducted on Government schemes. 10,000+ Livestock farmers benefitted from Government schemes.
- 1500+ Veterinary Camps conducted.
- 214 infrastructure works repaired / improved.
- 1600+ Social Security Scheme awareness programme conducted. 17000+ people availed both state and central government scheme.

3. With respect to projects during the year for which R&R is applicable - a. Was the R&R package developed in consultation with project-affected people; b. Information on gross amounts, made available in the public domain:

Not applicable.

4. Channels / platforms used to communicate Information regarding resolution of grievances / complaints from communities:

CSR team members lives in villages where welfare activities are carried out, in order to understand the needs and receive feedback then and there.

Continuous interaction with community to understand the benefit and utility of various programs implemented through SHG meetings, Gram sabha and meeting with various community based organisations.

Feedback from Government officials at local, block and district level on the effectiveness on implementation of the Government welfare schemes and programs at grass root level villages.

5. Examples (up to three) of economic and social value addition in these underdeveloped regions:

- Community involvement for inclusive development: Treating the community as equal partners in the process of change. They also play an active role on monitoring and evaluation.
- Facilitate and strengthen delivery of existing Government schemes and programs: enabling a win-win situation for the local Government officials and institutions. Hence, check and balance done by government departments.
- Empower CSR task force for achieving sustainable outcomes.

6. Examples where benefits of this local traditional knowledge being used by the business are shared with the community:

The learnings in factories which are suitable for village environment will always be utilized in our few such learning in Company shared with community are:

- The needed resources including ideas, inspiration and funds may all be within reach but mobilization is key.
- Identify the priority needs and focus to ensure the benefits of development.
- Effective targeting is key to achieve the maximum impact.

Identify priority needs and focus: Summer is almost here and that is when our farmers face difficulties in finding fodder for their cows. Not anymore. This year, we've helped 20 farmers prepare well by giving them three kilos of fodder sorghum with the help of the veterinary hospital in Vadamathimangalam village. This drought-resistant crop, that has been cultivated on half-an-acre of land, grows easily on any soil with minimum water. These farmers are relieved because they are already set for the summer, with a ready supply of grain and fodder for their livestock.

7. Number of beneficiaries covered under your CSR projects (as per Section 135 of Companies Act, 2013), disaggregated by the vulnerable and marginalized group categories:

CSR coverage was to focus on enabling people to enhance the socio-economic status of 15.46 lakhs people out of which 1 lakh in tribal areas.

8. Examples of how the impact of your community initiatives contribute to local and national development indicators:

- 2300+ Government Schools, Government Anganwadis, Government Health centers, and Government Veterinary centers repaired/renovated
- 370+ other community structures improved for people utilization
- Enhanced water storage capacity of 282 MI tanks through desilting
- Plantation of 7.50 lakh trees in community & private land through people participation and government intervention
- More than ₹ 100 crores of annual income generated by women and farmers through various communitybased organization like SHGs and farmers groups.

PRINCIPLE 9: BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS IN A RESPONSIBLE MANNER

Essential Indicators

1. Examples (up to three) where adverse impacts of goods and services of your business have been raised in public domain:

Not Applicable.

2. **Percentage by value of goods and services of the business that carry information about:**
 - a. **Environmental and social parameters relevant to the product:**

The Company produces parts to the prints and specifications provided by the customers.

The Company displays product information as required by the customers. This is approved by them during the development process.
 - b. **Safe and responsible usage:**

As explained in 2(a) above.
3. **Number of consumer complaints in respect of data privacy - a. Received during the year; b. Pending resolution:**

Nil
4. **Number of consumer complaints in respect of advertising:**
 - a. **Received during the year** - Nil
 - b. **Pending resolution** - Nil
5. **Number of consumer complaints in respect of delivery of essential services:**
 - a. **Received during the year** - Nil
 - b. **Pending resolution** - Nil

Leadership Indicators:

1. **Corrective actions taken on adverse impacts of goods and services of your business - a. Details; b. Communicated in the public domain:**

Not applicable
2. **List of national-international product labels / certifications being used by the business:**

Not applicable.
3. **Channels platforms where information on goods and services of the business can be accessed:**

Official Website, Social media, labels.
4. **Steps taken to inform and educate vulnerable and marginalized consumers about safe and responsible usage of products:**

Not applicable.
5. **On complaints received in respect of data privacy and advertising, indicate what corrective actions were taken to ensure that these do not get repeated.**

Not Applicable.
6. **Processes in place to inform consumers of any risk of disruption / discontinuation of essential services:**

Risks - business and operational - are identified and appropriate countermeasures deployed. These are reviewed by the management and the Board periodically. As appropriate, the risk of disruption / discontinuation of services are also communicated to customers as well as external agencies.

For and on behalf of the Board of Directors

Chennai
6th May 2022

R GOPALAN
Chairman

Annexure - VII to Directors' Report to the shareholders

Report on Corporate Governance

1. Company's philosophy on code of governance

The Company has a strong legacy of fair, transparent and ethical governance practices. The Company's philosophy on corporate governance is founded on the fundamental ideologies viz., Trust, Value, Passion for Customers and Exactness.

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

Good corporate governance, acting in accordance with the principles of responsible management which aimed at increasing enterprise value on a sustainable basis, is an essential requirement for the Group.

The Company's corporate governance philosophy has been further strengthened by adopting a Code of Business Conduct and Ethics and Code of Conduct to Regulate, Monitor and Report trading by Insiders for Prevention of Insider Trading by the Directors and Designated Persons and Code of practices for fair disclosure of unpublished price sensitive information.

2. Board of Directors

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

2.1. Composition and category of Directors:

The Board has sought to balance its composition and tenure and that of its Committees and to refresh them gradually from time to time so that they can benefit from the experience of longer serving Directors, and the fresh external perspectives and insights from newer appointees.

During the year under review, Mr T. K. Balaji and Mr Gopal Srinivasan resigned as an Directors effective 4th February 2022 and thereby they also ceased as members of Committees where ever they held membership.

Mr Venu Srinivasan was designated as Chairman Emeritus and Managing Director (CE & MD) effective 1st April 2022, by the Board at its meeting held on 9th February 2022 and continues to be the Managing Director of the Company.

At the same meeting the Board appointed Mr R Gopalan, Independent Director as Chairman of the Board effective 1st April 2022.

Effective 6th May 2022, Dr. Lakshmi Venu has taken over as Managing Director as approved by the Board of Directors at their meeting held on 6th May 2022, on the recommendation of the Nomination and Remuneration Committee at its meeting held on 5th May 2022.

As on 31st March 2022, the total strength of the Board was twelve. Till 31st March 2022, the Company had Mr Venu

Srinivasan as Executive Chairman, the composition of the board with fifty per cent of its Directors as independent directors besides one-Woman Independent Director, as required, in terms of the Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) was complied with.

The Board has seven Independent Directors (IDs) viz., M/s Kamlesh Gandhi, R Gopalan, Vice Admiral P J Jacob, S Santhanakrishnan, V Subramanian, Sasikala Varadachari and R Vijayaraghavan.

The Board has two Non-Executive Directors (NEDs), viz., M/s. Sudarshan Venu and Rajesh Narasimhan. Mr Venu Srinivasan, Dr. Lakshmi Venu and Mr K Gopala Desikan are the Executive Directors. Thus, the composition of the Company's Board is in conformity with the Listing Regulations.

Non-Executive Directors have a wide range of experience from various fields including financial, administrative and legal services and have a wealth of experience of different organisations. Many of the Company's Board members have experience of long-cycle industries, which is of great assistance in understanding the industry in which the Company operates. The Company is committed to the diversity of the Boardroom.

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

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

At the Annual General Meeting of the Company held on 23rd July 2019, Vice Admiral P J Jacob (Retd.), Independent Director was re-appointed for the second term of five consecutive years and other IDs of the Company viz., M/s. V Subramanian, S Santhanakrishnan, R Vijayaraghavan and Kamlesh Gandhi were re-appointed for the second term of three consecutive years effective 21st August 2019 and Mr R Gopalan was re-appointed as ID for the second term of 3 (three) consecutive years from 24th July 2019.

Ms Sasikala Varadachari was appointed as an Independent Director by the Board for the first term at its meeting held on 24th October 2018 and the same was approved by the shareholders at the AGM held on 23rd July 2019.

All the existing IDs are not liable to retire by rotation and none of them serves as ID in more than seven listed companies. The terms of appointment of IDs include the remuneration payable to them by way of fees and profit related commission, if any.

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During the year under review, the Board has appointed Mr K Gopala Desikan, as an Additional Director and also as Director and Group CFO, in the rank of Whole Time Director for a period of 5 years effective 9th February 2022, on the recommendation of the Nomination and Remuneration Committee (NRC). His terms of appointment and remuneration payable as Director & Group CFO were approved by the shareholders through Postal Ballot on 21st March 2022.

The resolutions seeking approval of the Members for the reappointment of Dr. Lakshmi Venu and Mr Sudarshan Venu as Directors retiring by rotation have been included in the Notice of AGM along with brief details about them.

2.2 Board meetings:

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

Board and Committee meetings through video conferencing or other audio visual means were made available to the Directors.

The Company, regularly places before the Board for its review, all the information as required under Part A of Schedule II to Listing Regulations such as annual operating plans, Capex budget and its quarterly updates, quarterly financial results, minutes of meetings of Audit Committee and other Committees of the Board, information on recruitment and remuneration of senior officers one level below the Board, any significant development in Human Resources / Industrial Relations,

showcase, demand and prosecution notices and penalty notices which are materially important, quarterly details of foreign exchange exposures, risk management and mitigation measures, report on compliance of all laws applicable to the Company, prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances, if any, etc.

