

*Sundaram-Clayton Limited*

*61st Annual Report 2023*

## Sundaram-Clayton Limited

### Board of Directors

R GOPALAN, *Chairman*  
 VENU SRINIVASAN  
*Chairman Emeritus & Managing Director*  
 Dr. LAKSHMI VENU, *Managing Director*  
 SUDARSHAN VENU  
 K GOPALA DESIKAN  
*Director & Group Chief Financial Officer*  
 C R DUA (Effective 13.03.2023)  
 RAJESH NARASIMHAN  
 ANUJ SHAH (Effective 29.07.2022)  
 SASIKALA VARADACHARI

### Audit Committee

R GOPALAN  
 SASIKALA VARADACHARI  
 ANUJ SHAH

### Nomination and Remuneration Committee

R GOPALAN  
 ANUJ SHAH  
 SASIKALA VARADACHARI

### Risk Management Committee

R GOPALAN, *Chairman*  
 Dr. LAKSHMI VENU  
 K GOPALA DESIKAN  
 ANUJ SHAH

### Stakeholders' Relationship Committee

ANUJ SHAH, *Chairman*  
 Dr. LAKSHMI VENU  
 K GOPALA DESIKAN

### Corporate Social Responsibility Committee

VENU SRINIVASAN, *Chairman*  
 Dr. LAKSHMI VENU  
 ANUJ SHAH

### 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](mailto:sathya@nca-india.com)

### Cost Auditor

A N RAMAN  
 Cost Accountant,  
 No.10, P. Muthukumaraswami Salai,  
 Off. Baby Nagar 1<sup>st</sup> Main Road,  
 Velachery, Chennai - 600 042.  
 Tel. : 044-2243 3462  
 E-mail : [anraman@gmail.com](mailto: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](mailto: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:  
 2<sup>nd</sup> 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](mailto:corpserv@integratedindia.in),  
[srirams@integratedindia.in](mailto: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](mailto:corpsec@sundaramclayton.com)  
 Website: [www.sundaram-clayton.com](http://www.sundaram-clayton.com)

### Plant Locations

#### Padi

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

#### Mahindra World City

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

#### Oragadam

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

#### Hosur

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

### Subsidiary Companies

TVS Motor Company Limited, Chennai  
 Sundaram-Clayton (USA) Limited, USA  
 Sundaram-Clayton DCD Limited, Chennai  
 Sundaram Holding USA Inc., USA  
 Sundaram-Clayton GmbH, Germany  
 Sundaram Auto Components Limited, Chennai  
 TVS Housing Limited, Chennai  
 TVS Motor Services Limited, Chennai  
 TVS Credit Services Limited, Chennai  
 TVS Electric Mobility Limited, Chennai  
 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  
 EBCO Limited, United Kingdom  
 Celerity Motor GmbH, Germany

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**FINANCIAL HIGHLIGHTS INCLUDING SELECTED INDICATORS AND RATIOS**

(₹ in crores)

Details	Previous GAAP		Ind AS							
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Sales	1,196.8	1,346.1	1,527.9	1,515.4	1,672.3	1,833.1	1,324.3	1,176.9	1,743.3	2,074.0
Other income	35.8	55.0	105.1	74.3	94.4	99.9	99.8	111.2	93.6	132.8
Total	1,232.6	1,401.1	1,633.0	1,589.7	1,766.7	1,932.9	1,424.1	1,288.1	1,836.9	2,206.7
Exceptional Income	5.8	3.1	6.0	2.3	-	-	-	-	2,122.6	90.7
Total Income	1,238.4	1,404.2	1,639.0	1,592.0	1,766.7	1,932.9	1,424.1	1,288.1	3,959.5	2,297.4
Gross profit before interest, depn & tax	149.7	181.1	249.8	208.9	107.6	277.8	237.6	261.6	2,447.1	472.5
Depreciation	53.2	59.8	55.0	60.6	73.1	92.2	92.7	77.9	101.7	99.9
Profit before interest & tax	96.5	121.3	194.8	148.3	34.5	185.6	145.0	183.7	2,345.4	372.5
Interest	35.7	36.9	32.3	28.6	33.7	55.2	55.4	47.6	44.9	45.8
Profit before taxation	60.8	84.4	162.5	119.7	0.8	130.5	89.6	136.1	2,300.5	326.7
Exceptional item / cost	-	-	-	-	-	-	20.4	13.0	-	-
Profit after taxation	53.7	71.2	144.4	105.6	54.9	119.7	68.7	75.8	2,276.7	273.1
Net Fixed assets	405.9	418.2	456.9	531.3	699.9	760.5	746.2	725.0	680.1	679.7
Net current assets	256.0	289.1	290.0	257.6	321.1	325.4	260.7	279.7	279.0	197.6
Share capital	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1
Reserves & surplus	333.5	364.5	493.0	601.5	653.9	678.6	584.3	705.8	2,890.2	700.4 *
Net worth	343.6	374.6	503.1	611.6	664.0	688.7	594.4	715.9	2,900.4	710.6 *
Bonus 9% Cumulative Non-Convertible Redeemable Preference Shares	-	-	-	-	-	-	-	-	-	2,346.9
Loan funds	362.2	378.2	369.1	354.2	665.5	723.7	668.3	631.2	732.6	669.6
Deferred taxation (net)	18.5	22.3	30.0	35.8	(20.1)	(20.3)	(27.7)	23.4	23.6	18.2
Total	724.3	775.1	902.2	1,001.6	1,309.4	1,392.1	1,235.0	1,370.5	3,656.6	1,398.3
EPS (₹)	27.0	35.2	71.4	52.2	27.1	59.1	34.0	37.5	1,125.3	135.0
DPS (₹)	19.3	19.0	41.0	31.5	15.0	36.0	31.0	26.0	44.0	59.0
Book value per share (₹)	169.8	185.2	248.7	302.3	328.2	340.4	293.8	353.8	1,433.5	351.2
Return on capital employed (ROCE) %	13.3	16.2	23.2	15.6	3.0	13.7	9.5	11.5	17.0	18.8
Return on net worth (RONW) %	16.9	19.8	32.9	18.9	8.6	17.7	10.7	13.6	22.7	15.1
Fixed assets turnover (no of times)	2.9	3.3	3.5	3.1	2.7	2.5	1.8	1.6	2.5	3.1
Working capital turnover (no of times)	4.7	4.9	5.3	5.5	5.8	5.7	4.5	4.4	6.2	8.7
Gross profit as % of sales (EBITDA)	12.0	13.2	15.9	13.6	6.4	15.2	17.9	22.2	18.6	18.4
Gross profit as % of total income	11.7	12.7	14.9	13.0	6.1	14.4	16.7	20.3	17.7	17.3
Net profit as % of total income	3.9	4.9	8.5	6.5	3.1	6.2	6.3	7.6	8.8	8.3

\* Reserves and Surplus & Networth of the year 2022-23 is after capitalising the Bonus 9% Cumulative Non-Convertible Redeemable Preference Shares (NCRPS) amounting to ₹ 2,346.92 Cr.

ROCE is profit before interest, tax, depreciation, other income and exceptional items interest and taxation divided by average capital employed (excl. NCRPS).

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.

Exceptional cost primarily represents one time costs associated with voluntary separations and interest on NCRPS.

Exceptional income of 2022-23 primarily represents Interest income on share sale proceeds re-invested

Earnings Per Share (EPS) of ₹ 135 for the year ended 31.03.2023, as given above is after including the exceptional income of ₹ 111.87 Cr. Excluding the exceptional income, EPS for the year ended 31.03.2023 is ₹ 93.61.

EPS for the year ended 31.03.2022 as given above, is after including the exceptional income viz., profit on sale of shares amounting to ₹ 2,094.43 Cr and interest income on share sale proceeds reinvested amounting to ₹ 47.92 Cr.

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Sixty First Annual General Meeting (AGM) will be held on Tuesday, 25<sup>th</sup> July 2023 at 3.00 P.M. [Indian Standard Time (IST)] through Video Conferencing ('VC')/ Other Audio-Visual Means ('OAVM') to transact the following businesses:

### ORDINARY BUSINESS

1. To consider passing the following resolution as an ordinary resolution:  
"RESOLVED THAT the Standalone and Consolidated Audited Financial Statements for the year ended 31<sup>st</sup> March 2023, together with the Board's Report and the Auditors' Report thereon as circulated to the Members and presented to the meeting be and are hereby approved and adopted."
2. To consider passing the following resolution as an ordinary resolution:  
"RESOLVED THAT Mr Venu Srinivasan (holding DIN 00051523), Director, who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company."
3. To consider passing the following resolution as an ordinary resolution:  
"RESOLVED THAT Mr Rajesh Narasimhan (holding DIN 07824276), Director, who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company."

### SPECIAL BUSINESS

4. To consider passing the following resolution as an ordinary resolution:  
"RESOLVED THAT 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), plus applicable taxes and reimbursement of travelling and other out-of-pocket expenses, payable to M/s C S Adawadkar & Co, Practising Cost Accountant, having Firm Registration No. 100401, allotted by The Institute of Cost Accountants of India, who were appointed as Cost Auditors of the Company for the financial year ending 31<sup>st</sup> March 2024 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  
5<sup>th</sup> May 2023

R Raja Prakash  
Company Secretary

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

### Notes:

A Statement pursuant to Section 102 of the Companies Act, 2013 ('the Act, 2013'), setting out the material facts in respect of the special business to be transacted at the AGM, as listed out in the Notice, as annexed hereto.

1. Pursuant to MCA Circular No. 10/2022 dated 28<sup>th</sup> December 2022 read with MCA Circular Nos. 2/2022 and 20/2020 dated 5<sup>th</sup> May 2022 and 5<sup>th</sup> May 2020 respectively, issued by the Ministry of Corporate Affairs and all other relevant circulars issued from time to time, and SEBI Circular Nos. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 and SEBI/HO/CFD/CMD2/CIR/P/2021/697 dated 5<sup>th</sup> January 2023 and 22<sup>nd</sup> December 2021 respectively, 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 8<sup>th</sup> 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 and cast their votes through e-Voting.
3. Corporate Members are requested to send a certified copy of the Board Resolution authorizing their representative to attend this AGM, pursuant to Section 113 of the Act, 2013 through e-mail at [corpsec@sundaramclayton.com](mailto:corpsec@sundaramclayton.com) or through post to the registered office of the Company.
4. 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.
5. 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.
6. 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 5<sup>th</sup> 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 e-Voting at the meeting will be provided by NSDL.

7. In line with MCA Circular No. 17/2020 dated 13<sup>th</sup> April, 2020, the Notice calling the AGM has been uploaded on the website of the Company at [www.sundaram-clayton.com](http://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](http://www.bseindia.com) and [www.nseindia.com](http://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](http://www.evoting.nsdl.com).
8. 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.

#### **Unclaimed Dividend**

9. 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.
10. 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](http://www.iepf.gov.in).

#### **General**

11. With a view to serve 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.
12. Members may also note that the Annual Report will also be available on the Company's website viz., [www.sundaram-clayton.com](http://www.sundaram-clayton.com) for their download.

#### **Members holding shares in electronic form**

13. 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.

14. 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.
15. 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**

16. Members can submit their PAN details to the Company / Share Transfer Agent (STA).
17. 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 by e-mail.
18. 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**

19. 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').
20. In case of joint holders attending AGM, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
21. In terms of Section 108 of the Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended ('the Rules') and Regulation 44 of the Listing Regulations, the Company has provided facility to exercise votes through electronic voting system to the Members holding shares as on 18<sup>th</sup> July 2023 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](http://www.evoting.nsdl.com).  
  
The voting rights of the Members / Beneficial Owners will be reckoned on the Equity Shares held by them as on Cut-off date. Members as on the Cut-off date only shall be entitled to avail the facility of remote e-Voting or e-Voting at the meeting.

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

The remote e-Voting period begins on 22<sup>nd</sup> July 2023 at 9:00 A.M. (IST) and ends on 24<sup>th</sup> July 2023 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. Members who have not cast their vote on any of the resolutions using the remote e-Voting facility can vote on those resolutions during the AGM. 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:

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. <a href="https://linkservices.nsdl.com">linkservices.nsdl.com</a> 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
Individual Shareholders holding securities in demat mode with NSDL. (Continued)	<p>2. If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDeAS Portal" or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></p> <p>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> 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 &amp; voting during the meeting.</p> <p>4. Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience.</p> <div style="text-align: center;"> <p>NSDL Mobile App is available on</p> <p> App Store  Google Play</p> <div style="display: flex; justify-content: space-around;">   </div> </div>
	1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL (Continued)	<p>without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</p> <p>2. After successful login of Easi/ Easiest the user will also be 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 <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></p> <p>4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; 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 &amp; 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 above mentioned 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 <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> 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 <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> 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.	8 Character DP ID followed by 8 Digit Client ID  For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
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](http://www.evoting.nsdl.com).
- b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://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](mailto: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), AADHAAR (self attested scanned copy of Aadhaar Card) by email to [corpserv@integratedindia.in](mailto:corpserv@integratedindia.in). Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.
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), AADHAAR (self attested scanned copy of Aadhaar Card) to [corpserv@integratedindia.in](mailto: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](mailto: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. Members 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](mailto:corpsec@sundaramclayton.com) from 20<sup>th</sup> July 2023 (9.00 A.M. (IST)) to 22<sup>nd</sup> July 2023 (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](mailto: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](mailto:bchandraandassociates@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.

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](http://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](http://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 at [evoting@nsdl.co.in](mailto: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.
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](http://www.sundaram-clayton.com) and on the website of NSDL at [www.evoting.nsdl.com](http://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, Notice of the AGM and the Annual Report for the year 2022-23, 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 2022-23 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 License, Passport, Bank Statement, AADHAAR) supporting the registered address of the Member, by email to the Company's email address [icsta@sundaramclayton.com](mailto: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. 1<sup>st</sup> 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](mailto: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 email ID [corpsec@sundaramclayton.com](mailto:corpsec@sundaramclayton.com) or the email ID of STA [corpserv@integratedindia.in](mailto:corpserv@integratedindia.in):
  - 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 AADHAAR Card, Driving License, 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, Mr Venu Srinivasan and Mr Rajesh Narasimhan, Directors will retire by rotation at this AGM and being eligible offer themselves for re-appointment; and
  12. In terms of the Regulation 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 along with listed entities from which the Director has resigned in the past three years are given below:

#### **I. Profile of Mr Venu Srinivasan**

Mr Venu Srinivasan, aged 70 years (DIN:00051523), is Chairman Emeritus and Managing Director of Sundaram-Clayton Limited, a leading manufacturer of automotive components in India and TVS Motor Company, one of the largest two-wheeler manufacturers in the world. He is also the Vice Chairman of Tata Trusts, India's most respected and largest philanthropic foundation and the majority shareholder of the Tata group. He is a Director on the Central Board of Reserve Bank of India.

He holds an engineering degree from the College of Engineering, Chennai, India and a Master's in management from Purdue University, USA.

He was awarded the Deming Distinguished Service Award for Dissemination and Promotion (Overseas) Award (2019) by Japanese Union of Scientists and Engineers (JUSE); the Ishikawa-Kano Award (2012) by the Asian Network of Quality, the apex body for quality in Asia. Under his leadership, his companies were awarded the Deming Prize and the Japanese Quality Medal in 2002. He was honored with the "Outstanding Institution Builder" Award by AIMA (All India Management Association) at the 13<sup>th</sup> Managing India Awards in recognition of excellence in Business Leadership and Management and his significant contributions in building and shaping an institution, driving its growth, and creating a lasting legacy.

Mr Srinivasan has held various important positions in the Indian Industry, such as the President, Confederation of Indian Industry and the President, Society of Indian Automobile Manufacturers.

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

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

Mr Srinivasan's dedication to the transformation of rural India by empowering women in the rural areas can be seen through his passion

towards setting up the Srinivasan Services Trust which has touched the lives of 1.6 million people in 2500 villages across the country in the last 27 years.

He does not hold any share in the Company. He is a member of the Corporate Social Responsibility Committee and Administrative Committee of the Company. He has attended seven out of eight Board Meetings held during the year 2022-23 and was paid a remuneration of ₹ 0.99 Cr. He was initially appointed as a Director on the Board on 23<sup>rd</sup> May 1979.

He is the father of Dr. Lakshmi Venu, Managing Director and Mr Sudarshan Venu, Director of the Company. He resigned from the Board of Cummins India Limited effective 1<sup>st</sup> September 2020.