Comprehensively drafted notes for each agenda item along with pre-agenda materials, wherever necessary, are circulated well in advance to the Committee / Board to enable them for making value addition as well as exercising their business judgment in the Committee / Board Meetings.

Presentations are also being made by the business heads on the Company's Operations, Marketing Strategy, Risk Management, Internal Financial Control, etc., in Board / Audit Committee Meetings, and also by external experts wherever required. The performance of subsidiaries also presented by the CEOs of respective subsidiaries, on quarterly basis.

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

During the year 2021-22, the Board met five times on 28th April 2021, 30th July 2021, 22nd October 2021, 9th February 2022 and 22nd March 2022 and the gap between two meetings did not exceed 120 days. Besides, the IDs held a separate meeting on 22nd March 2022 as per the applicable provisions of the the Companies Act, 2013 (the Act, 2013) and Regulation 25(3) of the Listing Regulations. All the IDs were present at the meeting.

2.3 Attendance and other Directorships:

The details of attendance of the Directors at the Board meetings during the year and at the last AGM held on 30th July 2021 and other directorships and Committee Memberships / Chairmanships as on 31st March 2022 are as follows:

Name of the Director (M/s.)	DIN	Category	Attendance particulars		Number of other Directorships, Committee Memberships / Chairmanships		
			Board meeting	Last AGM	Other directorships*	Committee memberships**	Committee chairmanships
R Gopalan	01624555	ID	5	Yes	6	6	2
Venu Srinivasan	00051523	ED	5	Yes	19	1	–
Dr. Lakshmi Venu	02702020	ED	4	Yes	8	3	–
K Gopala Desikan \$	00067107	ED	2	NA	14	–	–
Kamlesh Gandhi	00004969	ID	5	Yes	4	4	3
Vice Admiral P J Jacob (Retd.)	00173785	ID	5	Yes	1	1	1
Rajesh Narasimhan	07824276	NED	5	Yes	9	–	–
S Santhanakrishnan	00005069	ID	5	Yes	1	3	–
V Subramanian	00357727	ID	5	Yes	5	3	1
Sasikala Varadachari	07132398	ID	5	Yes	3	2	–
Sudarshan Venu	03601690	NED	3	Yes	13	1	–
R Vijayaraghavan	00026763	ID	4	Yes	8	10	5

ED : Executive Director

ID : Independent Director

NED : Non-Executive Director

* includes private companies, section 8 Companies and companies incorporated outside India.

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

\$ appointed as Director effective 09th February 2022

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None of the Directors on the Board is a member of more than ten committees or chairman of more than five committees across all the companies in which they are Directors. For the Membership and Chairpersonship in Committees only Audit Committee and Stakeholder Relationship Committee have been considered as per Regulation 26 of the Listing Regulations. Also, all public limited companies, whether listed or not, have been included and all other companies including private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013 have been excluded.

The number of Directorships, Committee Memberships / Chairmanships of all Directors are within the respective limits prescribed under the Act, 2013 and the Listing Regulations. Mr Venu Srinivasan, Dr. Lakshmi Venu and Mr Sudarshan Venu are related to each other. None of the other Directors is related to any other Director on the Board.

2.4 Listed entities in which the directors hold position as director other than Sundaram-Clayton Limited and category of Directorship:

Name of the Director (M/s.)	Name of the company	Category of Directorship
R Gopalan	Zee Entertainment Enterprises Ltd.	Independent Director- Chairman
	TVS Motor Company Limited	Independent Director
Venu Srinivasan	TVS Motor Company Limited	Executive Director
	The Indian Hotels Company Limited	Non-Executive Director
Dr. Lakshmi Venu	TVS Motor Company Limited	Non-Executive Director
	ZF Commercial Vehicle Control Systems India Limited (Formerly known as WABCO India Limited)	Independent Director
K Gopala Desikan	—	—
Kamlesh Gandhi	Bhagyanagar India Limited	Independent Director
	Kirloskar Electric Company Limited	
	NCL Industries Limited	Independent Director - Chairman
Vice Admiral P J Jacob (Retd.)	—	—
Rajesh Narasimhan	—	—
S Santhanakrishnan	—	—
V Subramanian	Adani Enterprises Limited	Independent Director
Sasikala Varadachari	CG Power and Industrial Solutions Limited	Independent Director
Sudarshan Venu	TVS Motor Company Limited	Executive Director
	Coromandel International Ltd	Independent Director
R Vijayaraghavan	India Nippon Electricals Limited	Independent Director
	Sanco Trans Limited	
	Bimetal Bearings Limited	

2.5 Access to information and updation to Directors:

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

Apart from this, the observations on the audit carried out by the internal auditors and the compliance report on payment of statutory liabilities submitted by the Statutory Auditors of the Company are placed and discussed with functional heads, by the Committee / Board. The Board also reviews the declarations made by the Chairman Emeritus & Managing Director and the Company Secretary regarding compliance with all applicable

laws on quarterly basis. Decisions taken at the meetings of the Board/ Committee are communicated to the functional heads. Action taken report on decisions of previous meetings was placed at every succeeding meeting of the Board / Committee for reporting the compliance.

2.6 Familiarization programme

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

The program also includes briefings on the culture, values and business model of the Company, the roles and responsibilities of senior executives and the Company's financial, strategic,

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operational and risk management position. The induction process for IDs include plant visit for detailed understanding of manufacturing process / activities of the Company. The details of familiarization program are available on the Company's website in the link as provided in page no. 73 of this Annual Report.

2.7. Principal / core skills / expertise / competence of the Board of Directors:

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

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

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

Board of Directors is well structured to ensure a high degree of diversity by age, gender, educational qualifications, professional background, present activity, sector expertise and special skills (classification).

Board comprises of balance of skills, experience, knowledge, gender, social-economic backgrounds and independence. This needs to be backed by a diversity of personal attributes, including sound judgement, honesty and courage.

Professional Background & Skills / expertise / competency of Directors:

Name of the Directors	Brief description about the Directors
Mr R Gopalan	<ul style="list-style-type: none"> He has served as a Member, Public Enterprises Selection Board (PESB) under the control of the PM. This body selects CMDs, MDs and Directors of Central Public Sector Enterprises; 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; Brought about a number of changes in the functioning of the Capital Markets and initiated new policy measures in infrastructure development. He has also served as Secretary of Department of Economic Affairs and also as Secretary, Department of Financial Services in Government of India. He has vast experience in Corporate Laws, Business Administration, Corporate Finance and Regulatory matters He had represented India in the trade negotiations at World Trade Organization.
Mr Venu Srinivasan	<ul style="list-style-type: none"> He has extensive experience in Automotive Sector over a period of four decades and has established a robust Governance Model under his leadership and management; Implemented Total Quality Management (TQM), a Japanese method of process-driven manufacturing in Indian manufacturing operations; Strengthened the TQM processes within the Company which facilitated making bikes for BMW Motorrad through a strategic partnership; He is the recipient of Deming Distinguished Service Award, granted to individuals who have made outstanding contributions in the dissemination and promotion of Total Quality Management; He was conferred with "Goodwill Envoy for Public Diplomacy" and distinguished civilian honour "Order of Diplomatic Service Merit" (Heung-In Medal) by the Republic of Korea; He was conferred the Padma Bhushan Award, the third Highest civilian award in India, in January 2020;

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Name of the Directors	Brief description about the Directors
	<ul style="list-style-type: none"> • He was conferred the Autocar Professional of the Year 2021; • He is also Chairman Emeritus and Managing Director of TVS Motor Company Limited. He also serves on the board of T V Sundram Iyengar & Sons Private Limited, Tata Sons Private Ltd., (Tata Sons) the holding company of the conglomerate Tata Group; • He is also the Vice Chairman of various Tata Trusts; • He also oversees Srinivasan Services Trust (SST), which works in 2500 villages in India towards self-development for village communities covering education, healthcare, infrastructure, economic development, environment and community development.
Dr. Lakshmi Venu	<ul style="list-style-type: none"> • She has a rich experience in business strategy, product design and in-depth knowledge of automotive business; • She handles wider responsibilities for exploring new business opportunities; • Played a key role in establishment of overseas manufacturing facility for Sundaram Holding USA Inc, in the United States of America, the subsidiary company for catering to the needs of US markets; • She is also the Deputy Managing Director of TAFE Motors and Tractors Limited and Non-Executive Director of TVS Motor Company Limited. She is also an Independent Director in ZF Commercial Vehicle Control Systems India Limited (Formerly known as WABCO India Limited); and • She was recognized as “Corporate India's fastest rising women leader” by Economic Times in 2017.
Mr K Gopala Desikan	<ul style="list-style-type: none"> • He has been with the Group for the last 32 years and has handled various functions which include Direct Taxation, Treasury & Risk Management, M&A activities, Corporate finance & accounts and various accounting functions at Plant level. • 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 Committees. • He has attended various Leadership Programs both within and outside India.
Mr Kamlesh Gandhi	<ul style="list-style-type: none"> • He is associated with Capital and Financial Markets in India for the past 41 years and was a member of the BSE for 14 years from 1981 to 1995; • He was a Director on the Board of Association of Merchant Bankers of India for 4 years from inception of the Association; • As a merchant banker, he was instrumental in raising funds for over 325 capital issues and was involved in placement of equities of several companies with retail, high net worth and institutional investors, both domestic and overseas; • He was the guest speaker at Training Institutes of Banks and Bankers Training College of RBI on merchant banking activities. He was a Non-Executive Director of several companies including Dr Reddy's Group and Raasi Group; • He is involved in advising several NRI investors including many high net worth NRIs.
Vice Admiral P J Jacob	<ul style="list-style-type: none"> • He is a retired Vice Chief of the Naval Staff; • He has held a variety of key operational and training assignments in a career spanning forty years; • He has commanded the Eastern Fleet, was the Director General of the Indian Coast Guard and the Chief of Personnel of the Navy; • He has overseen numerous training initiatives and has led several Ministry of Defence / Navy delegations to negotiate intergovernmental agreements on strategic issues with various countries; • He has taken up an assignment as a Director in Dua Consulting, a leading Delhi based firm, consulting in a number of areas such as infrastructure development, maritime, aviation and telecom;