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

S.No.	Name of the Companies	Position held	Committee Membership
1.	TVS Motor Company Limited	Chairman Emeritus and Managing Director	<ul style="list-style-type: none"> <li>Stakeholders' Relationship Committee</li> <li>Corporate Social Responsibility Committee*</li> </ul>
2.	TVS Credit Services Limited	Director	Corporate Social Responsibility Committee*
3.	TVS Electric Mobility Limited	Director	-
4.	Sundaram Auto Components Limited	Chairman	-
5.	Sundaram-Clayton DCD Limited	Director	-
6.	Reserve Bank of India	Director	-
7.	T. V Sundram Iyengar & Sons Private Limited	Director	Audit Committee
8.	Tata Sons Private Limited	Director	<ul style="list-style-type: none"> <li>Nomination and Remuneration Committee</li> <li>Audit Committee</li> </ul>
9.	TVS Housing Finance Private Limited	Director	-
10.	LV Trustee Private Limited	Director	-
11.	S. Venu Trustee Private Limited	Director	-
12.	VS Trustee Private Limited	Director	-
13.	Venu Srinivasan Trustee Private Limited	Director	-
14.	TVS Motor (Singapore) Pte Limited, Singapore	Director	-
15.	Sundaram Holding USA Inc., USA	Director	-
16.	TVS Digital Pte Limited, Singapore	Director	-
17.	Swiss E- Mobility Group (Holding) AG, Switzerland	Director	-
18.	Swiss E- Mobility Group (Schweiz) AG, Switzerland	Director	-
19.	The Norton Motorcycle Co. Limited, UK	Chairman	-
20.	Cheema Educational Foundation	Director	-
21.	Namma School Foundation	Director	-

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

## II. Profile of Mr Rajesh Narasimhan

Mr Rajesh Narasimhan, aged 57 years (DIN: 07824276), is an alumnus of the Indian Institute of Management - Ahmedabad and also holds a Masters in Computer Applications and a Bachelor's Degree in Statistics. He currently serves as the Director and Chief Executive Officer of TVS Digital, headquartered in Singapore that is being leveraged to operationalize a digital technology start-up focused on the Automotive and Fintech industries with portfolios & offerings that will deliver high quality solutions and platforms to help address real life business challenges by harnessing the power of exponential technologies including Analytics, Artificial Intelligence (AI), Augmented Reality (AR), Internet of Things (IoT), Machine Learning (ML) and Virtual reality (VR).

Mr Narasimhan is currently a Non-Executive and Non-Independent Director on the Boards of Sundaram Clayton Limited and TVS Motors Singapore in addition to serving as the TVS Motor Company and TVS Digital Nominee Director in a Non-Executive capacity on the board of several digital start-ups in which they have invested including Altizon Systems, Fabric IoT, Intellicar Telematics, Predictronic Corp., Scienaptic AI and Tagbox. He has also served as a Non-Executive Independent Director and as a Non-Executive Non-Independent Director on the Board of TVS Motor Company between May 2017 - March 2021 in addition to serving as a Non-Executive Director on the Board of Parrot Solutions Pte. Limited, a Singapore incorporated digital start-up between May 2017 - January 2021.

Mr Narasimhan is an Innovative & highly adaptable leader with more than three and a half decades of experience in both start-up and mature organizations across multiple industries including Information Technology, Consumer Durables & Consumer Electronics and brings extensive experience in General Management, Executive & Technology Leadership, Business & Digital Transformation and Leadership & Talent development.

Mr Narasimhan has a successful and credible career track record at various TVS companies, CSC / Covansys (Public listed, US headquartered and a CSC Group Company) and Hewlett Packard, where he has been highly rated and valued as a quality top talent consistently delivering in every role and growing rapidly within the respective organizations. He held several Senior Executive positions at Hewlett Packard where he successfully led multiple business transformations and turnarounds last leading the delivery of their multi-billion \$ 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.

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 Cyber security initiatives. He is very passionate and highly focused on Human Capital Management including Leadership and Talent development and has an established track record in acquiring, developing and retaining talent and in building high performance teams.

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

He has been the Director of the Company since 24<sup>th</sup> March 2021. He has resigned from TVS Motor Company Limited effective 24<sup>th</sup> March 2021.

He does not hold any share in the Company. During the year 2022-23, he had not received any remuneration from the Company except sitting fees. He is not related to any Director of the Company.

He has attended all the eight Board Meetings held during the year 2022-23.

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

S.No.	Name of the Company	Position held	Committee Membership
1.	Sundaram-Clayton DCD Limited	Director	-
2.	Altizon Systems Private Limited	Director	-
3.	Tagbox Solutions Private Limited	Director	-
4.	Intellicar Telematics Private Limited	Director	-
5.	Fabric IOT Private Limited	Director	-
6.	TVS Motor (Singapore) Pte Limited	Director & CEO	-
7.	Altizon Inc, USA	Director	-
8.	Predictronic Corporation, USA	Director	-
9.	Scienaptic Inc, USA	Director	-
10.	Tagbox Pte Limited, Singapore	Director	-
11.	TVS Digital Pte Limited, Singapore	Director & CEO	-
12.	Intellicar Singapore Pte Limited, Singapore	Director	-



## **Statement of material facts pursuant to Section 102 of the Companies Act, 2013**

The following statement sets out all material facts relating to the special businesses mentioned in the accompanying Notice dated 5<sup>th</sup> May 2023 and shall be taken as forming part of the Notice.

### **Item No.4**

As recommended by the Audit Committee, the Board at its meeting held on 5<sup>th</sup> May 2023, approved the appointment of M/s C S Adawadkar & Co, Practising Cost Accountant, having Firm Registration No. 100401, as Cost Auditor of the Company, in the place of Mr A N Raman, Practising cost accountant, in terms of Section 148 of the Act, 2013 to carry out an audit of cost records maintained for the production of goods covered under the specific Customs Tariff Act headings specified under Table B "Non-regulated sector" of Section 3 of the Companies (Cost Records and Audit) Rules, 2014, and fixed a sum of ₹ 5,00,000 (Rupees Five Lakhs only) as remuneration payable to them for the financial year 2023-24, subject to ratification by the members 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 members 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.4 of this Notice.

The Board, therefore, recommends the ordinary resolution, as set out in Item No.4 of this Notice for ratification of remuneration payable to the Cost Auditor of the Company.

By order of the Board of Directors

Chennai  
5<sup>th</sup> May 2023

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 61<sup>st</sup> Annual Report and the audited financial statements for the year ended 31<sup>st</sup> March 2023.

### 1. FINANCIAL HIGHLIGHTS

(₹ in Cr)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
Revenue from Operations	2,073.96	1,743.27
Other Income	132.76	93.59
Profit / (loss) before Depreciation, Finance Costs, Exceptional items and Tax Expense	381.73	324.54
Less: Depreciation / Amortization / Impairment	99.94	101.74
Profit / (loss) before Finance Costs, Exceptional items and Tax Expense	281.79	222.80
Less: Finance Costs	45.82	44.91
Profit / (loss) before Exceptional items and Tax Expense	235.97	177.89
Add / (less): Exceptional items	(17.10) *	(19.75) *
Profit / (loss) before Tax Expense	218.87	158.14
Less: Tax Expense (Current & Deferred)	53.58	23.80
Profit / (loss) for the year	165.29	134.34
Other Comprehensive Income / (loss)	3.37	(3.12)
Total Comprehensive Income	168.66	131.22

\* Exceptional item excludes interest on fixed deposits amounting to ₹ 111.87 Crs and interest expense on Bonus 9% Cumulative Non-Convertible Redeemable Preference Shares (NCRPS) amounting to ₹ 4.05 Crs for the year 2022-23 and profit on sale of shares (including interest on fixed deposits) amounting to ₹ 2,142.35 Cr for the year 2021-22.

Profit Before Tax (PBT) including the above exceptional items works out to ₹ 326.69 Cr for the year 2022-23 and ₹ 2,300.49 Cr for the year 2021-22.

### 2. DIVIDEND

The Board of Directors of the Company (the Board) at their meeting held on 25<sup>th</sup> January 2023, declared an interim dividend of ₹ 59/- per share (1180%) on 2,02,32,085 equity shares of ₹ 5/- each for the year 2022-23 involving an outgo of ₹ 119.37 Cr. The same was paid to the members on 10<sup>th</sup> February 2023.

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 7.0% in FY23 as against a growth of 8.7% in FY22. The high real GDP growth rate of

13.5% in Q1 FY23 was moderated by low single digit growth rates in Q2, Q3 and Q4 of FY23 amid high inflationary pressures globally led to large spike in prices of energy & commodities. RBI estimated the FY23 inflation in India at 6.7%.

World Bank estimates the World economies' GDP growth at 2.9% in 2022 against the growth rate of 5.9% in 2021. This slowdown in growth was attributed to the concerted significant interest rate hike actions by the central banks across all the major economies to control inflation.

#### US economy:

The US recorded GDP growth of 0.9% in 2022 compared to the growth of 5.7% in 2021. Retail spends remained strong during the year, despite inflation reaching as high as 9.1% in June 2022 before easing to 6.0% in February 2023. However, the housing demand tapered during the second half of the year.

#### EU economy:

The EU GDP grew at 3.6% in 2022 compared to the growth of 5.2% in 2021. Inflation in the EU area touched a high of 10.6% during the year due to steep increases in energy prices, mainly Natural Gas prices, which touched a high of USD 70 per million metric British Thermal Unit (mmbtu). Natural Gas prices in EU averaged around USD 37 per mmbtu in 2022 compared to the 10-year long-term average of USD 7 per mmbtu.

#### Company's Performance:

The Company posted its best ever performance both in turnover and profit terms during the year by focusing on making systemic improvements across the organization, by improving productivity & quality and by delivering the products to the customer on-time. This is despite the adverse macro-economic factors, moderate improvement in supply of semiconductors for the automotive sector and intermittent spikes in COVID infections in China.

The following table highlights the performance of the Company during FY 2022-23:

Particulars	FY 2022-23	FY 2021-22	Growth (in %)
Sales (Tonnage)	43,315	38,982	11
Sale of goods (₹ in Cr)	1,979.66	1,648.67	20
Domestic sales (₹ in Cr)	1,060.86	868.57	22
Export sales (₹ in Cr)	918.80	780.10	18
Profit before Tax (₹ in Cr)	218.86	158.14	38

The revenue of the Company is derived from Medium & Heavy Commercial Vehicles (MHCV) segment (61%), followed by Two-wheeler segment (21%) and the Passenger Vehicle segment (18%).

## 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 2022-23	FY 2021-22	Growth (in %)
Two Wheelers	19,443	17,909	9
Passenger Vehicles	4,108	3,272	26
Commercial Vehicles (M&HCV)	372	273	36

(Source: SIAM+DICV internal estimate)

Despite shortage of semiconductors, supply chain uncertainties, high logistics costs and rising commodity prices, the Indian automotive industry performed better than expected during the year FY23.

While Government spending on infrastructure projects improved the demand for MHCVs, improvement in personal mobility resulted in increased demand for passenger vehicle demand. In two-wheeler segment, domestic demand was healthy despite witnessing sharp changes over the quarters, but the exports demand was affected by liquidity crunch, currency devaluations and country specific local socio-political and economic disturbances.

Despite external pressures, India's service exports have continued to increase. The agricultural sector grew by 3.5%, and also strengthened Company's position as a net exporter of agricultural products.

In fiscal 2023, the overall growth of rural was slower than urban due to relatively slower recovery in the rural non-agricultural sector.

#### Exports

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

(Figures in '000 nos)

Market	Category	CY 2022	CY 2021	Variance (in %)
North America	Class 8 Trucks	310	271	14
North America	Class 4-7 Trucks	247	266	(7)
Europe	Heavy trucks (>16T)	290	270	7

(Source: FTR & ACEA)

**North America:** The Class 8 trucks sales were strong in 2022 despite a slow start in Q1 2022. Although high inflation and interest rate hikes were major threats to the Class 8 truck demand, their sales registered a growth of 14% in 2022 and defied the recession fears due to high pent-up demand, fleet replacement, strong consumer spending and stable freight rates. The global truck manufacturers circumvented the semiconductors shortages by re-allocating semiconductors from other segments (Class 4-7) and by developing technical solutions that allowed interchangeability of semiconductors.

**Europe:** In the EU markets, heavy commercial vehicles (>16 Ton category) registered a decent growth of 7% in 2022 compared to 2021. Within the region's largest markets, only Germany remained in negative territory (-0.9%), while all the other high-volume EU markets for heavy trucks recorded growth in 2022: Spain (+13.6%), Poland (+6.6%), Italy (+5.1%) and France (+2.3%). However, the numbers were still below the pre-pandemic levels of 2019.

### II. BUSINESS OUTLOOK AND OVERVIEW

The business environment is expected to be challenging in export markets and healthy in India during 2023. The Company is optimistic about its future considering the following scenario in all major markets that are of interest to the Company.

#### India :

The Government allocated higher budget to infrastructure development projects. In the Budget 2023-24, the Government has increased the outlay for capital expenditure (capex) on infrastructure sector by 33 per cent from ₹ 7.5 lakh crore to ₹ 10 lakh crore. Current Account Deficit (CAD) of India is projected to be around 2.3% of GDP in FY23 and further narrow down in FY24 on the back of increasing services export. Rainfall is expected to be normal and inflation is expected to be within the comfort range of RBI and GDP growth rate in FY24 is expected to be in the range of 5.8% to 6.5%.

In the medium term, there are various initiatives in place to continue India's growth momentum. Production Linked Incentives for Automotive & Auto Component sector & other sectors are expected to strengthen the manufacturing sector in India, continuation of FAME scheme to transition to EV and special focus on setting up semiconductor manufacturing in India are going to be major drivers for Auto industry's growth.

In FY24, the sales of Passenger Vehicle and Commercial Vehicle segments in India are expected to register around 10% growth and the sales of Two-wheelers are expected to grow by around 5%.

#### Global scenario:

Global GDP growth rate is expected to decelerate to 1.7% in 2023 from 2.9% in 2022, due to geopolitical strife that emerged last year though localized had global ramifications. This specter of strife hangs over the global economy and trade, which impacted all major commodity prices and cross border trade.

The recent banking crisis is also expected to have an impact on global growth. Central banks across the globe are now increasing the interest rates to rein the high inflation that was not seen in the last few decades.

#### North America:

In 2023, the US economy is expected to maintain the GDP growth rate of around 0.7%, similar to the growth rate of 2022. The Fed raised interest rates by 425 basis points in 2022 and by an additional 50 basis points as of March 2023. Fed may tighten the supply of money by raising the interest rates *vice-versa* at a slower rate, to rein in inflation. Therefore, the US Class 8 truck market volumes are expected to be almost flat in 2023.

#### **Europe :**

EU economy is still facing the headwinds due to high energy prices, despite some moderation in prices since January 2023. The European Central Bank has increased the interest rates by 250 basis points in 2022 and an additional 100 basis points as of March 2023 to control inflation. The economic activity is expected to be muted in EU with no GDP growth in 2023, however, the chances of de-growth appear low as of now. Consequently, the sales of EU heavy commercial vehicles (>16 Ton category) in 2023 are expected to be same as those in 2022 with no growth or minimal de-growth.

To summarize the export market outlook, the truck industry in the US and the EU is expected to witness a low single digit growth in 2023.

### **III. OPPORTUNITIES & THREATS**

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

In the long term, technology changes such as stringent emission norms, fuel economy regulations, adoption of alternate drivetrain technologies, etc., are the major challenges the industry needs to tackle. Global truck manufacturers are already offering zero emission vehicles in the US and the EU. However, the thrust towards light-weighting and zero emission vehicles is bound to increase leading to higher content of aluminium in all vehicle types. This shift to zero emission vehicles provides increased growth opportunities to the Company and it is well placed to leverage these emerging opportunities, being a preferred source for aluminium castings to major OEMs in India, the US and the EU.

Many companies are expected to move out of China, which is a major source of supplies for automotive parts. This is expected to provide additional growth opportunities to the Company.

OEMs are estimating carbon footprint in every leg of their supply chain in an effort to move towards net zero emissions and would eventually reorganize their global purchasing strategies, which could result in a strong push for localization to cut down their carbon footprint. The threat to business from this potential change in sourcing policy is mitigated as the Company has already set up a manufacturing in the US. The Company is closely monitoring these developments and will act to capitalize on business opportunities to ensure continued growth. The Company is also taking various green initiatives across its manufacturing sites and working to use more renewable energy in its manufacturing processes as part of its sustainability measures.

Several Indian die casting companies and OEMs have set up or have been setting up new capacities over the past few years. 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 domestic and international prices of aluminium and this should offer some protection against volatility of

commodity prices. The Company is practicing strong cost reduction initiatives including VA/VE to mitigate the margin pressures.