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Name of the Directors	Brief description about the Directors
	<ul style="list-style-type: none"> • He was appointed by the Sri Lankan Government as its advisor on Maritime security; • He was also involved in a second track initiative in conjunction with CII to attract greater Taiwanese investment in India, particularly in IT and small and medium scale manufacturing; • He has served as a member of the National Security Advisory Board to the Prime Minister of India. He is currently Chairman of the Global India Foundation an organization aiding decision makers in strategizing policy initiatives; • He is a recipient of the Param Vishist Seva Medal, Ati Vishist Seva Medal and the Vishist Seva Medal for distinguished service of an exceptional order; and • He has a rich experience in general management and business administration and indepth knowledge of economic scenario.
Mr Rajesh Narasimhan	<ul style="list-style-type: none"> • Mr Narasimhan is an Innovative & highly adaptable leader with more than three 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; • Mr Narasimhan has had an exceptional and very successful career at the TVS group, Covansys Corporation (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 several business transformations and turnarounds last leading the delivery of their multibillion \$ 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 \$ Applications services business for Asia Pacific & Japan; and • 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 the Sundaram Clayton Limited 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.
Mr S Santhanakrishnan	<ul style="list-style-type: none"> • He joined the State Bank of India as a probationary officer and he rose to the position of Deputy Managing Director after 36 years of experience; • He was also the All India Head of Credit (Corporate Accounts Group) and had the privilege of dealing with all the top 200 companies of India for more than 3 years; • He was also the General Manager of SBI Capital Markets Limited and headed the Chennai office for 3 years; • After his retirement from SBI he headed the Credit Information Bureau of India Limited (CIBIL); • He has been an Independent Director on the Boards of many companies in various sectors for the last 15 years; and • He has vast experience in banking and financial services having held key positions over several decades.

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Name of the Directors	Brief description about the Directors
Mr V Subramanian	<ul style="list-style-type: none"> • He joined the premier Indian Administrative Service in 1971 (West Bengal Cadre) and also served as Secretary to the Government of India in Ministry of New and Renewable Energy. He has a vast expertise and experience in dealing with foreign exchange management in India. • He was appointed as Adviser on Loan and Grant Management to the Government of Mozambique, Maputo by Commonwealth Secretariat, London for two and half years. • During the stint with Ministry of Finance, he had dealt with public sector projects in the areas of transport, steel & mines, fertilizers, welfare, etc., external commercial borrowings, exchange control and bilateral aid. • He was also the Business Development Adviser to the Council for Industrial and Scientific Research at New Delhi in 2008 -09. • He has occupied many key senior positions in Government of India and the Government of West Bengal during his career of 37 years. • He has extensive experience in Power, Aviation, Labour and Finance sectors and was the Chairman & Secretary General of the Indian Wind Energy Association, a non-governmental body formed by the wind energy generating companies and equipment manufacturers for over ten years till December, 2018. • He is also the Chief Mentor of the Indian Renewable Energy Federation, an NGO working in the renewable energy sector. He also offers consultancy to various companies in the field of renewable energy. • He has a broad range of legal and regulatory experience to monitor corporate governance practices for automotive and energy businesses.
Ms Sasikala Varadachari	<ul style="list-style-type: none"> • She is a retired banker with over 37 years of experience in the fields of banking operations. • 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; and • She has vast experience in banking and financial services having held key positions in the banking sector.
Mr Sudarshan Venu	<ul style="list-style-type: none"> • He is the Managing Director of TVS Motor Company Limited and also a Non-Executive Director of TVS Credit Services Limited, the subsidiary company. • Very resourceful in his approach and implementation of strategies and turnaround of exports in a positive manner; • Made efforts on multiple fronts to make the TVS brand more aspirational. • Plays a key role in profitable exports expansion, in the e-utility and Artificial Intelligence foray by the Company; • Always strives for excellence in both quality and cost along with customer satisfaction and take advantage of emerging opportunities and catch new waves of wealth creation. • He involves himself in all spheres of management and his expertise in strategic planning and business administration has developed the Company in its growth at a faster rate.
Mr R Vijayaraghavan	<ul style="list-style-type: none"> • He is an advocate in Chennai and has been practicing law for over 20 years and is the legal advisor to many business groups and is a member of Board of Directors and audit committee of reputed companies. • He has a vast breadth of experience in the fields of corporate law, mergers and acquisitions, tax laws, commercial aspects of doing business in India. • He is a partner of a reputed tax consultant firm in Chennai, providing a single window facility to the business community for all their legal requirements in the form of taxation consultancy, opinion, arbitration and conciliation, documentation approvals and litigation. • He has vast experience and knowledge in taxation matters including arbitration and conciliation.

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

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

The Company's Code of Conduct embodies its values and expectations to which its corporate standards and employee policies are aligned.

The Code has been communicated to Directors and SMP. An updated version of Code of Conduct, which is available on Company's website, is always under review and amended by the Board from time to time.

The Code has also been displayed on the Company's website in the link provided in page no. 73 of the Annual Report.

All the Members of the Board and SMP have confirmed compliance with the Code for the year ended 31st March 2022. The Annual Report contains a declaration to this effect signed by Director & Group CFO.

2.9. Appointment / Re-appointment of Directors:

In terms of Regulation 36(3) of the Listing Regulations, a brief resume of Director proposed to be re-appointed, nature of their expertise in specific functional areas, other directorships and committee memberships, shareholdings and relationships, if any, with other Directors alongwith listed entities from which the Director has resigned in the past three years are provided in the Notice convening AGM of the Company.

2.10. Committees of the Board:

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

3. Audit Committee

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

3.1. Brief description of terms of reference:

The Audit Committee of the Company is entrusted with the responsibility to supervise the Company's internal control and

financial reporting process and *inter-alia* performs the following functions:

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

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- o. Looking into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- p. Reviewing the functioning of the Whistle Blower mechanism;
- q. Approving the appointment of CFO after assessing the qualifications, experience and background of the candidate; and
- r. reviewing the utilisation of loans and / or advances from / investments / by the holding company in the subsidiary exceeding ₹ 100 Cr or 10% of the asset size of the subsidiary, whichever is lower.

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

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

3.2. Composition, name of members and the Chairman:

As at 31st March 2022, the Committee consists of the following Non-Executive and Independent Director's viz., M/s Vice Admiral P J Jacob (Retd.), V Subramanian, S Santhanakrishnan and R Gopalan.

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

Chairman of the Committee was present at the last AGM held on 30th July 2021.

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

Date of the meeting	Members present (M/s.)
28-04-2021	Vice Admiral P J Jacob (Retd), R Gopalan, S Santhanakrishnan and V Subramanian
30-07-2021	Vice Admiral P J Jacob (Retd), T K Balaji, R Gopalan, S Santhanakrishnan and V Subramanian
22-10-2021	Vice Admiral P J Jacob (Retd), R Gopalan, S Santhanakrishnan and V Subramanian
09-02-2022	
22-03-2022	

* Mr. T. K. Balaji resigned from Directorship and also ceased as a member of the Committee effective 4th February 2022.

4. Subsidiary Companies

The Company has two direct subsidiaries viz., TVS Motor Company Limited, Listed Company (TVSM) and Sundaram-Clayton (USA) Limited, USA, unlisted overseas company. The other indirect Indian

unlisted subsidiaries of the Company are Sundaram Auto Components Limited, TVS Housing Limited, TVS Motor Services Limited, Intellicar Telematics Private Ltd, TVS Electric Mobility Limited, TVS Credit Services Limited, and its subsidiaries viz., TVS Two- wheeler Mall Private Limited, Harita ARC Private Limited, and TVS Housing Finance Private Limited.

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

During the year under review, TVSM, has acquired majority stake in the following companies through its overseas subsidiary TVS Motor (Singapore) Pte Limited and thereby became subsidiaries of the Company.

- (1) The GO Corporation, Switzerland on 16th September 2021 and its subsidiary viz., EGO Movement Stuttgart GmbH, Germany.
- (2) Swiss E-Mobility Group (SEMG), Switzerland on 27th January 2022 and its subsidiaries viz., Swiss E-Mobility Group (Schweiz) AG, Switzerland and Colag E-Mobility GmbH, Germany.

Intellicar Telematics Private Limited, a wholly owned subsidiary of TVSM has acquired Intellicar Singapore Pte. Ltd., on 10th November 2021

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

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

Material Subsidiaries Policy:

The Board has duly formulated a policy for determining 'material subsidiaries'. As per the amended Listing Regulations material subsidiary means a subsidiary whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

Since, TVSM, the Company's Listed subsidiary has complied with the requirements laid down under the Listing Regulations for material subsidiaries, the Company has fully complied with the provisions of this regulation. The Company has also ensured that all the identified material unlisted subsidiaries incorporated in India have obtained secretarial audit report from a Company Secretary in Practice for FY 2021-22 and annexed with the annual report of TVSM, a listed subsidiary of the Company, in compliance with Regulation 24 of the Listing Regulations. The Board at its meeting held on 5th February 2020, amended the Material Subsidiary Policy to incorporate certain clauses so as to maintain consistency and incorporate statutory amendments from time to time to be reflected in the policy to make it upto date and more comprehensive. Copy of the said policy is available on the Company's website in the link provided in page no. 73 in this Annual Report.

5. Disclosures

5.1. Materially significant related party transactions:

All transactions entered into with related parties (RPTs), as defined under the Act and the Listing Regulations during the financial year 2021-22 were in the ordinary course of business and at an arm's length and do not attract the provisions of Section 188 of the Act and the rules made thereunder.

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

The transactions with the related parties, namely its promoters, holding, subsidiary and associate companies, etc., of routine nature have been reported in the Annual Report, as per Indian Accounting Standard 24 (IND AS 24) notified vide the Companies (Indian Accounting Standard) Rules, 2015. Details of related party transactions are enclosed as part of accounts for the year ended 31st March 2022.

5.2. Related Party Transaction Policy:

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

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

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

As per the Act, any unforeseen RPT involving amount not exceeding ₹ 1 Cr per transaction entered into by a director or officer of the Company without obtaining prior approval of the Audit Committee and such transactions being RPTs can be ratified by the Audit Committee within three months from the date of such transaction. The Company has engaged an Independent audit firm for ensuring correctness of the approach in complying with both the criteria on arm's length price and ordinary course of business for all RPTs entered into by the Company, during the year under review.

Copy of the said Policy is available on the Company's website in the link as provided in page no. 73 of this Annual Report.

5.3. Disclosure of accounting treatment:

Pursuant to the notification, issued by the Ministry of Corporate Affairs dated 16th February 2015 relating to the Companies

(Indian Accounting Standard) Rules, 2015, as amended from time-to-time, the Company has adopted "IND AS" with effect from 1st April 2016. Accordingly, the financial statements for the year 2021-22 have been prepared in compliance with the said Rules.

5.4. Risk Management:

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

Risks and effectiveness of management are internally reviewed and reported regularly to the Board. As a process, the risks associated with the business are identified and prioritized based on severity, likelihood and effectiveness of current detection.

Such risks are reviewed by the Management on quarterly basis. Process owners are identified for each risk and metrics are developed for monitoring and reviewing the risk mitigation.

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

Risk Management Committee

As on 31st March 2022, the Committee consists of the following Directors viz., Mr R Gopalan, Vice Admiral P J Jacob, Dr. Lakshmi Venu and Mr K Gopala Desikan.

The composition of the Committee is in accordance with the requirements of the Regulation 21 of the Listing Regulations.

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

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

Date of the Meetings	Members present (M/s)			
	RG	LV	PJJ	KGD
28-04-2021	✓	✓	✓	✓
22-10-2021	✓	LOA	✓	✓

✓ - Attended the meeting LOA - Leave of absence

[RG - Mr R Gopalan, LV - Dr. Lakshmi Venu, PJJ - Vice Admiral P J Jacob (Retd.) , KGD - Mr K Gopala Desikan]

Scope:

- Overseeing and approving the Company's enterprise-wide risk management framework;
- Overseeing / identifying / assessing of all risks that the organization faces such as strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory, reputational; and

- c) Evaluating that adequate risk management infrastructure is in place and capable of addressing those risks.

Role:

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

5.5. Instances of non-compliances, if any:

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

5.6. Disclosure by Senior Management Personnel (SMP):

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

5.7. CEO and CFO Certification:

The Chairman Emeritus and Managing Director and Director and Group CFO of the Company have certified to the Board on financial and other matters in accordance with Regulation 33 of the Listing Regulations for the financial year ended 31st March 2022.

5.8. Compliance with mandatory / non-mandatory requirements:

The Company has complied with all applicable mandatory requirements in terms of the Listing Regulations. The non-mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate heading detailed elsewhere in this Report.

5.9. Code of Conduct for Prevention of Insider Trading:

In compliance with the amended SEBI (Prohibition of Insider Trading) Regulations 2015 as amended, the Company has a comprehensive Code of conduct for prevention of insider

trading and the same is being strictly adhered by the Designated persons as defined under this Code.

The Company also has in place Code of Practices and Procedures for fair disclosure of "Unpublished Price Sensitive Information" (UPSI) and a Code of Conduct to regulate, monitor and report trading by insiders.

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

The Audit Committee also reviewed the Institutional Mechanism for Prevention of Insider trading and the systems for internal control as per Regulation 9A of the SEBI (Prohibition of Insider Trading) Regulations 2015 and declarations from Designated Persons affirming their compliance with the Code for the year 2021-22.

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

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

5.11. Whistle Blower Policy:

Over the years, the Company has established a reputation for doing business with integrity and displays zero tolerance for any form of unethical behaviour. Vigil mechanism instituted by the Company to report concerns about unethical behaviour in compliance with the requirements of the Act and the Listing Regulations. The Board's Audit Committee oversees the functioning of this policy. Protected disclosures can be made by a whistle-blower through several channels to report actual or suspected frauds and violation of the Company's Code of Conduct.

Copy of the said Policy is available on the Company's website in the link as provided in page no. 73 of this Annual Report.

6. Nomination and Remuneration Committee (NRC)

6.1. Composition of the Committee:

As at 31st March 2022, NRC consists of M/s S Santhanakrishnan, Vice Admiral P J Jacob, V Subramanian and R Vijayaraghavan Independent directors.

Mr S Santhanakrishnan, the Chairman of the Committee was present at the last AGM held on 30th July 2021, to answer the Shareholder queries.

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

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

Date of the meeting	Members present (M/s.)
28.04.2021	S Santhanakrishnan,
16.07.2021	Vice Admiral P J Jacob (Retd),
09.02.2022	V Subramanian and R Vijayaraghavan

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

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

6.4. The role / scope of NRC is as follows:

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

6.5. Evaluation Criteria

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

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

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

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

The performance of SMP was measured against their achievement of the business plans approved by the Board

during and at the completion of the financial year and their annual 'at-risk' remuneration which reflects their business plan achievements.

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

6.6. Remuneration Policy

The Nomination and Remuneration Policy has been placed on the website of the Company in the link provided separately in this Annual Report.

The salient features of the policy are as follows: NRC formulates policies to ensure that -

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

6.7. Remuneration to Directors:

Executive Director(s)

The remuneration payable to CE&MD, MD and Director & Group CFO for the FY 2021-22 is fixed by the Board and are within the limits approved by the shareholders in terms of the relevant provisions of the Act, 2013.

Particulars of remuneration to Executive Directors during the financial year 2021-22:

(₹ in Cr)

Executive Directors	Salary and Perquisites	Commission	Total
CE&MD	0.93	—	0.93
MD	1.82	5.00	6.82
Director & Group CFO *	0.04	—	0.04

* for the period from 9th February 2022

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

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

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

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The Directors are paid commission within the permissible limits approved by the Members and determined by the Board every year depending upon the performance of the Company.

Non- Executive / Independent Director(s)

Sitting fees

₹ 10,000/- each is paid to the Non-Executive Directors for every meeting of the Board and / or Committee thereof attended by them, which is within the limits, prescribed under the Act, 2013.

Commission

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

At the 59th AGM held on 30th July 2021, the Shareholders have approved payment of commission to Independent Directors, based on performance of the Company, not exceeding 1% of the net profits of the Company, in aggregate, subject to a maximum, as determined by the Board, for each such Director for every financial year effective 1st April, 2021. A commission of ₹ 15 lakhs was approved at the Board Meeting held on 6th May 2022 to each such IDs, who serve as members of any one of the Committees of the Company as well and ₹ 12 lakhs to other IDs for the year 2021-22. The above compensation structure is commensurate with the best practices in terms of remunerating IDs and it adequately compensates for the time and contribution made by IDs.

In terms of the amended Listing Regulations, it has also been ensured that the remuneration payable to one ID does not exceed 50% of the total annual remuneration payable to all IDs of the Company.

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

6.8. Particulars of sitting fees / commission paid to the Non-Executive and Independent / Non-Executive Directors during the financial year 2021-22 are as follows:

(₹ in lakhs)

Name of the Directors (M/s.)	Sitting fees	Commission	Total
T K Balaji	1.10	–	1.10
Kamlesh Gandhi	0.70	12.00	12.70
R Gopalan	1.40	15.00	16.40
Vice Admiral P J Jacob (Retd.)	1.80	15.00	16.80
S Santhanakrishnan	1.90	15.00	16.90
Gopal Srinivasan	0.20	–	0.20

Name of the Directors (M/s.)	Sitting fees	Commission	Total
V Subramanian	1.50	15.00	16.50
Sasikala Varadachari	0.70	12.00	12.70
Sudarshan Venu	0.30	–	0.30
R Vijayaraghavan	1.20	15.00	16.20
Rajesh Narasimhan	0.50	–	0.50
Total	11.30	99.00	110.30

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

6.9. Details of shareholdings of Non-Executive Directors in the Company as on 31st March 2022:

None of non-executive directors holds shares in the Company.

7. Stakeholders' Relationship Committee (SRC)

7.1. As at 31st March 2022, the SRC consists of three Members viz., M/s. R Vijayaraghavan and S Santhanakrishnan, IDs and Dr. Lakshmi Venu, Executive Director. Mr R Vijayaraghavan, the Chairman of the Committee was present at AGM held on 30th July 2021 to answer shareholders' queries.