### **IV. RISKS AND CONCERNS**

#### **Macroeconomic risks**

There are several possible risks on the horizon, both global and domestic level. In India, rural recovery continues to be slow, and this significantly impacts the growth trajectory of the economy. Less than normal monsoon may also lead to a weaker performance of the rural agricultural sector impacting the already weakened rural demand. Further the economic recovery could be hampered due to any increase in oil & gas price. The above stated factors can create disruption to an already fragile global trade & supply chain situation, increased inflation, and dampen the demand.

#### **Industry and Company specific risks**

The truck sales in the US and the EU are expected to witness no growth or low single-digit growth in 2023.

In India, increase in manufacturing activity, steady agricultural output, and the government's increased spending on infrastructure and moderated freight costs are all expected to drive the demand. But disruptions like semiconductor shortages and increased raw material prices could constrain the supply.

Significant unfavourable movement in prices of key raw material, aluminium, in global markets is one key factor that can affect the profit margins of the Company. The aftermath of COVID led supply chain disruptions and increase in power tariff domestically are major factors that can impact financial performance in FY24. The management is continuously monitoring the costs of raw material & logistics and taking appropriate cost reduction measures or contract price negotiations to maintain and improve the profit margins.

#### **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 as required, 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.

Company's risk management framework is well embedded and continually reviewed by the Risk Management Committee. The Committee is regularly reporting 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 Board is accountable for evaluating and approving the effectiveness of the internal controls, including financial, operational and compliance. 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.

Company is strengthening the controls by leveraging technology and centralizing processes, enhancing monitoring and maintaining effective tax and treasury strategies. The Audit Committee continues to monitor the effectiveness of internal control through the use of new technologies that impact the financial controls and reporting enterprise risk.

#### **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 FY23, the Company continued working with mentors to improve its systems and

processes. Significant aspect of the same is to synchronize Company's 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 FY23.

- Cummins - Customer support Excellence Award - Direct sourcing for the year 2021.
- DAF - Recognized SCL in "Leaders category". SCL is one among 17 suppliers globally to be selected for this recognition for the 3rd consecutive year.
- Ford - Awarded for Quality and Flow for Panther 2.0 L engine launch.
- Hanon - Awarded as the Best Quality Consistent supplier.

In addition, the Company has also received Best Foundry Award in large scale category at the casting industry event, ALUCAST 2022.

In line with the Company's vision, work is being done on developing several futuristic technologies that will bring value to the customer. One such technology that is now being offered to customers is the Abrasive Flow Machining (AFM) process for which patent is owned in USA and EU. New orders are being given for the AFM technology and our customers are delighted with our R&D facilities and technologies.

#### **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-the-art technology, training, effective quality system, continuous improvement and total employee involvement.

Poka-yokes, process audits, use of statistical tools for process optimization and online process controls also contribute towards improving and achieving consistency in product quality. During the year special focus has been given on advanced statistical methods and widespread use of Taguchi DOE methodology to further improve the 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 362 projects by applying statistical tools through Quality Control Circles (QCC) in FY23. The average number of suggestions implemented per employee was 44.



### 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 current inflationary pressures, 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 FY23, IT road map for organization was laid out and deployment of Industry 4.0 projects was initiated to monitor, control and improve manufacturing processes and quality. The Industry 4.0 projects have progressed as per plan and selected cells in all the factories are connected. The Company worked with external agency during the previous financial year and improved the cyber security controls and mechanisms achieving a score of 3.62 / 5.0 and placing it amongst the leaders in the auto component industry. The cyber security program with external agency is ongoing to sustain and improve the security controls. As we move 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. These digitalization measures across various functions will ensure all the processes and systems are optimised and aligned to deliver customer delight.

## 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	
		2022-23	2021-22	2022-23	2021-22
Return on Networth <sup>§</sup>	%	30.47	23.91	20.97	16.12
Net Debt to Equity <sup>**</sup>	%	0.93	0.25	3.75	2.20
Interest Service Coverage Ratio <sup>§</sup>	Times	8.53	7.57	11.57	6.87

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

<sup>\*\*</sup> Due to capitalisation of reserves for issue of bonus preference shares.

## 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 18<sup>th</sup> August 2020 aggregating to ₹ 100 Crores at 7.65% p.a. and redeemable in equal instalments at the end of 4<sup>th</sup> year and 5<sup>th</sup> year. The NCDs were listed with National Stock Exchange of India Limited (NSE) on 25<sup>th</sup> 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.

Career development workshop is conducted to identify high potential employees. Such employees are groomed for taking up higher responsibilities. A reward and recognition systems are 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.

## 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 ISO 45001 systems and procedures.

The Company is working on its Sustainability roadmap by engaging with a reputed external agency. The Company has already mapped the carbon footprint of its Indian operations and is now working on detailed roadmap with actions to achieve 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) COMPOSITE SCHEME OF ARRANGEMENT OF THE COMPANY FOR ISSUE OF BONUS REDEEMABLE PREFERENCE SHARES AND DEMERGER OF MANUFACTURING UNDERTAKING**

The Board at its meeting held on 9<sup>th</sup> February 2022 has approved the above Composite Scheme of Arrangement ("**Composite Scheme**") of the Company, on the recommendation of the Audit Committee and Independent Directors at their respective meetings held on that date. The Company had filed the Scheme with the Stock Exchanges viz., BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**") for "**No Objection**".

The Scheme provides for the following Parts:

- (i) Part I - Deals with definitions, share capital and date of taking effect and implementation of the Scheme;
- (ii) Part II - Deals with the issue of Non-Convertible Redeemable Preference Shares ("**NCRPS**") of the Company by way of bonus to the shareholders of the Company by utilising the general reserves / retained earnings;
- (iii) Part III - Deals with the amalgamation of the TVS Holdings Private Limited ("**TVSH**") with the Company and cancellation of the share capital of the Company held by the TVSH and the consideration thereof;

Further the name of the Company shall stand changed to "TVS Holdings Limited".

- (iv) Part IV - Deals with the amalgamation of VS Investments Private Limited ("**VS IPL**") with the Company and cancellation of the share capital of the Company held by the VS IPL and the consideration thereof; and
- (v) Part V - Deals with the demerger, transfer and vesting of the Demerged Undertaking (as defined in the Scheme) from the Company into Sundaram-Clayton DCD Limited ("**SCL DCD**") on a going concern basis, reduction and cancellation of the paid-up share capital of SCL DCD held by the Company and the consequent issue of shares of SCL DCD by SCL DCD to the shareholders of the Company.

Post Demerger, the name of SCL DCD shall stand changed to "Sundaram-Clayton Limited".

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

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

The Board at its meeting held on 13<sup>th</sup> March, 2023, noted the Hon'ble NCLT's Order and the first part of the Composite Scheme was made effective on 14<sup>th</sup> March, 2023. The Board also authorised the issuance of bonus NCRPS, by fixations of Record Date 1 as 24<sup>th</sup> March, 2023, for the purpose of determining the eligible shareholders of the Company.

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

The Company will intimate to the Shareholders on further developments in connection with other Parts of the Composite Scheme.

## **5. DIRECTORS' RESPONSIBILITY STATEMENT**

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

- i. in the preparation of annual accounts for the financial year ended 31<sup>st</sup> March 2023, the applicable Accounting Standards had been followed along with proper explanation relating to material departures, if any;
- ii. the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- iii. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the Directors had prepared the accounts for the financial year ended 31<sup>st</sup> March 2023 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 27 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 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 ₹ 45 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 2022-23 and the Company has met the CSR spending through SST. Chief Financial Officer (CFO) of the Company has also ensured the spending through SST for FY 2022-23.

The work, SST has been doing, has matured into a model centered on community participation in all its projects. It follows an integrated, holistic and participatory approach to village development, working very closely with the communities and the Government. SST's focus is to bring about sustainable development in villages. The key focus areas are women empowerment, repairing and renovating the village government infrastructure like the balwadis, primary schools, health centres and veterinary centres, creation of water conservation structures, desilting of water bodies and preserving the environment. SST encourages the community to alter their attitudes and take ownership of changes that bring about lasting development.

To bring in expertise in specific intervention areas like education, health and hygiene, SST is working in collaboration with organizations like Agastya International Foundation, Villmart, Navsahyog Foundation and Gramalaya.

All of the projects undertaken through SST, are within the limit of ₹ 1 Cr individually, and do not require impact assessment.

However, an impact study carried out by Institute of Rural Management (IRMA), Anand has revealed that in the villages in Tiruvannamalai District, where SST has been working show a household income growth of about 141% in 5 years (2017-2022) as compared only to an 38% household income growth in neighbouring areas.

The study also highlights the overall behavioural changes in the community in their approach to development in being more independent and adopting sustainable approaches rather than over dependence on external factors to bring about the change.

Another study by the Centre for Water Resources (CWR), Anna University on 3 minor irrigation (MI) tanks in Krishnagiri, Tiruvannamalai and Tirunelveli districts revealed that partial desilting of water bodies has made the water available for more than one cropping season, 79% of farmers adopted changes in the cropping pattern and cultivating more than one season. The underground water storage capacity has improved and there is an increase in water level in bore wells and open wells in the area.

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 2022-23 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 2023-24, 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**

### **Acquisitions**

During the year under review, the Company had additionally acquired 50.05% stake in Sundaram Holding USA Inc., USA (SHUI) from Sundaram Auto Components Limited (SACL), a subsidiary of the Company on 22<sup>nd</sup> September 2022, thereby it became a wholly owned subsidiary of the Company effective that date.

Consequent to the above acquisition, the Company's holding in SHUI increased to 100% and thereby SHUI's subsidiaries in USA viz., Green Hills Land Holding LLC, Component Equipment Leasing LLC, Sundaram-Clayton USA LLC and Premier Land Holding LLC have also become wholly owned subsidiaries of the Company.

The Company had also acquired 25,000 shares of EUR 1/- each in Sundaram-Clayton GmbH (SCL GmbH), Germany, effective 8<sup>th</sup> February 2023, thereby it became a wholly owned subsidiary of the Company. SCL GmbH is incorporated with the objective of establishing an engineering design centre.

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

### **Subsidiaries**

1. TVS Motor Company Limited, Chennai (TVSM)
2. Sundaram-Clayton (USA) Limited, USA
3. Sundaram-Clayton DCD Limited, Chennai
4. Sundaram Holding USA Inc, Delaware, USA
5. Sundaram-Clayton GmbH, Germany (from 08.02.2023)

### **Subsidiaries of TVSM**

1. TVS Credit Services Limited (TVSCS), Chennai
2. Sundaram Auto Components Limited (SACL), Chennai
3. TVS Housing Limited, Chennai
4. TVS Motor Services Limited, Chennai
5. Intellicar Telematics Private Limited, Bengaluru (Intellicar)[upto 24.05.2022]
6. TVS Electric Mobility Ltd, Chennai
7. PT TVS Motor Company Indonesia, Jakarta.
8. TVS Motor (Singapore) Pte. Limited, Singapore (TVSM Singapore)

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

### **Subsidiaries of TVS CS**

10. Harita ARC Private Limited, Chennai
11. TVS Housing Finance Private Limited, Chennai
12. Harita Two-wheeler Mall Private Limited, Chennai

### **Subsidiaries of TVSM, Singapore**

13. The GO Corporation, Switzerland (GO AG),
14. Swiss E-Mobility Group (Holding) AG, Switzerland (SEMG)
15. The Norton Motorcycle Co Limited, UK
16. TVS Digital Pte Ltd, Singapore
17. EBCO Limited, UK
18. Celerity Motor GmbH, Germany (From 06.12.2022)

### **Subsidiaries of GO AG**

19. EGO Movement, Stuttgart GmbH, Germany

### **Subsidiaries of SEMG**

20. Swiss E-Mobility Group (Schweiz), Switzerland
21. Colag E-Mobility GmbH, Germany
22. Alexand'Ro Edouard'O Passion Vélo Sàrl (From 12.04.2022)

### **Subsidiary of Intellicar**

23. Intellicar Singapore Pte Ltd [upto 24.05.2022]

### **Subsidiaries of Sundaram Holding USA Inc.**

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

### **Associates**

1. Emerald Haven Realty Limited, Chennai and its subsidiaries
2. TVS Training and Services Limited, Chennai
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 2022-23, TVSM's total revenue including other income was ₹ 26,478.66 Cr and earned a profit after tax of ₹1,491.03 Cr.

TVSM for the year 2022-23, declared interim dividend of ₹ 5 per share (500%) absorbing a sum of ₹ 237.54 Cr on 47,50,87,114 equity shares of ₹1 each. The same was paid on 9<sup>th</sup> February 2023.

### **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, Chennai**

Sundaram-Clayton DCD limited is a wholly owned subsidiary of the Company. This entity will carry on the business of Die-Casting upon demerger.

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

Sundaram Holding USA Inc., USA (SHUI), a company established under the applicable provisions of Laws of The United States of America.

SHUI's wholly owned subsidiaries are:

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

During the year 2022-23, the Company had acquired an additional stake of 50.05% in SHUI from Sundaram Auto Components Limited (SACL), a subsidiary of the Company.

Consequent to the above acquisition, the Company's holding in SHUI increased to 100% and thereby SHUI's subsidiaries in USA viz., Green Hills Land Holding LLC, Component Equipment Leasing LLC, Sundaram-Clayton USA LLC and Premier Land Holding LLC have also become wholly owned subsidiaries of the Company.

### **Sundaram-Clayton GmbH, Germany (SCL GmbH)**

The Company had acquired 25,000 shares of EUR 1/- each in Sundaram-Clayton GmbH (SCL GmbH) effective 8<sup>th</sup> February 2023. Sundaram-Clayton GmbH (SCL GmbH), a wholly owned subsidiary of the Company is yet to commence its operations. SCL GmbH is incorporated with the objective of establishing an engineering design centre.

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

The total income of SACL was ₹ 787 Cr in the current year as against ₹ 608 Cr in the previous year 2021-22.

SACL earned a profit before tax of ₹ 24.08 Cr after incurring an exceptional cost of ₹ 1.87 Cr during the year 2022-23 as against profit of ₹ 4.30 Cr in the previous year after exceptional cost of ₹ 6.00 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 incorporated as the investment SPV of the Company, for funding TVS Credit Services Limited (TVS CS).

TVS MS now holds 0.48% only in TVS CS 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 the Company for financing of two wheelers. TVS CS is a Non-Banking Finance Company catering to financing of retail focussed products such as two-wheelers, used cars, used and new tractors, used commercial vehicles, consumer durables, digital finance products and personal loans. TVS CS primarily caters to self-employed, new to credit borrowers in the semi-urban and rural areas in the country.

During the year 2022-23, TVS CS's overall disbursements registered at ₹ 21,652 Cr as compared to ₹12,533 Cr in the previous year registering growth of 73%.

During the year under review, the assets under management are around ₹ 20,602 Cr as against ₹13,911 Cr during the previous year registering a growth of 48%.

Total income during the financial year 2022-23 increased to ₹ 4,160 Cr from ₹ 2,755 Cr during the financial year 2021-22, an increase of 51% over previous year.

The profit before tax after exceptional items for the year stood at ₹ 511 Cr as against ₹ 151 Cr during the previous year registering a growth of 238%.

The following companies are the subsidiaries of TVS CS.

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

All the above subsidiaries are yet to commence their operations.

### **TVS Electric Mobility Ltd, Chennai (TVSEM)**

The Company was incorporated on 13<sup>th</sup> 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. The Company is yet to commence its operations.

### **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 of the Company through its subsidiary TVS Digital Pte. Ltd. During the year, TVSM has invested a sum of SGD 91.53 Mn in the ordinary shares of SGD 1/- each of TVS Motor (Singapore) Pte Limited.

The Company serves as a special vehicle for investments made in overseas subsidiaries / associates.

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

PT TVS has posted Operating PBT of USD 5.6 Mn. for the full year.

PT TVS recorded sales of 19,096 nos. of three wheelers as against 11,043 nos. of sales during the previous year (growth of 73%) and 88,067 nos. of two wheelers as against 86,025 nos. in last year, thereby registering a growth of 2%.

The growth in sales numbers, coupled with effective management of fixed costs enabled PT TVS to achieve EBITDA of USD 8.3 Mn. (7.9% on turnover) as against USD 5.3 Mn. (6.4% on turnover) in last year.

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

During the previous 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 ebike retail chain m-way in Switzerland. SEMG currently has a physical network of 33 stores at strategic locations across Switzerland and two online e-commerce platforms for distribution of its products.