7.2. As required by the Listing Regulations, Mr R Raja Prakash, Company Secretary is the Compliance Officer of the Company, who oversees the redressal of investor grievances. For any clarification / complaint, the shareholders may contact the Company Secretary.

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

Date of the meeting	Members present (M/s.)
28.04.2021	R Vijayaraghavan, Dr. Lakshmi Venu and S Santhanakrishnan
30.07.2021	
22.10.2021	R Vijayaraghavan and S Santhanakrishnan
09.02.2022	R Vijayaraghavan, Dr. Lakshmi Venu and S Santhanakrishnan

7.4. SRC oversees and reviews all the matters connected with share transfers, issue of duplicate share certificates and other issues pertaining to shares. SRC also looks into various aspects of interests:

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

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

7.5 Complaints received and redressed during the year 2021-22:

S.No.	Nature of complaint	No. of complaint
1.	Non-receipt of credit of shares	1
	Total	1

7.6 All the queries and complaints received during the financial year ended 31st March 2022, were duly redressed and no queries are pending at the year end.

All requests for dematerialization of shares were carried out within the stipulated time period and no request for dematerializing the share certificates were pending as on 31st March 2022.

7.7. Reconciliation of Share Capital Audit:

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

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

8. Corporate Social Responsibility Committee (CSR)

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

The details of CSR Policy, initiatives and spending are spelt out as Annexure - IV to the Directors Report.

During the year, the Committee met on 28th April 2021 and all the members were present at the meeting.

9. Administrative Committee

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

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

Date of the meeting	Members present (M/s.)
26-05-2021	Venu Srinivasan and T K Balaji
07-07-2021	
22-10-2021	
25-11-2021	

Mr Gopal Srinivasan and Mr T K Balaji ceased to be members of the Committee effective 4th February 2022. The Board at its meeting held on 9th February 2022 appointed Mr R Gopalan and Ms Sasikala Varadachari, Directors as members of the Committee.

10. General body meeting

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

Year	Location	Date	Time (IST)
2018-19	The Music Academy, New No.168 (Old No. 306) TTK Road, Royapettah, Chennai - 600 014	23.07.2019	10.35 A.M.
2019-20	Through VC / OAVM	30.07.2020	10.00 A.M.
2020-21	Through VC / OAVM	30.07.2021	10.00 A.M.

10.2 Special resolutions passed in the previous three AGMs:

During the last three years, namely 2018-19 to 2020-21, approvals of the shareholders were obtained by passing special resolutions as follows:

Year	Subject matter of the special resolution	Date of AGM
2018-19	Re-appointment of Vice Admiral P J Jacob, Mr V Subramanian, Mr S Santhanakrishnan, Mr R Vijayaraghavan, Mr Kamlesh Gandhi, Mr R Gopalan, Independent Directors for the second term.	23.07.2019
2019-20	Nil	30.07.2020
2020-21	Nil	30.07.2021

10.3 Postal Ballot

The Board sought the consent of shareholders of the Company by way of ordinary resolution through Postal Ballot as per the notice issued to the shareholders on 9th February 2022, for approving the appointment of Mr K Gopala Desikan as Director & Group Chief Financial Officer for a period of five years effective 9th February 2022.

10.4 Person who conducted the Postal Ballot exercise

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

10.5 Procedure for Postal Ballot

- The Board of Directors, vide resolution dated 9th February 2022, had appointed B Chandra & Associates, Practising Company Secretaries as the scrutinizer.
- The dispatch of the Postal Ballot Notice dated 9th February 2022 together with Explanatory Statement was completed on 18th February 2022 along with forms and postage prepaid business envelopes to all the shareholders whose name(s) appeared on the Register of Members / list of beneficiaries as on 15th February 2022.

3. The said Notice along with Postal Ballot form and self-addressed pre-paid postage envelope in relation to the ordinary resolutions as contained in the Notice was sent to the members at their registered addresses on 18th February 2022. The said Notice of Postal Ballot has been sent in electronic mode to the members, whose e-mail IDs are registered with the Company or the Depository Participant(s).
4. The voting under the Postal Ballot was kept open from, 20th February 2022 (9.00 a.m.) to 21st March 2022 (5.00 p.m.) (either physically or electronically).
5. The Postal Ballot forms was kept under the safe custody of the Scrutinizer.
6. All Postal Ballot forms received by the scrutinizer up to 5.00 p.m. on 21st March 2022 was considered for scrutiny.

10.6 None of the subjects placed before the shareholders in the last / ensuing AGM required / requires approval by Postal Ballot. However, in terms of the Regulation 44 of the Listing Regulations and Section 108 of the Act read with the Companies (Management and Administration) Rules, 2014, the Company provided to the members facility to exercise their right to vote through remote e-Voting and through e-Voting at the meeting for all the items at the AGM held on 30th July 2021.

11. Means of communication to shareholders

The Board believes that effective communication of information is an essential component of corporate governance. The Company regularly interacts with Shareholders through multiple channels of communication such as results announcement, annual report, media releases, the Company's website and specific communications to Stock Exchanges, where the Company's shares are listed.

11.1 Quarterly results:

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

11.2 Newspapers wherein results are normally published:

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

11.3 Website:

The Company has in place a website addressed as www.sundaram-clayton.com. This website contains the basic information about the Company, viz., details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the Company, who are responsible for assisting and handling investor grievances, such other details as may be required under Regulation 46 of the Listing Regulations. The Company ensures that the contents of this website are periodically updated.

11.4 Press Release & Investor / Analysts meet:

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

12. General shareholder information

12.1 Annual General Meeting:

Day, Date and time : Tuesday, 28th June 2022, at 10.35 a.m. (IST) through Video Conferencing

12.2 Financial year : 1st April to 31st March

Financial calendar : 2022-23

Financial reporting for the quarter ending:

30th June 2022 : Before 14th August 2022

30th September 2022 : Before 14th November 2022

31st December 2022 : Before 14th February 2023

31st March 2023 : Before 30th May 2023

12.3 Particulars of dividend payment:

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

Dividend distribution policy

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

The Dividend Distribution Policy is disclosed on the Company's website in the link as provided in page no. 73 of this Annual Report.

12.4 Listing on Stock Exchanges:

Name of the Stock Exchange	Stock code / symbol
BSE Limited (BSE) Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 001, India Tel.: 91 22 2272 1233 Fax : 91 22 2272 1919	520056
National Stock Exchange of India Limited (NSE) Exchange Plaza, Plot No. C/1, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, India Tel.: 91 22 2659 8100 Fax : 91 22 2659 8120	SUNCLAYLTD
ISIN allotted by Depositories (Company ID Number) Equity Non-Convertible Debentures (NCD) listed with NSE	INE105A08014

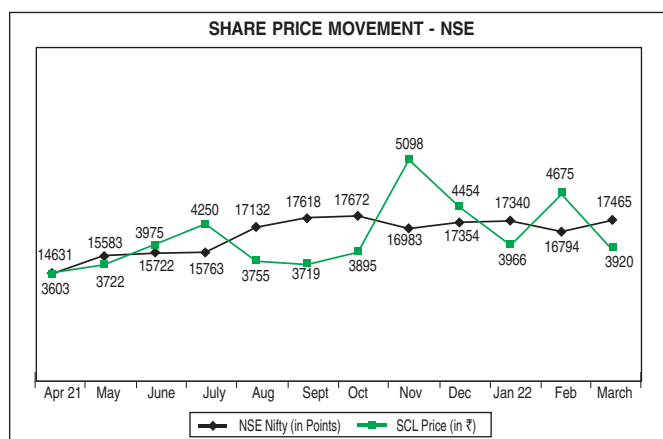
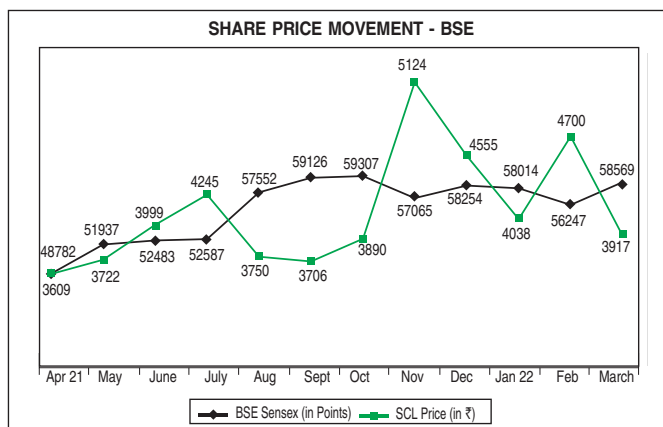
(Note: Annual listing fees and custodial charges for the year 2021-22 were duly paid to the above Stock Exchanges and Depositories viz., NSDL and CDSL)

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12.5 Market Price Data: (in ₹)

Month	BSE		NSE	
	High	Low	High	Low
Apr-21	3609	2821	3603	2830
May-21	3722	3003	3722	3028
Jun-21	3999	3337	3975	3330
Jul-21	4245	3373	4250	3367
Aug-21	3750	3380	3755	3378
Sep-21	3706	3307	3719	3312
Oct-21	3890	3381	3895	3383
Nov-21	5124	3769	5098	3745
Dec-21	4555	3725	4454	3722
Jan-22	4038	3711	3966	3701
Feb-22	4700	3563	4675	3560
Mar-22	3917	3560	3920	3554

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



12.7 Share Transfer Agents and share transfer system:

- The Company has appointed Integrated Registry Management Services Limited, which has been registered with SEBI as Category-I Registrar & Transfer Agent (RTA) with Regn. No. INR000000544, as the Share Transfer Agent of the Company (STA) with a view to rendering prompt and efficient service to the investors and in compliance with the Regulation 7 of the Listing Regulations. The Shareholders have also been advised about this appointment of STA to handle share registry work pertaining to both physical and electronic segments of the Company.