SEMG has strong omnichannel distribution and aspirational brands, including Cilo, Simpel, Allegro and Zenith-Bikes.

SEMG is No. 1 in Switzerland with a market share of 20%. During last calendar year 2022, SEMG Group reported a revenue of USD 69.5 Mn and a loss of USD 11.2 Mn. With further growth planned on physical stores and expansion further into the DACH region, the expected revenue for the current calendar year 2023 is around USD 104 Mn. SEMG acquisition gives an opportunity to grow in personal mobility business including e-kick scooters and e-cargo bikes which are emerging trends.

E-bikes are emerging as the leading personal mobility solution in Europe due to the increased ease of usage, regulatory support and overall perception as a sustainable form of transport. With a current penetration of approximately 15% of the total bicycle population in Europe and growing at a CAGR of ~18%, the market for the e-bicycle holds significant growth potential. The global Industry for E-bikes is expected to touch USD 25 bn in 5 years.

This acquisition of eBike business having a good market share and opportunity to drive further value will augur well for the TVSM & the Company in the long run.

### **The GO Corporation, Switzerland (the GO AG)**

In September 2021, TVSM acquired majority stake in the 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, EGO Movement's Connectivity platform is enhancing security and convenience for the vehicle's user with smart features such as keyless-



go, GPS location with theft alarm and access-sharing. The unique and innovative design philosophy has earned the company multiple awards, including the prestigious Red Dot Award and in 2022 the German Brand Award.

This acquisition is in line with the Company'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 matching accessories.

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 2022-23, The Norton Motorcycle Co. Limited (UK) (Norton) has started handing over the bikes to the Customers from the new state of art facility established in Solihull, United Kingdom.

Norton has launched new 'Commando 961 Sports' bike with completely redesigned components. A clear distribution strategy has been established with plans to have a mix of sales direct to customer and through dealers. It has already set up few dealers in United Kingdom and has formed or firmed up its product plan with a series of new products to be launched in coming years catering to various markets and segments in the premium motorcycle market.

Norton will continue to focus on improving the quality standards and supply chain as it steps up the production volumes and for the new products in the coming years as part of its journey of relaunching this iconic brand to its rightful place at the global level.

### ***TVS Digital Pte Ltd, Singapore***

TVS Digital Pte Limited, Singapore is a wholly owned subsidiary of TVS Motor (Singapore) Pte Limited. The Digital start-up offers a range of solutions across their Auto-tech and Fintech platforms and have secured clients in Bangladesh, Bolivia, India, Indonesia, Nepal, Philippines and Singapore.

The product offerings centre around Credit Decisioning and Collections in Fintech and a suite of Sales acceleration and Consumer Experience enhancements apps in the Auto-tech platform that is also finding applicability in Real Estate and B2B businesses.

Revenue streams have commenced and the team is now focused on exponential growth through scale and adoption to help deliver focused unit economics objectives.

### ***Associates:***

#### ***Emerald Haven Realty Limited (EHRL)***

During the year, EHRL registered a sales booking value (BV) of ₹ 930 Cr the highest ever annual sales BV in the history of EHRL, with a growth of 189%, backed by strong sales across new launches and sustenance projects EHRL a worked on various value engineering measures to control operating and fixed costs, which helped in the operating performance of the Company.

EHRL completed 4 land acquisitions across Chennai and Bangalore with a sales BV potential of ₹ 1,250 Crs for the year under review. The Company has completed development of 2.4 Million Sft till date and the balance area under development as on date is 6.25 Million Sft.

#### ***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 training services to various industries and is participating in the National Skill Development Projects. During the year, TVS TSL earned an income of ₹ 43.58 Cr and profit after tax for the year ended 31<sup>st</sup> March 2023 was ₹ 0.71 Cr. TVSTSL is engaged in the business of establishing and providing vocational

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

SNCES is engaged in the business of generation of power. During the year 2022-23, the SNCES earned a total revenue of ₹ 3.04 Cr and Profit after tax was ₹ 3.59 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 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 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 ₹ 2,013.32 Cr for the financial year 2022-23 as compared to ₹ 1,184.20 Cr in the previous year.

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

### **Special Recognition to Mr Venu Srinivasan, Chairman Emeritus & Managing Director**

Mr Venu Srinivasan was honoured with the “Outstanding Institution Builder” of the year by AIMA (All India Management Association) at its 13<sup>th</sup> Managing India Awards in recognition of excellence in Business Leadership and Management and his significant contributions in building and shaping an institution, driving its growth, and creating a lasting legacy.

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

During the year under review :

Mr R Gopalan, was appointed as Chairman effective 1<sup>st</sup> April 2022 and Mr Venu Srinivasan was designated as Chairman Emeritus & Managing Director (CE & MD) effective 1<sup>st</sup> April 2022.

Dr. Lakshmi Venu was elevated as Managing Director of the Company effective 6<sup>th</sup> May 2022.

Mr R Gopalan ceased to be an Independent Director on 23<sup>rd</sup> July 2022 consequent to the expiry of second term of Independent Directorship. He was subsequently appointed as Non-Executive Non-Independent Director on the Board effective 29<sup>th</sup> July 2022, on the recommendation of the Nomination and Remuneration Committee with the approval of the shareholders through postal ballot on 7<sup>th</sup> September 2022.

Mr Anuj Shah and Mr C R Dua, Directors were appointed as Non-Executive Independent Director(s) (NE-ID) for a term of five consecutive years with effect from 29<sup>th</sup> July 2022 and 13<sup>th</sup> March 2023, respectively, on the recommendation of the Nomination and Remuneration Committee (NRC). The shareholders have approved their appointment by way of special resolution through postal ballot on 7<sup>th</sup> September 2022 and 27<sup>th</sup> April 2023, respectively.

NRC had carried out evaluation of the appointed Directors before the appointment on various parameters viz., integrity, qualification, expertise, experience and it has satisfied itself with the positive attributes of the Directors in accordance with the Nomination and Remuneration (NR) Policy read with the provisions of Section 178 of the Act, 2013 and the Listing Regulations.

### **Directors' cessation / demise**

During the Year under review, Mr S Santhanakrishnan, Mr Kamlesh Gandhi, Mr V Subramanian and Mr R Vijayaraghavan ceased as Independent Directors effective 20<sup>th</sup> August 2022 consequent to the expiry of second term as Independent Directors and thereby they also ceased as members of Committees wherever they held membership.

The Board recorded its appreciation on the contributions made by Mr S Santhanakrishnan, Mr V Subramanian, Mr R Vijayaraghavan and Mr Kamlesh Gandhi and also their uniqueness in handling issues to the granularity which made an indelible impression on all directors of the Company.

The Board noted and appreciated the strategic initiatives, inquisitive nature in dealing with operational issues by the Independent Directors, insights and guidance provided to the management especially in legal, Banking and financial management made the Board as an accomplished one.

With profound grief, the Board condoles the demise of Vice Admiral P J Jacob, Independent Director of the Company, on 22<sup>nd</sup> January 2023. Vice Admiral P J Jacob had been associated with the group for more than sixteen years. The Board records the excellent contribution made by Vice Admiral P J Jacob during his tenure as an Independent Director of the Company.

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. Mr Venu Srinivasan and Mr Rajesh Narasimhan are liable to retire by rotation, at the ensuing AGM, and being eligible, offer themselves for re-appointment.

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

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

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

As at 31<sup>st</sup> March 2023, M/s C R Dua, Anuj Shah and Sasikala Varadachari are the Independent Directors of the Company.

Ms Sasikala Varadachari was appointed by the Board effective 24<sup>th</sup> October 2018 as NE-ID for a term of five consecutive years effective that date and the same was approved by the shareholders at the 57<sup>th</sup> AGM held on 23<sup>rd</sup> 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 met the criteria of independence as provided under Section 149(6) of the Act, 2013 and Regulation 25 of the Listing Regulations and the Board confirms that they are independent of the management.

The detailed terms of appointment of IDs is disclosed on the Company's website in the link as provided in page no. 93 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 Companies 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 27<sup>th</sup> March 2023.

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 Mr K Gopala Desikan and Non-IDs viz., M/s. Sudarshan Venu, Rajesh Narasimhan and R Gopalan and also of Chairman of the Board and the Board as a whole, for the year 2022-23.

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.

The IDs also placed on record their appreciation of Chairman's high level of integrity & objectivity and judicious approach, and brings his vast experience, helps to steer 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, Information Technology, Marketing, 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 & 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 in terms of Section 2(51) read with Section 203 of the Act, 2013 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 24<sup>th</sup> 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 Non-Executive Independent Directors**

The shareholders at the 59<sup>th</sup> AGM held on 30<sup>th</sup> 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 Non-Executive and Independent Directors of the Company (NE-IDs) for every year, from 1<sup>st</sup> April 2021.

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

#### **Evaluation of 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 IDs were always kept informed of the constitution of robust framework for the Company and group companies against cyber threats and mitigation plans against cyber-attacks for business continuity.

They also kept abreast of risk mitigation plans on Business risks viz., depreciation of currency, global economic scenarios, increasing material cost and global inflationary pressure. They also evaluated and satisfied with the risk mitigation on CoVID preparedness, to minimize the impact on business operations and employees health, from its previous learnings.

The Board noted that all IDs have understood the opportunities and risks to the Company's strategy and are supportive of the direction

articulated by the management team towards consistent improvement.

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

#### **Committees**

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

- Audit Committee for overseeing financial Reporting;
- Risk Management Committee for overseeing the risk management framework;
- Nomination and Remuneration Committee for selecting and compensating Directors / 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.

Directors continued to devote such time as is necessary for the proper performance and effectively discharge their duties, all of them were able to devote appropriate time to fulfill their duties.

Board and its Committees had an appropriate combination of skills, experience and knowledge.

The current Committees structure was considered effective and all the Committees of the Board were all considered to be working effectively.

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:**

During the FY 2022-23, the Board met eight times and details of the meetings are provided as part of Corporate Governance Report prepared in terms of the Listing Regulations.

## **10. AUDITORS**

### **Statutory Auditors**

The Company at its Sixtieth AGM held on 28<sup>th</sup> June 2022 re-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 second term of five consecutive years, from the conclusion of the said AGM till the conclusion of the 65<sup>th</sup> AGM, at such remuneration in addition to applicable taxes, and reimbursement of travelling and other out of pocket expenses as may be mutually agreed between the Board of Directors of the Company on the recommendations of the Audit Committee and the Auditors.

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 2023-24.

The Auditors' Report for the financial year 2022-23 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 2022-23, 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, observation or other remarks.

The Board at its meeting held on 5<sup>th</sup> May 2023 has re-appointed Mrs B Chandra, Practising Company Secretary, Chennai, (CP No. 7859) as Secretarial Auditor for the financial year 2023-24.

### **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.

Mr A N Raman, Practising Cost Accountant, having Registration No. 5359 allotted by The Institute of Cost Accountants of India, was re-appointed as Cost Auditor of the Company at the Board meeting held on 6<sup>th</sup> May 2022 to carry out the audit as per the aforesaid provisions of the Companies Act, 2013 for the financial year 2022-23. His remuneration was also ratified by the members at the 60<sup>th</sup> AGM held on 28<sup>th</sup> June 2022.

In terms of the Companies (Cost Records and Audit) Amendment Rules, 2014, the Board has appointed M/s C S Adawadkar & Co., Practising Cost Accountants, having Firm Registration No. 100401 allotted by

The Institute of Cost Accountants of India, as Cost Auditor of the Company, on the recommendation of the Audit Committee, in the place of Mr A N Raman, Practising Cost Accountant, in terms of Section 148 of the Act, 2013, as the Cost Auditor for conducting Cost Audit for the financial year 2023-24.

The Company has received consent from M/s C S Adawadkar & Co., Practising Cost Accountants, to serve as Cost auditors of the Company for the financial year 2023-24.

The Company has also received necessary certificate under Section 141 of the Act, 2013 from them conveying their eligibility to act as a Cost Auditor.

A sum of ₹ 5 lakhs has been fixed by the Board as remuneration in addition to applicable taxes, and reimbursement of travelling and other out-of-pocket expenses payable to him, for the financial year 2023-24, which is required to be approved and ratified by the Members, at the ensuing AGM as per Section 148(3) of the Act, 2013.

Directors place on record their deep appreciation of the valuable service rendered by Mr A N Raman, Cost Accountant, Chennai.

The Company has filed the Cost Audit Report of 2021-22 on 26<sup>th</sup> August 2022 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 Director and Group Chief Financial Officer of the Company have certified to the Board on financial statements and other matters in accordance with Regulation 17(8) of the Listing Regulations, 2015 pertaining to CEO / CFO certification for the financial year ended 31<sup>st</sup> March 2023.

## **12. BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT**

In terms of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") read with relevant SEBI Circulars, new reporting requirements on ESG parameters were prescribed under "Business Responsibility and Sustainability Report" ("BRSR"). The BRSR seeks disclosure on the performance of the Company against nine principles of the "National Guidelines on Responsible Business Conduct" ("NGRBCs").

As per the SEBI Circulars, effective from the financial year 2022-23, filing of BRSR is mandatory for the top 1000 listed companies by market capitalisation. Accordingly, for the financial year ended 31<sup>st</sup> March 2023,



Company has published BRSR, in the prescribed format is given as Annexure IV to this Report and is available on the Company's website in the link as provided in page no. 93 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. 93 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 31<sup>st</sup> March 2023.

### **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. 93 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 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 2022-23, 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.

#### ***General Disclosures***

During the year, there were no transaction requiring disclosure or reporting in respect of matters relating to:

- (a) issue of equity shares with differential rights as to dividend, voting or otherwise;
- (b) issue of shares (including sweat equity shares) to employees of the Company under any scheme;
- (c) pendency of any proceeding under the Insolvency and Bankruptcy Code, 2016 and
- (d) instance of one-time settlement with any bank or financial institution.



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

As per the requirement of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH), 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.

During the year 2022-23, initiatives were undertaken to demonstrate Company's zero tolerance policy against discrimination and sexual harassment, which included creation of comprehensive and easy to understand training and communication material. In addition, online workshops were also run for the employees to enhance awareness and knowledge.

**16. ACKNOWLEDGEMENT**

The directors gratefully acknowledge the continued support and co-operation received from the promoters 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  
5<sup>th</sup> May 2023

R GOPALAN  
Chairman  
DIN: 01624555

## 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 2022-23:

- (i) Implemented the immersion chiller for coolant in the Hardware Management Console (HMC) machines.
- (ii) Replaced the energy efficient (IE3 & IE4) motors in 40 machines.
- (iii) Interfaced the Thyristor drives in the Impregnation plant hot water tanks.
- (iv) Replaced of Nutech furnace to fuel furnace.
- (v) Introduced energy efficient air nozzle in die cleaning activity and air cleaning stations.
- (vi) Idle time cut off of Hydraulic pumps, heaters, Coolant pump and conveyors.
- (vii) Interfaced of Automatic Lid in the Gravity Die Casting Holding Furnaces.
- (viii) Utilized low capacity compressors during low production and Holidays.
- (ix) Introduced Inlet valve flow control in compressor main header to optimize the air flow & energy.
- (x) Replaced conventional fans with BLDC (Brushless DC) fan for office and canteen.
- (xi) Compressor energy consumption reduction by air leak audit study and optimizing the compressed utilization across all plants.
- (xii) Replaced the conventional fans with HVLS (High Volume low speed fans) in the casting shops.
- (xiii) Interfaced the Variable Frequency Drive (VFD) for blowers, Die Coat pumps, Raw water and DM water supply pumps.
- (xiv) Introduced additional Shell & tube heat exchanger to eliminate water chiller in Unit-01 Pressure Die Casting (PDC) machine.
- (xv) Energy efficient Relining work with Zirconia coating to reduce Power consumption in holding furnaces.
- (xvi) Introduced of heat resistance coating for core box in core shop machine.

The above measures have resulted in an annual saving of about ₹ 216.15 Lakhs.

##### 2. Proposed Measures - FY 2023-24:

- (i) Replacement of energy efficiency screw Element in the existing.
- (ii) Compressor to reduce the power consumption.
- (iii) Implement Silcarb furnace instead vertical coil type furnace in Holding Furnaces.