The Company had surrendered its Certificate of Registration as Share Transfer Agent (STA) with SEBI and the same was approved by SEBI on 27th December 2021 vide its ref in SEBI/ MIRSD/HO/DoR/ DJ/HK/ 39350, post completion of transfer of records of its client companies to the respective STAs appointed them.

- All matters connected with the share transfer, dividends and other matters are being handled by the share transfer department of the Company located at the address mentioned elsewhere in this Report.
- Shares lodged for transfers are normally processed within 15 days from the date of lodgement, if the documents are clear in all respects.
- All requests for dematerialization of securities are processed and the confirmation is given to the depositories within 15 days. Grievances received from investors are processed by STA within 7 days. Other miscellaneous correspondence relating to change of addresses, mandates etc., is processed by STA within 15 days.
- Certificates are being obtained and submitted to the Stock Exchanges, on half-yearly basis, from a company secretary- in-practice towards due compliance of share transfer formalities by the Company within the due dates, in terms of Regulation 40(9) of the Listing Regulations.
- Certificates have also been received from a company secretary- in-practice and submitted to the Stock Exchanges, on a quarterly basis, for timely dematerialization of shares of the Company and for reconciliation of the share capital of the Company, as required under SEBI (Depositories and Participants) Regulations, 1996.
- The Company, as required under Regulation 6(2)(d) of the Listing Regulations, has designated the e-mail ID, namely icsta@sundaramclayton.com for the purpose of registering complaints, if any, by the investors and expeditious redressal of their grievances.
- A certificate signed by the Compliance Officer of STA and the Company Secretary towards maintenance of share transfer facility by STA in compliance with the Regulation 7(3) of the Listing Regulations have been obtained and the same have been submitted to the Stock Exchanges.
- Shareholders are, therefore, requested to correspond with the Share Transfer Department for transfer / transmission of shares, change of address and queries pertaining to their shareholding, dividend, etc., at their address given in this Report.

Sundaram-Clayton Limited

12.8 Shareholding pattern of the Company as on 31st March 2022:

Category of Shareholder	No. of shares held	%
Promoter and Promoter Group		
Bodies Corporates and Individual	1,50,65,293	74.46
Total (A)	1,50,65,293	74.46
Public Shareholding		
Mutual Funds	24,83,064	12.27
Banks / Financial Institutions	2	-
Insurance Companies	3,38,928	1.67
Foreign Institutional Investors	2,26,493	1.12
Alternate Investment Fund	27,696	0.14
Total Institutions (B)	30,76,183	15.20
Bodies Corporate	3,51,464	1.74
Individuals holding nominal capital in excess of ₹ 2 lakhs	2,22,106	1.10
Individuals holding nominal capital upto ₹ 2 lakhs	13,89,036	6.87
NRI Repatriable	14,066	0.07
NRI Non - Repatriable	28,701	0.14
Directors & their relatives	2,074	0.01
IEPF	40,348	0.20
Others	42,814	0.21
Total Non-Institutions (C)	20,90,609	10.34
Total Public Shareholding [D=(B+C)]	51,66,792	25.54
Grand Total (A+D)	2,02,32,085	100.00

12.9 Distribution of Shareholding as on 31st March 2022:

Shareholding (Range)	No of shares	%	No of members	%
Upto 500	1091550	5.40	21,571	98.45
501-1000	130225	0.64	180	0.82
1001-2000	107974	0.53	73	0.33
2001-5000	143619	0.71	46	0.21
5001-10000	125673	0.62	17	0.08
10001 & above	18633044	92.10	23	0.11
Total	2,02,32,085	100.00	21,910	100.00

12.10 Dematerialization of shares and liquidity:

The promoter holding consisting of 1,50,65,293 equity shares of ₹ 5/- each is in dematerialized form. Out of the balance 51,66,792 equity shares of ₹ 5/- each held by persons other than promoters 50,75,000 equity shares have been dematerialized as on 31st March, 2022 accounting for 99.55%.

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

12.12 Other Disclosures

- Pecuniary relationships or transactions with IDs vis-a-vis the Company during the year under review, do not exceed the threshold limit as laid down under the Listing Regulations and same have been reported in the notes to the accounts.
- During the year, there were no materially significant transactions with related parties that may have potential conflict with the interests of the Company at large.
- Company is a net exporter. Company has a forex hedging policy and covers are appropriately taken to cover the currency risk. The exposure and cover taken are reviewed by the Audit Committee on regular basis.
- Company is not a dealer in Commodities. Prices payable to vendors for raw materials and components are negotiated based on internationally available data. Cost of manufacture of all products are reviewed at regular intervals.

The Company has not entered into any commodity derivatives with any of the bankers and hence the disclosure of exposure in commodity risks faced by the Company is not required, as directed in the SEBI Circular dated 15th November 2018.

12.13 Plant locations:

- Chennai** : Padi, Chennai - 600 050
Tamil Nadu, India
Tel. : 044 - 2625 8212
vj@sundaramclayton.com
- Mahindra World City** : Plot No. AAS, VI Avenue,
Auto Ancillary SEZ,
Mahindra World City,
Chengalpattu
Kancheepuram District - 603 004
Tamil Nadu, India
Tel. : 044 - 4749 0049
vj@sundaramclayton.com
- Oragadam** : Plot No. B-14,
SIPCOT Industrial Growth Centre
Sriperumbudur Taluk,
Kancheepuram District - 602 105
Tel. : 044 - 6710 3300
vj@sundaramclayton.com
- Hosur** : Hosur - Thally Road,
Belagondapalli,
Hosur - 635 114
Tamil Nadu, India
Tel. : 04347 - 233445
vj@sundaramclayton.com

Sundaram-Clayton Limited

12.14 Address for investors correspondence :

(i) For transfer / dematerialisation of shares, payment of dividend on shares and any other query relating to the shares of the Company	Integrated Registry Management Services Limited; Share Transfer Agent (STA) Unit: TVS Motor Company Limited Chennai - 600 006
(ii) for any query on non-receipt of annual report	Email : corpserv@integratedindia.in srirams@integratedindia.in
(iii) for Investors grievance & general correspondence	Email : rrp@sundaramclayton.com corpserv@integratedindia.in

12.15 List of Credit Ratings:

The Company is maintaining the existing credit rating obtained from CRISIL Rating Limited viz., CRISIL AA- for long term borrowings and CRISIL A1+ for short term borrowings.

12.16 Certificate from Practicing Company Secretary:

The Company has received a certificate from the Secretarial Auditor of the Company stating that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

12.17 Fees paid to Statutory Auditor on a consolidated basis:

During the year, the Company has paid ₹ 91.10 lakhs to the Statutory Auditors for all services received by the listed entity and its subsidiaries, if any on a consolidated basis.

12.18 Sexual Harassment at workplace:

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

12.19 Disclosure on compliance with the issue of Debt securities for incremental borrowings by Large Corporates:

The Company does not fall under the definition of Large Corporate and hence was not required to raise a minimum of 25% of its incremental borrowings during the Financial Year by way of issuance of debt securities.

13. Non-mandatory disclosures

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

13.1 The Board:

As on 31st March 2022, since the Chairman of the Company is Executive, disclosure under this head is not mandatory. The NEDs of the Company are liable to retire by rotation and if eligible, offer themselves for re-appointment. Specific tenure has been fixed for the IDs in terms of Section 149 of the Act and during this period, they will not be liable to 'retire by

rotation' as per Sections 150(2), 152(2) read with Schedule IV to the Act, 2013.

13.2 Shareholder rights:

The half-yearly results of the Company are published in newspapers as soon as they are approved by the Board and are also uploaded on the Company's website namely www.sundaram-clayton.com. The results are not sent to the shareholders individually.

13.3 Audit qualifications:

The financial statements of the Company are unmodified.

13.4 Reporting of internal auditor:

The internal auditor is regularly reporting his observations directly to the audit committee.

14. Request to shareholders

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

14.1 Demat of Shares:

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

14.2 Registration of Electronic Clearing Service (ECS) mandate:

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

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

14.3 Transfer of shares in physical mode:

SEBI has amended relevant provisions of the Listing Regulations to disallow listed companies from accepting request for transfer of securities which are held in physical form with effect from April 1, 2019.

The shareholders, who continue to hold shares in physical form even after this date, will not be able to lodge the shares with the Company for further transfer. Therefore, such

shareholders will need to convert them to demat form compulsorily if they wish to effect any transfer. Only the requests for transmission and transposition of securities in physical form will be accepted by the Company.

14.4 Consolidation of Multiple Folios:

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

14.5 Registration of Nominations:

Nomination in respect of Shares, as per Section 72 of the Act provides facility for making nominations by Shareholders in respect of their holding of Shares. Such nomination greatly facilitates transmission of Shares from the deceased Shareholder to his / her nominee without having to go through the process of obtaining succession certificate / probate of the Will, etc.

It would therefore be in the best interest of the shareholders holding shares in physical form registered as a sole holder to make such nominations. Shareholders, who have not availed nomination facility, are requested to avail the same by submitting the nomination in Form SH-13. This form will be made available on request. Investors holding Shares in demat form are advised to contact their DPs for making nominations.

14.6 Updation of address:

Shareholders are requested to update their addresses registered with the Company, directly through the Share Transfer Department, to receive all communications promptly.

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

14.7 SMS Alerts:

Shareholders are requested to note that NSDL and CDSL have announced the launch of SMS alert facility for demat account holders whereby Shareholders will receive alerts for debits / credits (transfers) to their demat accounts a day after the transaction. These alerts will be sent to those account holders who have provided their mobile numbers to their DPs. No charge will be levied by NSDL / CDSL on DPs providing this facility to investors. This facility will be available to investors who request for the same and provide their mobile numbers to the DPs. Further information is available on the website of NSDL and CDSL namely www.nsdl.co.in and www.cdslindia.com respectively.

14.8 Timely encashment of dividends:

Shareholders are requested to encash their dividends promptly to avoid hassles of revalidation.

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

Shareholders are requested to note that the dividends, not claimed for a period of seven years from the date they first became due for payment, shall be transferred to IEPF in terms of Section 124(6) of the Act read with Investor Education & Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016. Accordingly, a sum of ₹ 5.48 lakhs, being unclaimed dividend, was transferred to IEPF during the year 2021-22.

Shareholders, who have not encashed their dividend warrants, in respect 1st Interim dividend declared for the year ended 31st March 2016 and for any financial year thereafter may contact the Company and surrender their warrants for payment.

INFORMATION IN RESPECT OF UNCLAIMED DIVIDENDS DUE FOR REMITTANCE INTO IEPF IS GIVEN BELOW

Particulars of unclaimed dividend of the Company:

Financial Year	Date of declaration	Date of transfer to special account	Due date for transfer to IEPF
2014-2015 (3 rd interim)	08-05-2015	07-06-2015	07-06-2022
2015-2016 (1 st interim)	09-02-2016	10-03-2016	10-03-2023
2015-2016 (2 nd interim)	14-03-2016	13-04-2016	13-04-2023
2016-2017 (1 st interim)	03-11-2016	03-12-2016	03-12-2023
2016-2017 (2 nd interim)	13-03-2017	12-04-2017	12-04-2024
2017-2018 (interim)	15-03-2018	14-04-2018	14-04-2025
2018-2019 (1 st interim)	25-01-2019	24-02-2019	24-02-2026
2018-2019 (2 nd interim)	11-03-2019	10-04-2019	10-04-2026
2019-2020 (Interim)	10-03-2020	09-04-2020	09-04-2027
2020-2021 (1 st interim)	29-01-2021	28-02-2021	28-02-2028
2020-2021 (2 nd interim)	24-03-2021	23-04-2021	23-04-2028
2021-2022 (Interim)	22-03-2022	21-04-2022	21-04-2029

Sundaram-Clayton Limited

15. Unclaimed share certificates

Pursuant to the requirement of Regulation 34(3) and Schedule V Part F of Listing Regulations, the following table provides details in respect of the equity shares lying in the suspense account. The Company has already sent three reminders to the shareholders for claiming those shares at their latest available address(es) with the Company or Depository, as the case may be.

All the corporate benefits in terms of securities accruing on those shares like bonus shares, split etc would also be credited to unclaimed suspense account of the Company. The voting rights on shares lying in unclaimed suspense account shall remain frozen till the rightful owner claims the shares.

Details	No. of shareholders	No. of shares
Number of shares in the unclaimed suspense account as on 1 st April 2021	59	4,224
Less: Number of shares transferred to the shareholders on request from 1 st April 2021 to 31 st March 2022	1	83
Less: Shares transferred to IEPF A/c during the year	7	597
No. of shares in the Unclaimed suspense account as on 31 st March 2022	51	3,544

As per Section 124(6) of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") as amended from time to time, all the shares in respect of which dividend has remained unpaid/unclaimed for seven consecutive years or more are required to be transferred to a Demat Account opened in the name of IEPF Authority with Punjab National Bank by the Ministry of Corporate Affairs.

During the year, the Company has sent individual notices to all the shareholders whose dividends are lying unpaid / unclaimed against their name for seven consecutive years or more and also advertised on the Newspapers seeking action from the shareholders. The lists of such shareholders were also displayed on the website of the Company.

For and on behalf of the Board of Directors

Chennai
06th May 2022

R. GOPALAN
Chairman

Sundaram-Clayton Limited

Compliance with Code of Business Conduct and Ethics

To

The Shareholders of Sundaram-Clayton Limited,
Chennai

On the basis of the written declarations received from Members of the Board and Senior Management Personnel in terms of the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, it is hereby certified that both the Members of the Board and the Senior Management Personnel of the Company have affirmed compliance with the respective provisions of the Code of Business Conduct and Ethics of the Company as laid down by the Board for the year ended 31st March 2022.

Chennai
06th May 2022

VENU SRINIVASAN
Chairman Emeritus & Managing Director

Auditors' certificate on compliance of the provisions of the Code of Corporate Governance

To

The Shareholders of Sundaram-Clayton Limited,
Chennai

We have examined the compliance of conditions of Corporate Governance by Sundaram-Clayton Limited, Chennai - 600 006 ('the Company') for the year ended 31st March 2022 as per the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [Listing Regulations].

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

We have examined the books of accounts and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with corporate governance requirements by the Company.

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

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

Bengaluru
06th May 2022

For RAGHAVAN, CHAUDHURI & NARAYANAN
Chartered Accountants
Firm Regn. No. 007761S

V. SATHYANARAYANAN
Partner
Membership No. 027716
UDIN: 22027716AIYLHX5503

LINKS TO COMPANY'S POLICIES:

1. **TERMS OF APPOINTMENT OF IDS**
<https://www.sundaram-clayton.com/Investor/Terms-of-Appointment-IDs.pdf>
2. **BUSINESS RESPONSIBILITY REPORT**
<https://www.sundaram-clayton.com/Reports/BusinessResponsibilityReport2021-22.pdf>
3. **POLICY ON VIGIL MECHANISM / WHISTLE BLOWER POLICY**
<https://www.sundaram-clayton.com/Investor/16042020/WhistleBlowerPolicy.pdf>
4. **ANNUAL RETURN**
<https://www.sundaram-clayton.com/Reports/AnnualReturn2021-22.pdf>
5. **CSR POLICY**
<https://www.sundaram-clayton.com/Investor/16042020/CorporateSocialResponsibilityPolicy.pdf>
6. **DIRECTORS FAMILIARIZATION PROGRAM**
https://www.sundaram-clayton.com/Investor/FamilirisationProgram_SCL.pdf
7. **CODE OF BUSINESS CONDUCT AND ETHICS**
<https://www.sundaram-clayton.com/Investor/16042020/CodeofBusinessConductandEthics.pdf>
8. **MATERIAL SUBSIDIARIES POLICY**
<https://www.sundaram-clayton.com/Investor/16042020/MaterialSubsidiarPolicy.pdf>
9. **RELATED PARTY TRANSACTION POLICY**
<https://www.sundaram-clayton.com/Investor/16042020/RelatedPartyTransactionsPolicy.pdf>
10. **NOMINATION AND REMUNERATION POLICY**
<https://www.sundaram-clayton.com/Investor/16042020/NominationandRemunerationPolicy.pdf>
11. **DIVIDEND DISTRIBUTION POLICY**
<https://sundaram-clayton.com/Investor/16042020/DividendDistributionPolicy.pdf>

Sundaram-Clayton Limited

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification

To

The Board of Directors
Sundaram-Clayton Limited
"Chaitanya", No.12, Khader Nawaz Khan Road,
Nungambakkam, Chennai - 600 006, Tamil Nadu, India.

We certify that we have reviewed the financial statements prepared based on the Indian Accounting Standards for the year ended 31st March 2022 and to the best of our knowledge and belief:

- (1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (2) These statements together present a true and fair view of the Company's affairs and are in compliance with applicable Indian Accounting Standards, Laws and Regulations.
- (3) No transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct.
- (4) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.
- (5) We have indicated to the Auditors and the Audit Committee:
 - a) significant changes, if any, in internal control over financial reporting during the year;
 - b) significant changes in accounting policies, if any, during the year and that the same have been disclosed in the notes to the financial statements; and
 - c) that there were no instances of significant fraud of which we have become aware and the involvement therein, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

venu srinivasan
Chairman Emeritus & Managing Director

K GOPALA DESIKAN
Director & Group Chief Financial Officer

Place : Chennai

Date : 06th May 2022

Sundaram-Clayton Limited

CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE

*(In terms of Regulation 34(3) read with Schedule V Para C(10)(i) to the Securities and Exchange Board of India
(Listing Obligations and Disclosure Requirements) Regulations, 2015*

To

The Member of
Sundaram-Clayton Limited
"Chaitanya", No. 12, Khader Nawaz Khan Road,
Nungambakkam, Chennai - 600 006, Tamil Nadu, India.