- (iv) Implement heat loss reduction Zirconia Coating in Holding furnaces.
- (v) Replace conventional fans energy efficient BLDC and HVLS fans.
- (vi) Implement VFD for variable demand of melting and replace IE4 motor for Scrubber Induced draft fans.
- (vii) Implement Hydro Pneumatic system for PDC machines Die coat supply.
- (viii) Replacement of APFC panel for Transformer to improve power factor and reduce consumption.
- (ix) Implementing the immersion chiller for coolant in the HMC machines.
- (x) Replacing the energy efficient (IE3 & IE4) motors in 40 machines.
- (xi) Idle time cut off of Hydraulic pumps, heaters, Coolant pump and conveyors.
- (xii) Introduction of Automatic Lid in the Gravity Die Casting Holding Furnaces.
- (xiii) Replacement of energy efficient air dryers & compressors.
- (xiv) Introduction of Inlet valve flow control in compressor main header to optimize the air flow & energy.
- (xv) Replace the energy efficient compressor and dryers.
- (xvi) Conversion of Steam based Canteen Kitchen Equipments to Induction based Equipments.
- (xvii) Introduction Heat recovery system from washing machines and Compressor to reduce power consumption.

The above measures are expected to yield an annual saving of about ₹ 300.85 Lakhs.

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

During the year 2022-23, the Company has utilized power generated through wind and solar energy to an extent of 144.4 lakh units and 45.2 lakh units respectively.

The Company also plans to continue the utilization of wind and solar captive energy (190 lakh units) during the year 2023-24.

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

The Company is planning to invest around ₹ 1,120 Lakhs in 2023-24 towards the green energy generation of Solar (14 MW) and wind power (10 MW) under group captive model.

## B. TECHNOLOGY ABSORPTION FOR 2022-23

### Research & Development (R & D)

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

##### Completed activities:

- (i) Abrasive flow machining (AFM) pilot plant established and over 2000 nos of closed volute compressor housings supplied to the customer.
- (ii) Co-designed Aluminium battery housing casting for EV commercial vehicle.
- (iii) AI based Auto defect recognition (ARD) software has been developed and implemented for Swing Arm X-ray image interpretation in online monitoring.
- (iv) Development of T6 Heat treatment process for HPDC castings through Taguchi DOE for enhancing mechanical properties.
- (v) Implementation of Squeeze technology in GDC parts.
- (vi) Developed EV thermal management heat sink housing using vacuum and thermoregulation technology.
- (vii) Introduced robot fettling for ISX gear housing.
- (viii) Conducted Design of Experiments (DOE) in process optimisation.
- (ix) Developed and tested a prototype die with zero-degree draft.
- (x) Initiated IOT in dies.

##### Ongoing activities:

- (i) New alloy development with high strength high ductility properties.
- (ii) Structural parts validation using semi-Solid processing in HPDC.
- (iii) Structural parts validation using high Vacuum technology.
- (iv) Establishment of Abrasive flow machining (AFM) automation for compressor housings.
- (v) Proof of concept development using additive manufacturing processes for Aluminium prototyping.
- (vi) Co-development of castings with Customer on process and material conversion for light weighting.
- (vii) Online monitoring of die temperature using thermal imaging camera for automated process control.
- (viii) Lightweighting of castings using design and topology optimization.

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

- (i) Developed new die cast products for customers.
- (ii) Increased competency attained through development of structural High Pressure Die Casting (HPDC) parts.
- (iii) Quality improvement in existing parts.
- (iv) Data capturing online through IOT in dies.
- (v) Initiated enhancement of technical capability through co-developing EV battery housing casting.

#### 3. Future plan of action:

- (i) Development of new alloys for structural application.
- (ii) Development of heat treatment for new HPDC Aluminium alloy.
- (iii) Development of additive manufacturing facility.
- (iv) Indigenization of die steel grades.
- (v) High Vacuum technology implementation for structural parts.
- (vi) Implementation of smart dies using IOT.
- (vii) Upgradation of R&D testing facilities to cater EV component test requirements.

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 is ₹ 9.76 Cr.

## C. FOREIGN EXCHANGE ACTUAL EARNINGS AND OUTGO

#### 1. Export activities

Export during the year ended 31<sup>st</sup> March 2023 amounted to ₹ 918.80 Cr as against ₹ 780.10 Cr for the year ended 31<sup>st</sup> March 2022.

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

a) Foreign exchange used	88.43
b) Foreign exchange earned	965.15

For and on behalf of the Board of Directors

R GOPALAN  
Chairman

DIN: 01624555

Chennai  
5<sup>th</sup> May 2023

## Annexure - IV to Directors' Report to the shareholders - FY 2022-23

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

Sl. No.	Name of the Director (M/s)	Designation	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Venu Srinivasan	Chairman Emeritus & Managing Director	1	1
2.	Dr. Lakshmi Venu	Managing Director	1	1
3.	Anuj Shah*	Independent Director	Not Applicable	
4.	Vice Admiral P J Jacob**	Independent Director	1	1

\* Appointed effective 23<sup>rd</sup> January 2023

\*\* Ceased as a Director / Member of the Committee effective 22<sup>nd</sup> January 2023.

3.	Provide the web-link(s) where Composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the company.	<a href="http://www.sundaram-clayton.com">www.sundaram-clayton.com</a> Web-link is provided in page no. 93 of this Annual Report.
4.	Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable.	Not Applicable
5.	(a) Average net profit of the company as per section 135(5).	₹ 19.96 Cr
	(b) Two percent of average net profit of the Company as per Section 135(5) of the Companies Act, 2013.	₹ 0.40 Cr
	(c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.	Nil
	(d) Amount required to be set off for the financial year, if any	Nil
	(e) Total CSR obligation for the financial year (5b+5c- 5d).	₹ 0.40 Cr
6.	(a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project)	₹ 0.45 Cr
	(b) Amount spent in Administrative Overheads	Nil
	(c) Amount spent on Impact Assessment, if applicable	Not Applicable
	(d) Total amount spent for the Financial Year [(a)+(b)+(c)]	₹ 0.45 Cr
	(e) CSR amount spent or unspent for the Financial Year:	
		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 Act, 2013.	
	Amount	Date of transfer
0.45 Cr	Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5) of the Act, 2013.	
	Name of the Fund	Amount
		Date of transfer
		Not Applicable

f) 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)	0.40 Cr
(ii)	Total amount spent for the financial year	0.45 Cr
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.05 Cr
(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)]	0.05 Cr

7 Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of Section 135	Balance Amount in Unspent CSR Account under sub-section (6) of Section 135	Amount Spent in the Financial Year	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of Section 135, if any		Amount remaining to be spent in succeeding Financial Years	Deficiency, if any
					Amount	Date of Transfer		
Not Applicable								

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No
9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per sub-section (5) of Section 135 : Not Applicable

For and on behalf of the Board

**venu srinivasan**  
*Chairman Emeritus & Managing Director*  
*and Chairman of CSR Committee*  
 DIN: 00051523

Chennai  
5<sup>th</sup> May 2023



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

### COMPARATIVE ANALYSIS OF REMUNERATION PAID TO DIRECTORS AND EMPLOYEES WITH THE COMPANY'S PERFORMANCE - FY 2022-23

Sl. No.	Name of the Director (M/s.)	Category	Ratio to Median Remuneration	% increase in remuneration
1	R Gopalan	Chairman	-	-
	Venu Srinivasan	CE & MD	1:17	7%
	Dr. Lakshmi Venu	MD	1:161	41%
	Sudarshan Venu	NE-NID	-	-
	K Gopala Desikan	D & GCFO	1:5	-
	C R Dua (effective 13 <sup>th</sup> March 2023)	NE-ID	-	-
	Rajesh Narasimhan	NE-NID	-	-
	Anuj Shah (effective 29 <sup>th</sup> July 2022)	NE-ID	-	-
	Sasikala Varadachari	NE-ID	1:3	20%
	Vivek S Joshi	CEO	NA	33%
	R Raja Prakash	CS	NA	9%
	CE & MD - Chairman Emeritus & Managing Director      NE-ID - Non Executive Independent Director MD - Managing Director      CEO - Chief Executive Officer NE-NID - Non Executive Non Independent Director      D & GCFO - Director & Group Chief Financial Officer CS - Company Secretary			
2	The percentage increase in the median remuneration of employees in the financial year;			8%
3	The number of permanent employees on the rolls of Company;			1478
4	a. Average percentile increase already made in the salaries of employees other than the managerial personnel in the financial year 2022-23			7%
	b. Average percentile increase in the managerial remuneration in the financial year 2022-23 There are no exceptional circumstances for increase in the managerial remuneration.			36%
5	Affirmation that the remuneration is as per the remuneration policy of the Company.			Remuneration paid during the year 2022-23 is as per the Remuneration Policy of the Company

For and on behalf of the Board of Directors

Chennai  
5<sup>th</sup> May 2023

R GOPALAN  
Chairman  
DIN:01624555

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

### BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT FOR FY 2022-23

#### SECTION A: GENERAL DISCLOSURES

##### I. DETAILS

1	Corporate Identity Number (CIN) of the Listed Entity	L35999TN1962PLC004792	
2	Name of the Listed Entity	Sundaram-Clayton Limited	
3	Year of incorporation	24-05-1962	
4.	Registered office address	"Chaitanya", No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai - 600 006	
5.	Corporate address	"Chaitanya", No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai - 600 006	
6.	E-mail	corpsec@sundaramclayton.com	
7.	Telephone	044-28332115	
8.	Website	www.sundaram-clayton.com	
9.	Date of start of Financial Year	Start Date	End Date
	Financial Year	01-04-2022	31-03-2023
10.	Name of the Stock Exchange(s) where shares are listed	BSE Limited, Mumbai and National Stock Exchange of India Limited, Mumbai	
11.	Paid-up Capital	₹ 2357,03,79,025	
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the Business Responsibility and Sustainability Report.		
	Name of Contact Person	R Raja Prakash	
	Contact Number of Contact Person	+91 44 2833 2115	
	Email of Contact Person	rrp@sundaramclayton.com	
13	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken, together).	Standalone basis	

##### II. PRODUCTS / SERVICES

###### 14. Details of business activities

S. No.	Description of main activity	Description of business activity	% of turnover
1	Manufacturing	Metal and metal products	100

###### 15. Products / Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product / Service	NIC Code	% of total Turnover contributed
1	Aluminium alloy cast articles including parts and components	24320	100%

## Annexure - VI to Directors' Report to the shareholders - (continued)

### III. OPERATIONS

16. Number of locations where plants and / or operations / offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	4	2	6
International	1	1	2

17. Markets served by the entity:

- a. Number of locations

Location	Number
National (No. of States)	8
International (No. of Countries)	10

- b. What is the contribution of exports as a percentage of the total turnover of the entity? 46

- c. A brief on types of customers

SCL manufactures cast, machined and sub-assembled aluminium die castings for heavy and medium commercial vehicles, passenger vehicles and two-wheelers. The customers for SCL's products are the automotive OEMs and Tier 1 manufacturers both within India and Globally. Since commencing operation in 1962, SCL has achieved many milestones and emerged as one of the preferred solution provider in machined and sub-assembled aluminium castings.

### IV. EMPLOYEES

18. Details as at the end of Financial Year:

- a. Employees and workers (including differently abled):

S. No	Particulars	Total (A)	Male		Female		Others	
			No. (B)	% (B/A)	No. (C)	% (C/A)	No. (H)	% (H/A)
EMPLOYEES								
1.	Permanent (D)	555	517	93	38	7	-	-
2.	Other than Permanent (E)	6	5	83	1	17	-	-
3.	Total employees (D + E)	561	522	93	39	7	-	-
WORKERS								
4.	Permanent (F)	874	871	99	3	1	-	-
5.	Other than Permanent (G)	1847	1732	94	115	6	-	-
6.	Total workers (F + G)	2721	2603	96	118	4	-	-

**Annexure - VI to Directors' Report to the shareholders - (continued)**

b. Differently abled Employees and workers:

S. No	Particulars	Total (A)	Male		Female		Others	
			No. (B)	% (B/A)	No. (C)	% (C/A)	No. (H)	% (H/A)
DIFFERENTLY ABLED EMPLOYEES								
1.	Permanent (D)	-	-	-	-	-	-	-
2.	Other than Permanent (E)	-	-	-	-	-	-	-
3.	Total differently abled employees (D + E)	-	-	-	-	-	-	-
DIFFERENTLY ABLED WORKERS								
4.	Permanent (F)	5	5	100	-	-	-	-
5.	Other than Permanent (G)	20	17	85	3	15	-	-
6.	Total differently abled workers (F + G)	25	22	88	3	12	-	-

19. Participation / Inclusion / Representation of women

Particulars	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	9	2	22.22
Key Management Personnel	2	-	-

20. Turnover rate for permanent employees and workers (Disclose trends for the past 3 years)

Category	FY 2022-23 (Turnover rate in current FY)				FY 2021-22 (Turnover rate in previous FY)				FY 2020-21 (Turnover rate in the year prior to the previous FY)			
	Male	Female	Others	Total	Male	Female	Others	Total	Male	Female	Others	Total
Permanent Employees	11.7	0.7	-	12.4	12	1	-	13	7.3	0.7	-	8
Permanent Workers	-	-	-	-	-	-	-	-	-	-	-	-



**Annexure - VI to Directors' Report to the shareholders - (continued)**

**V. HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES (INCLUDING JOINT VENTURES)**

21. (a) Names of holding / subsidiary / associate companies / joint ventures

S. No.	Name of the holding / subsidiary / associate companies/ joint ventures (A)	Indicate whether holding / Subsidiary / Associate / Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business entity Responsibility initiatives of the the listed entity? (Yes/No)
1	TVS Holdings Private Limited	Holding Company	64.72	No
2	TVS Motor Company Limited	Subsidiary	50.26	No
3	Sundaram-Clayton (USA) Limited, USA	Subsidiary	100	No
4	Sundaram Holding USA Inc, Delaware, USA	Subsidiary	100	No
5	Sundaram-Clayton GmbH, Germany	Subsidiary	100	No
6	Sundaram Auto Components Limited	Subsidiary	-	No
7	TVS Housing Limited	Subsidiary	-	No
8	TVS Motor Services Limited	Subsidiary	-	No
9	TVS Electric Mobility Limited	Subsidiary	-	No
10	TVS Credit Services Limited	Subsidiary	2.31	No
11	TVS Motor Company (Europe) B.V.	Subsidiary	-	No
12	TVS Motor (Singapore) Pte Limited	Subsidiary	-	No
13	PT TVS Motor Company Indonesia	Subsidiary	-	No
14	Harita ARC Private Limited	Subsidiary	-	No
15	TVS Housing Finance Private Limited	Subsidiary	-	No
16	Harita Two-Wheeler Mall Private Limited	Subsidiary	-	No
17	The Norton Motorcycle Co Limited, UK	Subsidiary	-	No
18	TVS Digital Pte Limited, Singapore	Subsidiary	-	No
19	The GO Corporation, Switzerland	Subsidiary	-	No
20	Swiss E-mobility Group (Holding) AG, Switzerland	Subsidiary	-	No
21	EBCO Limited, UK	Subsidiary	-	No

## Sundaram-Clayton Limited

### Annexure - VI to Directors' Report to the shareholders - (continued)

#### V. HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES (INCLUDING JOINT VENTURES) - (continued)

21. (a) Names of holding / subsidiary / associate companies / joint ventures - (continued)

S. No.	Name of the holding / subsidiary / associate companies/ joint ventures (A)	Indicate whether holding / Subsidiary / Associate / Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business entity Responsibility initiatives of the the listed entity? (Yes/No)
22	Celerity Motor GmbH, Germany	Subsidiary	-	No
23	EGO Movement, Stuttgart GmbH, Germany	Subsidiary	-	No
24	Swiss E-mobility Group (Schweiz), AG, Switzerland	Subsidiary	-	No
25	Colag E-mobility GmbH, Germany	Subsidiary	-	No
26	Alexand'RoEdouard'O Passion VéloSàrl, Switzerland	Subsidiary	-	No
27	Green Hills and Holding LLC, South Carolina, USA	Subsidiary	-	No
28	Components Equipment Leasing LLC, South Carolina, USA	Subsidiary	-	No
29	Sundaram-Clayton (USA) LLC, South Carolina, USA	Subsidiary	-	No
30	Premier Land Holding LLC, South Carolina, USA	Subsidiary	-	No
31	TVS Training and Services Limited	Associate	21.70	No
32	Sundram Non-Conventional Energy Systems Limited	Associate	23.53	No
33	Ultraviolette Automotive Private Limited	Associate	-	No
34	Emerald Haven Realty Limited	Associate	-	No
35	DriveX Mobility Private Limited	Associate	-	No
36	Tagbox Solutions Private Limited	Associate	-	No
37	Predictronic Corporation, USA	Associate	-	No
38	Tagbox Pte Limited, Singapore	Associate	-	No
39	Scienaptic Systems Inc., USA	Associate	-	No
40	Altizon Inc., USA	Associate	-	No

**Annexure - VI to Directors' Report to the shareholders - (continued)**

**VI. CSR DETAILS**

22. CSR Details

Whether CSR is applicable as per Section 135 of Companies Act, 2013	Yes
Turnover (₹ in Cr)	2073.96
Net worth (₹ in Cr)	697.28

**VII. TRANSPARENCY AND DISCLOSURES COMPLIANCES**

23. Complaints / Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaints is received	Grievance Redressal Mechanism in Place (Yes / No) if yes then provide web-link for grievance redress policy	FY 2022-23			FY 2021-22		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes	-	-	-	-	-	-
Investors (other than shareholders)	Yes	-	-	-	-	-	-
Shareholders	Yes	1	-	-	1	-	-
Employees	Yes	-	-	-	-	-	-
Customers	Yes	85	-	-	47	-	-
Value Chain Partners (Dealers)	Yes	-	-	-	-	-	-
Value Chain Partners	Yes	-	-	-	-	-	-

The Company has established required framework for addressing specific grievances for all of its stakeholders. Code of Business Conduct and Ethics, Whistle Blower Mechanism provides sufficient guidance for reporting and resolving grievances. Web-link of such policies are available on the Company's website as provided in page no. 93 of this Annual Report.