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of SUNDARAM-CLAYTON LIMITED having CIN L35999TN1962PLC004792 and having registered office at "Chaitanya", No. 12, Khader Nawaz Khan Road, Nungambakkam, Chennai - 600 006, Tamil Nadu, India.(hereinafter referred to as 'the Company'), produced before me / us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company for the Financial Year ended on 31st March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

C Anuradha
Practising Company Secretary
ACS No. : 38746
CP No. : 21407
UDIN: A038746D000293101
PEER REVIEW 1711/2022

Place : Chennai
Date : 06th May 2022

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2022

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members of
Sundaram-Clayton Limited,
"Chaitanya", No.12, Khader Nawaz Khan Road,
Nungambakkam, Chennai - 600 006.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and adherence to good corporate practices by M/s Sundaram-Clayton Limited bearing CIN L35999TN1962PLC004792 (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that, in my opinion, the company has, during the audit period covering the financial year ended on 31.03.2022, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31.03.2022, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - 1. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - 2. Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - 3. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - 4. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible securities) Regulations 2021 and circulars/guidelines issued thereunder;

I am informed that the company, during the year, was not required to comply with the following regulations and consequently not required to maintain any books, papers, minute books or other records or file any forms / returns under:

- a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018
 - b. Securities and Exchange Board of India (Share Based Employee Benefits and sweat equity) Regulations, 2014
 - c. The Securities and Exchange Board of India (Buy back of Securities) Regulations, 2018;
 - d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (vi) In addition to the compliance with Factory and Labour Laws as is applicable to a factory, based on the study of the systems and processes in place and a review of the reports of (1) the heads of the Departments (2) Occupier/Manager of the factories located in Padi, Mahindra World City, Oragadam and Hosur Units which manufacture aluminium pressure die castings for heavy commercial vehicles., passenger cars and two wheelers (3) the compliance reports made by the functional heads of various departments which are submitted to the Board of Directors of the Company (4) the Internal Audit Reports submitted to the Company, I report that the Company has complied with the provisions of the following industry specific statutes and the rules made there under as well as other laws to the extent it is applicable to them:
- 1. Motor Vehicles Act, 1988
 - 2. The Motor Transport Workers Act, 1961
 - 3. The Explosive Act, 1884
 - 4. The Petroleum Act, 1934
 - 5. The Environment (Protection) Act, 1986
 - 6. The Water(Prevention and Control of Pollution) Act, 1974
 - 7. The Air(Prevention and Control of Pollution) Act, 1981

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

Sundaram-Clayton Limited

I further report that

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Based on the minutes made available to us, I report that majority decision is carried through and that there were no dissenting votes from any Board member that was required to be captured and recorded as part of the minutes.
- I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor, report deviations, if any, to the Board, take corrective actions and ensure compliance with applicable laws, rules, regulations and guidelines.
- I further report that
 - (a) The Board of Directors of the Company, in their meeting held on 09-02-2022, had approved a Composite Scheme of Arrangement amongst Sundaram-Clayton Limited ("Transferee Company" or "Demerged Company" or "SCL") and TVS Holdings Private Limited (Transferor Company 1) and VS Investments Private Limited (Transferor Company 2) and Sundaram Clayton DCD Limited (Resulting Company) and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, subject to approval from the statutory, regulatory and customary approvals, including approvals from the

Stock Exchanges, jurisdictional National Company Law Tribunal and the shareholders and creditors (as applicable) of the companies involved in the Scheme.

- (b) an agreement has been executed on 17th June 2021 between the Company and Integrated Registry Management Services Private Limited (Integrated), in connection with appointment of Integrated as new Registrar and Share Transfer Agent.
- (c) It is seen from the filing made with the Stock Exchanges that pursuant to approval of Composite scheme of amalgamation / arrangement between TV Sundram Iyengar & Sons Private Limited, Sundaram Industries Private Limited, Southern Roadways Private Limited and TVS Holdings Private Limited, approved by National Company Law Tribunal on effective from 4th February, 2022, TVS Holdings Private Limited has become part of the Promoter of the Company, though the Company, as such, is not a party to the Scheme.
- (d) Approval of shareholders by way of two postal ballots during the year for the following:
 - (i) Approving the appointment of Mr K Gopala Desikan as a Director & Group Chief Financial Officer in the rank of Whole-time Director of the Company for a period of 5 years
 - (ii) Approving the appointment of Mr Rajesh Narasimhan, Director for holding office or place of profit.

B Chandra

Practising Company Secretary

ACS No.: 20879

C P No.: 7859

Place : Chennai

Date : 06th May 2022

UDIN: A020879D000278312

PEER REVIEW NO. 602/2019

Annexure – A to Secretarial Audit Report of even date

To,

The Members of
Sundaram-Clayton Limited,
"Chaitanya", No.12, Khader Nawaz Khan Road,
Nungambakkam, Chennai - 600 006.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate, to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

B Chandra

Practising Company Secretary

ACS No.: 20879

C P No.: 7859

Place : Chennai

Date : 06th May, 2022

UDIN: A020879D000278312

PEER REVIEW NO 602 /2019

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**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.	<p>subsidiary. We gained an understanding of the key assumptions used to forecast the cash flows and the discount rates applied (WACC) in arriving at the fair value.</p> <p>We consider that the management conclusions concerning the absence of impairment in the equity investment are adequately supported and consistent with the information currently available.</p>

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

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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)

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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.

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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

Unsecured, Considered Good :

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				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
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				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
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

Sundaram-Clayton Limited

Notes to Financial Statements - (continued)

34 FINANCIAL RISK MANAGEMENT

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

Risk	Exposure arising from	Risk Parameters and Mitigation
Market Risk - Foreign exchange		<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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)	<ul style="list-style-type: none"> 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		<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 27 th January 2022)
c) Subsidiary companies - (continued)	<p>Subsidiary companies of Sundaram Holding USA Inc</p> <p>(i) Green Hills Land Holding LLC, USA</p> <p>(ii) Component Equipment Leasing LLC, USA</p> <p>(iii) Sundaram-Clayton USA LLC, USA</p> <p>(iv) Premier Land Holding LLC, USA</p> <p>Subsidiary company of Intellicar Telematics Private Limited, Bengaluru</p> <p>Intellicar (Singapore) Pte Limited (with effect from 10th November 2021)</p> <p>Subsidiary company of GO AG</p> <p>(i) EGO Movement Stuttgart, GmbH, Germany (with effect from 16th September 2021)</p> <p>Subsidiary company of Swiss E-mobility (Group) Holding AG, Switzerland</p> <p>(i) Swiss E-Mobility Group (Schweiz) AG Switzerland (with effect from 27th January 2022)</p> <p>(ii) Colag E-Mobility GmbH, Germany (with effect from 27th January 2022)</p> <p>Associate Companies of TVS Digital Pte Ltd, Singapore</p> <p>(i) Predictronics Corp, USA</p> <p>(ii) Tagbox Pte Ltd, Singapore</p> <p>(iii) Altizon Inc, USA</p> <p>(iv) Scienaptic Systems Inc, USA</p> <p>Subsidiaries of Emerald Haven Realty Limited</p> <p>(i) Emerald Haven Projects Private Limited, Chennai</p> <p>(ii) Emerald Haven Property Development Limited, Chennai</p> <p>(iii) Happiness Harmony Property Developers Private Limited</p> <p>(iv) Emerald Haven Realty Developers (Paraniputhur) Private Limited, Chennai</p> <p>(v) Emerald Haven Towers Limited, Chennai</p> <p>(vi) Emerald Haven Development Limited, Chennai</p> <p>(vii) Emerald Haven Life Spaces (Radial Road) Limited, Chennai</p> <p>(viii) Emerald Haven Town & Country Limited, Chennai</p> <p>Other related parties and their relationship where transaction exists:</p>
d) Fellow Subsidiaries	<p>(i) TVS Electronics Limited, Chennai #</p> <p>(ii) TVS Investments Private Limited, Chennai</p> <p>(iii) Lucas TVS Limited, Chennai #</p>
e) Group member	<p>(i) Sundram Fasteners Limited, Chennai #</p> <p>(ii) Delphi TVS -Technologies Limited, Chennai #</p> <p>(iii) India Nippon Electricals Limited, Chennai #</p>

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

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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	<p>Carrying Value of Goodwill:</p> <p>The group has recognized a 'goodwill on consolidation' in its Consolidated Financial Statements, pursuant to a business combination.</p> <p>The goodwill has to be tested for impairment annually, which requires significant judgment on the part of the management in identifying and valuing the relevant Cash Generating Unit that contains goodwill.</p>	<p>Principal Audit Procedures</p> <p>Management has obtained a valuation of the Cash Generating Unit wherein valuers have arrived at a fair value, based on weighted average of the Discounted Cash Flow Method and Comparable Companies" Multiples Method. We gained an understanding of the key assumptions used to forecast the cash flows and the discount rates applied Weighted Average Cost of Capital (WACC) as well as the Comparable Companies considered in arriving at the fair value.</p> <p>We consider that the management conclusions concerning the absence of impairment in the goodwill are adequately supported and consistent with the information currently available.</p>

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

The 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:						
	Unquoted:						
(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) FCNRR Term Loan I- First and exclusive charge on specific plant and equipments of the Company.
- 6) FCNRR 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
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Deferred tax liability	231.20	242.29
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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
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Current Maturities of long term borrowings	4,409.17	2,709.63
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Total Borrowings under Current Liabilities	8,289.29	5,927.10
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* 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		<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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)	<ul style="list-style-type: none"> 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		<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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)	<ul style="list-style-type: none"> (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	<ul style="list-style-type: none"> (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)	<p>Executive Directors:</p> <ul style="list-style-type: none"> (i) Mr. Venu Srinivasan, Chairman Emeritus and Managing Director (ii) Dr. Lakshmi Venu, Managing Director (iii) Mr. K Gopala Desikan, Director & Group CFO <p>Non-Executive Directors:</p> <p>Independent Directors:</p> <ul style="list-style-type: none"> (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 <p>Non-Independent Directors:</p> <ul style="list-style-type: none"> (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	<ul style="list-style-type: none"> (i) Mrs. Mallika Srinivasan (ii) Dr. Malini Srinivasan
i) Post employment benefit plans	<ul style="list-style-type: none"> (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