## Annexure - VI to Directors' Report to the shareholders - (continued)

### 24. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format.

Materiality analysis has been done to identify issues that concern our stakeholders and our business sustainability. Prioritization of materiality issues in the current context constructed from following sources-

- Issues based on sectoral guidelines.
- Issues flagged in peer reviews.
- Stakeholder engagement.
- Issues identified during discussions with the management and internal workshops.

Very important issues both for company & stakeholder are considered Material issues that have significant Business, Environmental & Social impact. Examples of identified material issues with approach for risk mitigation and financial implication is described below -

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	GHG Emission reduction	Risk & Opportunity	Risk 1. Failure to meet 1.5* aligned GHG reduction emission targets; 2. Reputational impacts and loss of trust from customers, investors and employees Opportunity Increase energy efficient projects, more renewable energy into the system	1. Climate strategy for operations and supply chain 2. Net zero commitment for operations and supply chain	Positive and Negative
2	Water Management	Risk	1. Poor water resource management will lead to depletion of water resources 2. Public backlash due to pollution of water bodies	1. Deploy a water conservation strategy and action plan for sites in water-stressed areas. 2. Site EHS assessment	Negative
3	Waste Management	Risk & Opportunity	Risk 1. Non-compliance leading to fines 2. Health impacts on personnel and local communities Opportunity 1. Increased recyclability leading to revenue creation 2. Enhancing circularity in value chain	1. Deploy a waste recycle framework. 2. Site EHS assessment	Positive & Negative
4	Cyber security	Risk	1. Risk of a malicious exploitation or intrusion into the infrastructures of SCL premises 2. Impacts on productivity, data privacy, operations 3. Financial cost and loss of confidence from stakeholders	1. Dedicated cyber security management with policies focusing on data privacy, Asset management, IT security and Business continuity 2. Employees trained on cyber security	Negative
5	CSR	Opportunity	1. Opportunity to give back to community 2. Upliftment of local community	CSR policy and framework	Positive



**Annexure - VI to Directors' Report to the shareholders - (continued)**

**SECTION B: MANAGEMENT AND PROCESS DISCLOSURES**

P1	Businesses should conduct and govern themselves with integrity 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 towards all its stakeholders.
P5	Businesses should respect and promote human rights.
P6	Businesses should respect, protect and make efforts to 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 consumers in a responsible manner.

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

S. No.	Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Whether your entity's policy / policies cover each principle and its core elements of the NGRBCs. (Yes / No)	Yes	Yes	Yes	Yes	Yes	Yes	-	Yes	Yes
	Has the policy been approved by the Board?	Yes	Yes	Yes	Yes	Yes	Yes	-	Yes	Yes
	Weblink of the Policies, if available	<a href="https://www.sundaram-clayton.com/Information.htm">https://www.sundaram-clayton.com/Information.htm</a>								
		Refer to the Whistle-blower Policy, Code of Business Conduct and Ethics which includes Anti-Bribery practices	Refer to the Code of Business Conduct and Ethics which includes Fair dealing with customers, suppliers, competitors, officers and employees.	-	Refer to the Policy on Prevention of Sexual Harassment	-	-	-	Refer to CSR Policy	-

**Annexure - VI to Directors' Report to the shareholders - (continued)**

S. No.	Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
2.	Whether the entity has translated the policy into procedures.	Yes	Yes	Yes	Yes	Yes	Yes	-	Yes	Yes
3.	Do the enlisted policies extend to your value chain partners? (Yes/No)	Code of Conduct, Supplier Code of Conduct and Human Rights policy extend to our value chain partners								
4.	Name of the national and international codes / certifications / labels / standards	ISO 45001 ISO 14001								
5.	Specific commitments, goals and targets set by the entity with defined timelines, if any.	Company is in the process of defining an overall ESG strategy with goals and targets on material issues.								
6.	Performance of the entity against the specific commitments, goals and targets along with reasons in case the same are not met.	NA								
Governance, leadership and oversight										
7.	Statement by director responsible for the business value for money, environmentally friendly, lifetime responsibility report, highlighting ESG related challenges, targets and achievements	The Company is committed to being a profitable, socially responsible and a leading provider of sustainable light alloy solutions, globally. Towards this the Company is in the process of defining an overall ESG strategy and identifying the material issues with goals and targets. The Company proactively engages with stakeholders formally and informally to share information, discuss the Company's sustainability priorities, programs and performance, and determines opportunities to collaborate towards common goals.  The Audit committee and Board oversees the implementation of various policies / codes as required under the legal framework in force from time to time. These are also reviewed at regular intervals by the board. The Board on a continuous basis reviews the business' alignment with the principles and core elements.								
8.	Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (es).	At the highest level, the Board of Directors of your Company, led by the Chairman Emeritus and Managing Director, has the primary role to protect and assess the Business Responsibility (BR) performance of your Company.								
9.	Does the entity have a specified Committee of the Board / Director responsible for decision making on sustainability related issues?	Chairman, Chairman Emeritus & Managing Director, Managing Director and Director & Group Chief Financial Officer								
10	Details of Review of NGRBCs by the Company:									
	Performance against above policies and follow up action.	The policies of the Company are reviewed periodically / on a need basis by department heads / director / Board committees / Board members, wherever applicable. The Audit Committee and Board oversees the implementation of various policies - codes as required under the legal framework in force from time to time. These are also reviewed at regular intervals by the Board.								
11	Has the entity carried out independent assessment / evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	No. The policies of the Company are subject to audit by the internal auditors of the Company. The working of the policy is also ensured by the various department heads / director / Board committees / Board members, wherever applicable.								

25. 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 entity does not consider the Principles material to its business	-	-	-	-	-	-	-	-	-
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
The entity does not have the financial or / human and technical resources available for the task	-	-	-	-	-	-	-	-	-
It is planned to be done in the next financial year	-	-	-	-	-	-	-	-	-
Any other reason (please specify)	P7 - The Company through the various industrial forums endeavours to promote growth and technological process, economic reforms, inclusive development policies and sustainable business principles. Therefore there is no need for such policy.								

**Annexure - VI to Directors' Report to the shareholders - (continued)**

**SECTION C : PRINCIPLE WISE PERFORMANCE DISCLOSURE**

**PRINCIPLE 1**

**BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH INTEGRITY, AND IN A MANNER THAT IS ETHICAL, TRANSPARENT AND ACCOUNTABLE.**

**ESSENTIAL INDICATORS**

- 1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:**

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors	1	All principles	100
Key Managerial Personnel (KMPs)	2	All principles	100
Employees other than BoD	from time to time	The employees / workers are imparted various trainings / awareness sessions such as induction / functional / behavioral training at the time of joining and leadership, policy, technical and unit specific compliance training during the course of employment.	100
Workers	from time to time		100

- 2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):**

Monetary				
NGRBC Principle	Name of the regulatory / enforcement agencies / judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes / No)
Penalty / Fine				
All	NA	Nil	NA	No
Settlement				
All	NA	Nil	NA	No
Compounding fee				
All	NA	Nil	NA	No

**Annexure - VI to Directors' Report to the shareholders - (continued)**

Non-Monetary			
NGRBC Principle	Name of the regulatory / enforcement agencies / judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes / No)
Imprisonment			
All	NA	NA	No
Punishment			
All	NA	NA	No

**3. Of the instances disclosed in Question 2 above, details of the Appeal / Revision preferred in cases where monetary or non-monetary action has been appealed.**

Case Details	Name of the regulatory / enforcement agencies / judicial institutions
NA	NA

**4. Does the entity have an anti-corruption or anti-bribery policy?**

Yes. As part of Code of Conduct for all the employees, on discipline and misconduct, accepting bribe or illegal gratification, in any form, from anyone, in connection with the Company's business is considered as violation.

The Company has zero tolerance approach towards such violation, corruption and bribery. The Company has appropriate internal controls to ensure that the Company or its employees do not engage in unethical practices.

All employees are educated on the "Code of Conduct" with an objective to establish and specify standards of behaviour. Web-link of such policies covered under the Code of Conduct are available on the Company's website as provided in page no. 93 of this Annual Report.

**5. Number of Directors / KMPs / employees / workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:**

Category	FY 2022-23	FY 2021-22
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	Nil	Nil
Workers	Nil	Nil

**6. Details of complaints with regard to conflict of interest:**

Particulars	FY 2022-23		FY 2021-22	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	Nil	Nil	Nil
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	Nil	Nil	Nil	Nil



## Annexure - VI to Directors' Report to the shareholders - (continued)

7. **Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators / law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.**

Not Applicable

### LEADERSHIP INDICATORS

1. **Awareness programmes conducted for value chain partners on any of the Principles during the financial year:**

During the year various training programs have been conducted for the supply chain partners. However, a framework to track such programs will be put in place going forward.

2. **Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes / No)**

Yes, the Company has in place a 'Policy on Related Party Transactions', which are applicable to our Board members. Transactions with the Board members or any entity in which such Board members are concerned or interested are required to be approved by the Audit Committee and the Board of Directors. In such cases, the interested directors abstain themselves from the discussions at the meeting. The weblink of the policy is available elsewhere reported in the annual report.

### PRINCIPLE 2

#### BUSINESSES SHOULD PROVIDE GOODS AND SERVICES IN A MANNER THAT IS SUSTAINABLE AND SAFE

##### ESSENTIAL INDICATORS

1. **Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

Particulars	FY 2022-23	FY 2021-22	Details of improvements in environmental and social impacts
R&D	15%	-	On Board diagnosis for BSVI compliance and EV products.
Capex	4%	-	

2. a. **Does the entity have procedures in place for sustainable sourcing? (Yes/No)**

Yes

- b. **If yes, what percentage of inputs were sourced sustainably?**

83% of input is sourced locally. Initiatives taken to ensure sustainable sourcing and encouraged suppliers to get certified under ISO 14001, OHSAS 18001 & IATF. Systems and process audits are conducted at supplier end periodically for better control through sourcing team.

3. **Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for**

- a. The Company does not have a process to collect, reuse, recycle and dispose the aluminium castings after supply to customers. However, this process is being done by various OEMs and third parties to recover and reuse aluminium.
- b. The material processed by the company, i.e., aluminium based alloys is 100% recyclable. Presently rejected aluminium castings (8% of production) are re-melted inside the factory. The aluminium swarf is remelted and reused for production. Sand used for making cores is recycled.

## Annexure - VI to Directors' Report to the shareholders - (continued)

- c. Hazardous waste materials generated by the company during aluminium castings production are given to authorized vendors either for disposal or recycling.

**4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No).**

No

### LEADERSHIP INDICATORS

**1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

No

The Company does not do any assessment of its products from life cycle perspective. However, this process is being done by various OEMs and third parties to recover and reuse aluminium. The material process by the Company, i.e., aluminium based alloys is 100% recyclable.

**2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.**

Not applicable

**3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

Indicate input material	Recycled or re-used input material to total material	
	FY 2022-23	FY 2021-22
Aluminium	100%	100%
Sand core	90%	90%

**4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:**

Particulars	FY 2022-23			FY 2021-22		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	-	-	-	-	-	-
E-waste	-	-	-	-	-	-
Hazardous waste	-	-	-	-	-	-
Other waste	-	-	-	-	-	-

**5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.**

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
Material received in bins.	-

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

**Annexure - VI to Directors' Report to the shareholders - (continued)**

**PRINCIPLE 3**

**BUSINESSES SHOULD RESPECT AND PROMOTE THE WELL-BEING OF ALL EMPLOYEES, INCLUDING THOSE IN THEIR VALUE CHAINS**

**ESSENTIAL INDICATORS**

**1. a. Details of measures for the well-being of employees:**

Category	Total (A)	% of employees covered by									
		Health insurance		Accident insurance		Maternity Benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
Permanent employees											
Male	517	517	100	517	100	-	-	517	100	517	100
Female	38	38	100	38	100	38	100	-	-	38	100
Total	555	555	100	555	100	38	100	517	100	555	100
Other than Permanent employees											
Male	-	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-

**b. Details of measures for the well-being of workers:**

Category	Total (A)	% of workers covered by									
		Health insurance		Accident insurance		Maternity Benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
Permanent workers											
Male	871	871	100	871	100	-	-	871	100	871	100
Female	3	3	100	3	100	3	100	-	-	3	100
Total	874	874	100	874	100	3	100	871	100	874	100
Other than Permanent workers											
Male	1732	1732	100	1732	100	-	-	1732	100	1732	100
Female	115	115	100	115	100	115	100	-	-	115	100
Total	1847	1847	100	1847	100	115	100	1732	100	1847	100

**2. Details of retirement benefits, for Current Financial Year and Previous Financial Year.**

Benefits	FY 2022-23			FY 2021-22		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100	100	Yes	100	100	Yes
Gratuity	100	100	Yes	100	100	Yes
ESI	100	100	Yes	100	100	Yes
Others - please specify	-	-	-	-	-	-

**Annexure - VI to Directors' Report to the shareholders - (continued)**

**3. Accessibility of workplaces**

**Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

Yes, to identified areas. Steps are being taken to improve on the same.

**4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.**

Yes (Fair and Ethical practices policy).

**5. Return to work and Retention rates of permanent employees and workers that took parental leave.**

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100	100	100	100
Female	100	100	100	100
Total	100	100	100	100

**6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.**

Category	Yes/No (If Yes, then give details of the mechanism in brief)	Remark
Permanent Workers	Yes	The Company POSH Committee, members are from diverged group Whistle-blower, CoC (Code of Conduct) for all categories of permanent employees and workers are available. Dedicated channels for raising such grievances have been put in place and communicated to all the concerned stakeholders.
Other than Permanent Workers	Yes	
Permanent Employees	Yes	
Other than Permanent Employees	Yes	

**7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:**

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

Category	FY 2022-23			FY 2021-22		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D / C)
Total Permanent Employees						
- Male	-	-	-	-	-	-
- Female	-	-	-	-	-	-
- Others	-	-	-	-	-	-
Total Permanent Workers	874	874	100	-	-	-
- Male	871	871	100	-	-	-
- Female	3	3	100	-	-	-
- Others	-	-	-	-	-	-

**Annexure - VI to Directors' Report to the shareholders - (continued)**

**8. Details of training given to employees and workers:**

Category	Total (A)	FY 2022-23				FY 2021-22				
		On Health and safety measures		On Skill upgradation		Total D	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
EMPLOYEES										
Male	515	369	72	363	70	435	261	60	218	50
Female	38	28	74	-	-	23	12	52	-	-
Others	-	-	-	-	-	-	-	-	-	-
Total	553	397	72	363	66	458	273	60	218	48
WORKERS										
Male	775	775	100	439	57	1958	1958	100	944	48
Female	33	33	100	12	36	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
Total	808	808	100	451	56	1958	1958	100	944	48

**9. Details of performance and career development reviews of employees and worker:**

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
<b>EMPLOYEES</b>						
Male	515	433	84	508	435	86
Female	38	21	55	36	23	64
Others	-	-	-	-	-	-
Total	553	454	82	544	458	84
<b>WORKERS</b>						
Male	-	-	-	-	-	-
Female	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total	-	-	-	-	-	-

**10. Health and safety management system:**

- a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No).**

Yes. Covering Chennai and Hosur locations

**If yes, the coverage such system?**

Scope : Manufacture of Aluminium Gravity die casting and pressure die casting components and machined components

- b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?**

Hazard Identification and Risk Assessment (HIRA), Safety Audit by EHS professionals, Safety Interaction by line management, Safety inspection by Government authorities, External Auditors, ISO 45001 (Occupational Health & Safety Management system)



## Annexure - VI to Directors' Report to the shareholders - (continued)

HIRA is a process of defining and describing hazards by characterising their probability, frequency, and severity and evaluating adverse consequences, including potential losses and injuries. A risk assessment that provides the factual basis for activities is included in the corporate safety strategy to reduce losses from identified hazards at workplace. While carrying out Hazard Assessment, all the activities including routine and non-routine in each section are selected, Hazard Assessment conducted to identify the significant risks. For all the significant risks, control measures are defined to mitigate the risks. The HIRA process is a dynamic document which is reviewed every year or if there is change in process, layout, materials etc. of there is an accident or incident in that particular activity.

Periodic medical check-ups are done in-house with specific tests identified as per risk assessment of employees working in different departments having exposure to different occupational health hazards. Health assessment on return-to-work is done prior to rejoining. Medical fitness certificate is verified and validated and maintained as record.

**c. Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Y/N)**

Yes. Work related hazards are identified through reporting mechanisms viz., Unsafe Condition Reporting, Near Miss Reporting, Reports from Safety committee meeting, Total Employee Involvement (TEI) - Suggestions and TEI - QCC.

**d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)**

Yes, the Company has tied-up with nearby multispecialty hospitals for non-occupational health services to all our employees.

**11. Details of safety related incidents, in the following format:**

Safety Incident / Number	Category	FY 2022-23	FY 2021-22
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	-	-
	Workers	0.9	1
Total recordable work-related injuriesEmployees	-	-	-
	Workers	5	7
No. of fatalities	Employees	-	-
	Workers	-	-
High consequence work-related injury or ill-health (excluding fatalities)	Employees	-	-
	Workers	-	-

**12. Describe the measures taken by the entity to ensure a safe and healthy work place.**

The Company engages employees to improve safety and health such as safety audits through internal and external experts, safety training for its employees on topics like Four Stage Safety Clearance, 100% Induction Training, Contractor Safety Management System, Plant Safety Rating System, Work Permit System, Visual Control System Related to Safety, Work Environment Monitoring, Internal & External Safety Audits, Fire Extinguishers, Fire Hydrants and Automatic suppression systems.

**13. Number of Complaints on the following made by employees and workers:**

Particulars	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	Nil	Nil	-	Nil	Nil	-
Health & Safety	Nil	Nil	-	Nil	Nil	-

The observations/ suggestions made by safety committee members and Union committee members during monthly safety committee meeting & monthly union meeting respectively are addressed appropriately.

## Annexure - VI to Directors' Report to the shareholders - (continued)

### 14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100
Working Conditions	100

### 15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

Planning to engage with Dupont for implementation of safety systems for cultural transformation.

## LEADERSHIP INDICATORS

### 1. Does the entity extend any life insurance or any compensatory package in the event of death of

#### a. Employees (Y/N)

Yes, Employee death benefit scheme, group personal accident coverage and all other benefits in line with Statutory benefits provided for employee benefit.

#### b. Workers (Y/N).

Yes, Family Relief Fund is extended to the family members of the deceased employees by making contribution from all permanent employees and matching contribution by the Company.

### 2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

The Company has adequate mechanisms and monitors ensures that any statutory dues have the deducted and deposited by the value chain partners, in accordance applicable regulations and reviewed as per regular audit processes. The Company also collects necessary certificates and proofs from its contractors with respect to payment of statutory dues like PF, ESIC, etc. relating to contractual employees and workers.

### 3. Provide the number of employees / workers having suffered high consequence work-related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

Particulars	Total no. of affected employees / workers		No. of employees / workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Employees	-	-	-	-
Workers	-	-	-	-

### 4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

No

### 5. Details on assessment of value chain partners:

Particulars	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	5
Working Conditions	5

### 6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

There were no significant risks/concerns arising from the assessments of health and safety practices and working conditions of value chain partners.

**Annexure - VI to Directors' Report to the shareholders - (continued)**

**PRINCIPLE 4**

**BUSINESSES SHOULD RESPECT THE INTERESTS OF AND BE RESPONSIVE TO ALL ITS STAKEHOLDERS**

**ESSENTIAL INDICATORS**

**1. Describe the processes for identifying key stakeholder groups of the entity.**

The Company continuously expands its proactive engagement with all the stakeholder groups. The Company prioritises engagement as an integral part of partnership building and aims to institutionalize a structured approach through a formal process in the future.

**2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.**

Stakeholder Group	Whether identified as Vulnerable & Marginalized	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Pamphlets, Meetings, Notice Board, Website), Other	Frequency of engagement (Annually / Half yearly / Quarterly / others - please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Customers	No	E-mail, Website, Meetings	Monthly / Daily / Weekly / Quarterly / Half yearly / Annually	Through frequent Customer interaction, Customer satisfaction surveys. Key Concerns include Product / Service quality, Timely Delivery, Fair Pricing
Employees	No	Notice Board, Email,	Monthly / Daily / Weekly / Quarterly / Half yearly / Annually	Performance appraisal, employee engagement survey, grievance handling process, training workshops. Key Concerns: Career planning, communication on employee related policies.
Policy Makers	No	Email, Meetings.	As & when required	Policy advocacy participation, industry associations. Key Concerns: No specific concerns.
Supplier	No	Email, Meetings	As and when required	Supplier meets/supplier visits/supplier survey. Key Concerns: Supply chain communication on long range plan/ financial transactions/ rejections update/ scheduling, fluctuating order volumes, early involvement from suppliers to meet new product development targets, performance, rewards
Regulatory body	No	Email, Meetings	As and when required	Submission of reports, inspection visits, need-based meetings on directives. Key Concerns: Regulatory compliance and transparency in disclosure.
Shareholders/ Investors	No	Email, Website, Meetings	Quarterly / Half yearly / Annually	Investor forums, corporate communication, annual general meetings, annual reports. Key Concerns: Company strategy and performance, future plans, returns to shareholders.
Trade union	No	Meetings	Monthly / Quarterly / As and when required	Key concerns : Occupational health and safety concerns, other benefits.
Local community	No	Community Meetings	As and when required	Panchayat board meeting. Key concerns: Welfare related requests.

## Annexure - VI to Directors' Report to the shareholders - (continued)

### LEADERSHIP INDICATORS

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

Respective business / functional heads engage with the stakeholders on various ESG topics and the relevant feedback from such consultation is provided to the Board, wherever applicable.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No).

Yes

Employees & Workers: Based on demand & towards facilitating Health & wellness, special camps were conducted tying up with local hospitals for booster dose vaccination on COVID 19 prevention.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.

Towards enhancing engagement of Persons with Disability (PwD) and based on requests from Service providers / NGOs, job fairs and recruitment camps were conducted, and employment provided.

### PRINCIPLE 5

#### BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

##### ESSENTIAL INDICATORS

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. of employees / workers covered (B)	% (B / A)	Total (C)	No. of employees / workers covered (B)	% (D / C)
EMPLOYEES						
Permanent	555	555	100	-	-	-
Other than permanent	6	6	100	-	-	-
Total Employees	561	561	100	-	-	-
WORKERS						
Permanent	874	874	100	-	-	-
Other than permanent	1847	1847	100	-	-	-
Total Workers	2721	2721	100	-	-	-

- Annual coverage of training through an e-module is mandatory for all employees.
- Certified for SA8000 and awareness is extended to all employees & Workers which covers elements on Human Rights. Orientation capsule covers Human Rights Elements for other than permanent employees.
- All existing employees have been imparted training on company's policies on human rights issues. All new joiners are taken through these policies as part of induction program. The Company is in the process of developing self learning e-modules to ensure tracking going forward.

**Annexure - VI to Directors' Report to the shareholders - (continued)**

**2. Details of minimum wages paid to employees and workers, in the following format:**

Category	Total (A)	FY 2022-23				FY 2021-22				
		Equal to Minimum Wage		More than Minimum Wage		Total D	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
EMPLOYEES										
Permanent	-	-	-	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
Other than permanent	-	-	-	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-

Category	Total (A)	FY 2022-23				FY 2021-22				
		Equal to Minimum Wage		More than Minimum Wage		Total D	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
WORKERS										
Permanent	874	-	-	874	100	980	-	-	980	100
Male	871	-	-	871	100	977	-	-	977	100
Female	3	-	-	3	100	3	-	-	3	100
Other than permanent	1732	-	-	1732	100	1702	-	-	1702	100
Male	1732	-	-	1732	100	1702	-	-	1702	100
Female	-	-	-	-	-	-	-	-	-	-

**3. Details of remuneration / salary / wages, in the following format:**

Particulars	Male		Female	
	Number	Median remuneration/ salary / wages of respective category (₹ in Cr)	Number	Median remuneration / salary / wages of respective category (₹ in Cr)
Board of Directors (BoD)	7	0.07	2	4.91
Key Managerial Personnel	2	3.26	-	-
Employees other than Bod and KMP	595	0.08	48	0.05
Workers - Permanent	830	0.06	-	-



## Annexure - VI to Directors' Report to the shareholders - (continued)

**4. Do you have a focal point (Individual / Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes / No)**

Heads of IR and HR are the persons responsible for addressing any human rights impacts or issues for the employees in the business. For POSH complaints there is an internal committee comprising of senior team across locations which addresses any issues raised.

**5. Describe the internal mechanisms in place to redress grievances related to human rights issues.**

Employees can reach out to Head HR / Head IR with reference to grievances related to human rights issues. An e-mail ID is made available for this purpose. There is also an automated voice recording facility to register any specific grievances. Confidentiality of the complaint raising such issues is assured.

**6. Number of Complaints on the following made by employees and workers:**

Particulars	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	-	-	-	-	-	-
Discrimination at workplace	-	-	-	-	-	-
Child Labour	-	-	-	-	-	-
Forced Labour / Involuntary Labour	-	-	-	-	-	-
Wages	-	-	-	-	-	-
Other human rights related issues	-	-	-	-	-	-

**7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.**

Company assures confidentiality and protection to the complainant in furtherance, any attempts to intimidate the complainant would be treated as a violation of code of conduct. The following steps are followed:

- All complaints are handled in time bound manner.
- At the request of the aggrieved employee, steps are taken to settle the matter through mutual agreement, before initiating enquiry, provided that no monetary settlement shall be made as a basis of conciliation.
- If a settlement is arrived through conciliation, the committee shall prepare a written settlement with its recommendations duly signed by both parties and witnessed by the committee and provide the same to Management.
- The committee shall provide Unclassified / Restricted / Protected / Confidential copies of the settlement to the aggrieved employee and the respondent, and no enquiry shall be conducted further.

**8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)**

Yes. Business agreements and contracts contain a standard provision of compliance with all the applicable laws, conventions, and policies etc., which encompasses the human rights requirements.

**9. Assessments for the year:**

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100
Forced / involuntary labour	100
Sexual harassment	100
Discrimination at workplace	100
Wages	100
Others - please specify	-

## Annexure - VI to Directors' Report to the shareholders - (continued)

- 10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.**

- Infrastructure development for Person with Disability.

### LEADERSHIP INDICATORS

- 1. Details of a business process being modified / introduced as a result of addressing human rights grievances/ complaints.**

The Company has introduced flexible working hours for the welfare of the employees. The Company has also introduced an independent helpline for employees to call anonymously and register their grievance.

- 2. Details of the scope and coverage of any Human rights due-diligence conducted.**

Nil

- 3. Is the premise / office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

Yes . All production facilities are accessible

- 4. Details on assessment of value chain partners:**

Particulars	% of value chain partners (by value of business done with such partners) that were assessed
Child labour	5
Forced / involuntary labour	5
Sexual harassment	5
Discrimination at workplace	5
Wages	5
Others - please specify	-

- 5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.**

There were no significant risks / concerns arising from the above said assessments.

## PRINCIPLE 6

### BUSINESSES SHOULD RESPECT AND MAKE EFFORTS TO PROTECT AND RESTORE THE ENVIRONMENT

#### ESSENTIAL INDICATORS

- 1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:**

Parameter	Unit	FY 2022-23	FY 2021-22
Total electricity consumption (A)	Kilo Joules	319.2	299.9
Total fuel consumption (B)	Kilo Joules	27.5	22.8
Energy consumption through other sources (C)	Kilo Joules	-	-
Total energy consumption (A+B+C)	Kilo Joules	346.7	322.7
Energy intensity per rupee of turnover (Total energy consumption / turnover in rupees)	Joules / Rupee	167117	18511
Energy intensity (optional) - the relevant metric may be selected by the entity	Kilo Joules	-	-

UOM for Total electricity & fuel consumption is in Kilo Joules.

UOM for Energy intensity per rupee of turnover is in Joules / Rupee.

## Annexure - VI to Directors' Report to the shareholders - (continued)

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

- 2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N)**

No

- 3. Provide details of the following disclosures related to water, in the following format:**

Parameter	Unit	FY 2022-23	FY 2021-22
Water withdrawal by source (in kilolitres)			
(i) Surface water	Kilolitres	-	-
(ii) Groundwater	Kilolitres	1,11,864	1,43,518
(iii) Third party water	Kilolitres	1,32,300	97,075
(iv) Seawater / desalinated water	Kilolitres	-	-
(v) Others	Kilolitres	2,98,234	2,86,783
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	Kilolitres	5,42,398	5,27,376
Total volume of water consumption (in kilolitres)	Kilolitres	5,42,398	5,27,376
Water intensity per rupee of turnover (Water consumed / turnover)	Litres / Rupee	0.026153	0.030252
Water intensity (optional) - the relevant metric may be selected by the entity	Kilolitres	-	-

- Wastewater from industrial process is treated, recycled and used in industrial applications.
- Direct rainwater harvesting is also adopted.

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

- 4. Has the entity implemented a mechanism for Zero Liquid Discharge?**

Yes

**If yes, provide details of its coverage and implementation.**

All the Four plants of the Company have implement Zero Liquid Discharge System.

- 5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:**

Parameter	Unit	FY 2022-23	FY 2021-22
NOx	Micrograms / M3	20.2	20.8
SOx	Micrograms / M3	21.8	22.4
Particulate matter (PM)	Micrograms / M3	69.0	72.0
Persistent organic pollutants (POP)	-	-	-
Volatile organic compounds (VOC)	ppm	BDL (DL:01)	BDL (DL:01)
Hazardous air pollutants (HAP)	-	-	-
Others - please specify	Micrograms / M3	0.67	0.69

**Note:** Indicate if any independent assessment / evaluation/assurance has been carried out by an external agency? (Y/N)

No

**If yes, name of the external agency.**

**Annexure - VI to Directors' Report to the shareholders - (continued)**

**6. Provide details of the following disclosures related to water, in the following format:**

Parameter	Unit	FY 2022-23	FY 2021-22
Total Scope 1 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	19,516	19,685
Total Scope 2 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	61,150	61,371
Total Scope 1 and Scope 2 emissions per rupee of turnover	Metric tonnes of CO <sub>2</sub> equivalent	80,666	81,056
Total Scope 1 and Scope 2 emission intensity (optional) - the relevant metric may be selected by the entity	-	-	-

**Note: Indicate if any independent assessment / evaluation/assurance has been carried out by an external agency? (Y/N)**

No

**If yes, name of the external agency.**

**7. Does the entity have any project related to reducing Green House Gas emission?**

Yes

**If Yes, then provide details.**

1) Increase in share of renewable energy. e.g., Augmentation of solar energy & procurement of green power through Indian Energy Exchange. 2) Waste Heat Recovery from Regenerative Thermal Oxidizer (RTO) and Air Compressors. 3) Implementation of energy efficient projects e.g. conversion of induction motor based blowers to DC blowers.

**8. Provide details related to waste management by the entity, in the following format:**

Parameter	Unit	FY 2022-23	FY 2021-22
Total Waste generated (in metric tonnes)			
Plastic waste (A)	metric tonnes	66.36	60.70
E-waste (B)	metric tonnes	5.28	5.05
Bio-medical waste (C)	metric tonnes	0.90	1.00
Construction and demolition waste (D)	metric tonnes	452.43	372.06
Battery waste (E)	metric tonnes	1.06	0.98
Radioactive waste (F)	metric tonnes	-	-
Other Hazardous waste. Please specify, if any. (G)	metric tonnes	268.74	274.03
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	metric tonnes	12,140.98	11,695.60
Total (A+B + C + D + E + F + G + H)	metric tonnes	12,940.14	12,409.52
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)			
Category of waste			
(i) Recycled	metric tonnes	6,576.64	7,411.98
(ii) Re-used	metric tonnes	-	-
(iii) Other recovery operations	metric tonnes	-	-
Total	metric tonnes	6,576.64	7,411.98
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)			
Category of waste			
(i) Incineration	metric tonnes	-	-
(ii) Land filling	metric tonnes	-	-
((iii) Other disposal operations	metric tonnes	6,363.50	4,997.54
Total	metric tonnes	6,363.50	4,997.54

Other disposal operations - Waste is co-processed and co-incinerated in cement industry.

## Annexure - VI to Directors' Report to the shareholders - (continued)

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)

No

If yes, name of the external agency.

- 9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.**

The Company restricts the use of "hazardous chemicals" in the parts of our products/processes. Company has an internal standard which controls the usage of hazardous substances considering various national and international laws on hazardous substance. Aluminium swarf are melted and converted into aluminium alloys. All other categories of waste are disposed through authorized agencies.

- 10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:**

Not applicable

- 11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:**

Necessity for environment impact assessment did not arise during reporting period.

- 12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N).**

Yes

If not, provide details of all such non-compliances, in the following format:

### LEADERSHIP INDICATORS

- 1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:**

Parameter	Unit	FY 2022-23	FY 2021-22
From renewable sources			
Total electricity consumption (A)	Kilo Joules	51.98	54.90
Total fuel consumption (B)	Kilo Joules	-	-
Energy consumption through other sources (C)	Kilo Joules	-	-
Total energy consumed from renewable sources (A+B+C)	Kilo Joules	51.98	54.90
From non-renewable sources			
Total electricity consumption (D)	Kilo Joules	319.20	299.90
Total fuel consumption (E)	Kilo Joules	27.48	22.82
Energy consumption through other sources (F)	Kilo Joules	-	-
Total energy consumed from non-renewable sources (D+E+F)	Kilo Joules	346.68	322.71

UOM for energy consumption is in Kilo Joules.

**Note:** Indicate if any independent assessment/ evaluation / assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No



**Annexure - VI to Directors' Report to the shareholders - (continued)**

**2. Provide the following details related to water discharged:**

Parameter	Unit	FY 2022-23	FY 2021-22
Water discharge by destination and level of treatment (in kilolitres)			
(i) To Surface water	kilolitres	-	-
- No treatment	kilolitres	-	-
- With treatment - please specify level of treatment	kilolitres	-	-
(ii) To Groundwater	kilolitres	-	-
- No treatment	kilolitres	-	-
- With treatment - please specify level of treatment	kilolitres	-	-
(iii) To Seawater	kilolitres	-	-
- No treatment	kilolitres	-	-
- With treatment - please specify level of treatment	kilolitres	-	-
(iv) Sent to third-parties	kilolitres	-	-
- No treatment	kilolitres	-	-
- With treatment - please specify level of treatment	kilolitres	-	-
(v) Others	kilolitres	-	-
- No treatment	kilolitres	-	-
- With treatment - please specify level of treatment	kilolitres	88520	87525
Total water discharged (in kilolitres)	kilolitres	88520	87525

**Note:** Indicate if any independent assessment/ evaluation / assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

**3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres): Not Applicable as Our plants do not come under water stress area**

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) -

No

If yes, name of the external agency.

**4. Please provide details of total Scope 3 emissions & its intensity, in the following format:**

Parameter	Unit	FY 2022-23	FY 2021-22
Total Scope 3 emissions ( Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> ,	Metric tonnes of CO <sub>2</sub> equivalent	-	-
Total Scope 3 emissions per rupee of turnover	Metric tonnes of CO <sub>2</sub> equivalent	-	-
Total Scope 3 emission intensity (optional) - the relevant metric may be selected by the entity	Metric tonnes of CO <sub>2</sub> equivalent	-	-

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)

No

If yes, name of the external agency.

Scope 3 inventorization considering upstream and downstream process is taken as one of the major projects for FY 2023-24.

**5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.**

Not applicable

## Annexure - VI to Directors' Report to the shareholders - (continued)

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

S. No.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative 2022-23	Corrective action taken, if any FY 2021-22
1	Direct harvesting of rainwater	Rainwater is collected and used for industrial application.	Saving of ground water / fresh water from third party	-
2	Water conservation	Specific projects undertaken to reduce use of process water in production	Saving of ground water / fresh water from third party	-
3	Energy saving	Specific projects undertaken to reduce the consumption of energy in the premises across plants	Reduction in energy consumed	-

7. Does the entity have a business continuity and disaster management plan?

Yes

**Give details in 100 words/ web link.**

The Company has in place a business continuity and disaster management plan which is periodically reviewed and updated based on new risks identified. These risks apart from covering the regular business risks also address risk due to pandemic and cyber security and response to ensure business continuity. The risks identified are also presented to the Management and the Risk Assessment Committee of the Company every year.

8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

The Company has started to conduct environment audit among the value chain. The Company has started insisting all its value chains to obtain ISO 14001 standards.

9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

5%.

### 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. a. Number of affiliations with trade and industry chambers/ associations.

**Annexure - VI to Directors' Report to the shareholders - (continued)**

- b. List the top 10 trade and industry chambers / associations (determined based on the total members of such body) the entity is a member of / affiliated to.**

S. No.	Name of the trade and industry chambers / associations	Reach of trade and industry chambers/ associations (State/National)
1	Confederation of Indian Industries (CII)	State & National
2	Automotive Component Manufacturers Association (ACMA)	State & National
3	FICCI	National
4	Indo German Chamber of Commerce	State, National & International
5	Employers Federation of India (EFI)	National
6.	Employers Federation of South India (EFSI)	State
7.	Madras Chamber of Commerce and Industry (MCCI)	State

- 2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.**

Name of the authority	Brief of the case	Corrective action taken
-	-	-

**LEADERSHIP INDICATORS**

- 1. Details of public policy positions advocated by the entity:**

S. No.	Public policy advocated	Method resorted for such advocacy	Whether information is available in public domain? (Yes/No)	Frequency of Review by Board (Annually/ Half yearly / Quarterly / Others - please specify)	Web Link, if available
Nil					

**Annexure - VI to Directors' Report to the shareholders - (continued)**

**PRINCIPLE 8**

**BUSINESSES SHOULD PROMOTE INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT**

**ESSENTIAL INDICATORS**

- 1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

Name and brief details of project	SIA notification No.	Date of notification	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes / No)	Relevant Web Link
Impact Assessment of TVS SST's Initiatives in Polur, West Arani and Javadhu Hills block of Tiruvannamalai district of Tamil Nadu.	–	–	Institute of Rural Management, Anand (IRMA)	Yes	–
Impact assessment of partially desilted minor irrigation tanks in Tiruvannamalai, Tirunelveli and Krishnagiri districts	–	–	Centre for Water Resources, Anna University, Chennai	Yes	–

*Independent Impact studies were carried out with Institute of Rural Management, Anand and Centre for Water Resources, Anna University, Chennai.*

- 2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format: - Not Applicable**

- 3. Describe the mechanisms to receive and redress grievances of the community.**

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

Continuous interaction with community to understand the benefit and utility of various programmes implemented through SHG meetings, and meeting with various community-based organizations.

Feedback from government officials at panchayat, block and district level on the effectiveness on implementation of the government welfare schemes and programmes at grass root level villages.

- 4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

Particulars	FY 2022-23	FY 2021-22
Directly sourced from MSMEs/ small producers	-	-
Sourced directly from within the district and neighbouring districts	-	-

## Annexure - VI to Directors' Report to the shareholders - (continued)

### LEADERSHIP INDICATORS

- 1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):**

The impact assessment reports by Institute of Rural Management, Anand (IRMA) and Centre for Water resources, Anna University highlighted the positive impact on the social and economic condition in the project villages.

The impact assessment report by IRMA recommended that the program should focus on building the capacity of individuals in the community to become micro-entrepreneurs. This can be done through providing training on different aspects of business management and entrepreneurship, as well as providing institutional support such as access to credit and market linkages.

Based on the feedback, a platform for all rural SHG products and online e-commerce to support market linkages has been created to promote entrepreneurship among the women.

- 2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:** Nil

- 3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)**

Yes

- (b) From which marginalized /vulnerable groups do you procure?**

Not applicable

- (c) What percentage of total procurement (by value) does it constitute?**

Nil

- 4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:** Nil

- 5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.:** Nil

#### 6. Details of beneficiaries of CSR Projects:

S. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1	Holistic rural development in tribal habitations of Tamil Nadu, Karnataka, and Maharashtra.	90,000	100%
2	Renovation of anganwadis, schools, hostel, health centers, veterinary centers and other rural community infrastructure	25,000	85%
3	Medical consultations, simple diagnostics, and medicines free of cost at medical centres & Conducting general health camps, dental camps and eye camps in schools.	2,00,000	80%
4	Desilting of water storage bodies and channels	4,500	70%
5	Livelihood projects for women in Self-Help Groups	20,000	80%
6	Providing a platform for sales of women self-help group products	900	75%
7	Improving learning outcomes of children in primary and middle schools	5,000	95%
8	Improving life-skills among children	600	90%



**Annexure - VI to Directors' Report to the shareholders - (continued)**

**PRINCIPLE 9**

**BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CONSUMERS IN A RESPONSIBLE MANNER**  
**ESSENTIAL INDICATORS**

**1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

Customer complaints are recorded by the organization as and when they occur. These are communicated to identified employees and corrective and preventive actions are implemented and communicated back to customers. The complaints and the corrective and preventive actions are reviewed internally by the senior management of the Company. Routine feedback about the performance of the Company is also sought through periodic interactions while visiting the customers as well as when customers visit the Company.

**2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:**

Particulars	As a percentage to total turnover
Environmental and social parameters relevant to the product	100
Safe and responsible usage	-
Recycling and/or safe disposal	-

**Environmental and social parameters**

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.

**3. Number of consumer complaints in respect of the following:**

Particulars	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	Nil	Nil		Nil	Nil	
Advertising	Nil	Nil		Nil	Nil	
Cyber-security	Nil	Nil		Nil	Nil	
Delivery of essential services	Nil	Nil		Nil	Nil	
Restrictive Trade Practices	Nil	Nil		Nil	Nil	
Unfair Trade Practices	Nil	Nil		Nil	Nil	
Other	Nil	Nil		Nil	Nil	

**4. Details of instances of product recalls on account of safety issues:**

Particulars	Number	Reasons for recall
Voluntary recalls	Nil	Not applicable
Forced recalls	Nil	Not applicable

**Annexure - VI to Directors' Report to the shareholders - (continued)**

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No)

Yes

**If available, provide a web-link of the policy.**

The Company has framework and policy in place to address cyber security risks as well as data privacy.

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

Not applicable

**LEADERSHIP INDICATORS**

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

Official Website, social media, and labels

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

Not applicable.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

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

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not applicable)

The Company displays product information as required by the customers. This is approved by them during the development process.

**If yes, provide details in brief.**

**Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

Yes

5. Provide the following information relating to data breaches:

- a. Number of instances of data breaches along-with impact

Nil

- b. Percentage of data breaches involving personally identifiable information of customers

Nil.

For and on behalf of the Board of Directors

R GOPALAN

Chairman

DIN: 01624555

Chennai

5<sup>th</sup> May 2023

## **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. Company's businesses seek enhancement of shareholder value within this framework. The Company's philosophy on corporate governance is founded on the fundamental ideologies viz., Trust, Value, Exactness and Passion for Customers.

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 endeavor 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, Whistle Blower Mechanism 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, the Company has changed its Articles of Association for periodic shareholders' approval of all Directors including Promoter Directors and the same was approved by the Shareholders on 7<sup>th</sup> September 2022 through postal ballot.

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

Dr. Lakshmi Venu was elevated as Managing Director (MD) of the company, effective 6<sup>th</sup> May 2022.

Mr R Gopalan, ceased to be a Non-Executive Independent Director of the Company effective 23<sup>rd</sup> July 2022 due to expiry of second term as Independent Director. He was subsequently appointed as Non-Executive Non-Independent Director effective 29<sup>th</sup> July 2022 by the Board of Directors based on the recommendation of the Nomination and Remuneration Committee with the approval of the shareholders through postal ballot on 7<sup>th</sup> September 2022.

Mr Anuj Shah and Mr C R Dua were appointed as Non-Executive Independent Director (NE-ID) of the Company by the Board of Directors effective 29<sup>th</sup> July 2022 and 13<sup>th</sup> March 2023 respectively, based on the recommendations of the Nomination and Remuneration Committee for a term of five consecutive years. Their appointments were subsequently approved by the shareholders through postal ballot on 7<sup>th</sup> September 2022 and 27<sup>th</sup> April 2023 respectively. The terms of appointment include the remuneration payable to them by way of fees and profit related commission, if any.

Mr S Santhanakrishnan, Mr Kamlesh Gandhi, Mr V Subramanian and Mr R Vijayaraghavan ceased as Independent Directors effective 20<sup>th</sup> August 2022 consequent to expiry of Second term as Independent Director and thereby they also ceased as members of Committees wherever they held membership.

Consequent to the untimely and sad demise of Vice Admiral P J Jacob, on 22<sup>nd</sup> January 2023, he ceased as a director effective that date and also ceased as a Chairman / Member of the Committees.

As on 31<sup>st</sup> March 2023, the total strength of the Board was nine. Mr R Gopalan, Non-Executive Director, being Chairman, the prescribed composition of the Board with one-third of its directors as Independent Directors and also to have at least one Woman Independent Director in terms of the Regulation 17 of Listing Regulations was complied with.

As on date of this report, the Board has three Non-Executive Independent Directors (NE-IDs) viz., M/s C R Dua, Anuj Shah and Sasikala Varadachari.

The Board has three Non-Executive Directors, viz., M/s R Gopalan, Sudarshan Venu and Rajesh Narasimhan. Mr Venu Srinivasan, Chairman Emeritus and Managing Director, Dr. Lakshmi Venu, Managing Director and Mr K Gopala Desikan, Director and Group Chief Financial Officer 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 in different organizations. 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 any other company, where any of the Non-Independent Director of the Company is an Independent Director.

In accordance with the provisions of the Act, 2013 and the Articles of Association of the Company and to comply with the minimum level of having 2/3<sup>rd</sup> Directors liable to retire by rotation, Mr Venu Srinivasan and Mr Rajesh Narasimhan, 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 and have been recommended for such re-appointment by the Nomination and Remuneration Committee and the Board.

The resolutions seeking approval of the Members for the reappointment of Mr Venu Srinivasan and Mr Rajesh Narasimhan 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 in planning their schedules well in advance to participate in the meetings.

For all the Board and Committee meetings facility for participation through video conferencing 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 management personnel one level below the Board, any significant development in Human Resources / Industrial Relations, show-cause, demand and prosecution notices and penalty notices which are materially important, quarterly details of foreign exchange exposures, risk management and mitigation measures, report on compliance of all laws applicable to the Company, prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances, if any, etc.

Comprehensively drafted notes for each agenda item along with pre-agenda materials, wherever necessary, are circulated well in advance to the Committee / Board to enable them to make value additions as well as for 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 are also presented by the CEOs of respective subsidiaries, on quarterly basis to the Audit Committee / Board Meetings.

The agenda for the meetings were circulated through a Digital application installed on i-Pads as an eco-friendly measure. All notes to agenda items for convening meetings of the Board / Committees are being uploaded in digital mode well in advance.

During the year 2022-23, the Board met eight (8) times on 13<sup>th</sup> April 2022, 6<sup>th</sup> May 2022, 29<sup>th</sup> July 2022, 25<sup>th</sup> August 2022, 7<sup>th</sup> November 2022, 25<sup>th</sup> January 2023, 13<sup>th</sup> March 2023 and 27<sup>th</sup> March 2023 and the gap between two meetings did not exceed 120 days. Besides, the IDs held a separate meeting on 27<sup>th</sup> March 2023 as per the applicable provisions of the Act, 2013 and Regulation 25(3) of the Listing Regulations.

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 28<sup>th</sup> June 2022 and other directorships and Committee Memberships / Chairmanships as on 31<sup>st</sup> March 2023 are as follows:

Name of the Director (M/s.)	DIN	Category	Attendance particulars		Number of other Directorships, Committee Memberships / Chairmanships		
			Board meeting	Last Annual General Meeting	Other directorships*	Committee memberships**	Committee chairmanships
R Gopalan	01624555	NED	7	Yes	9	7	4
Venu Srinivasan	00051523	ED	7	Yes	20	1	-
Dr. Lakshmi Venu	02702020	ED	8	Yes	13	2	-
Sudarshan Venu	03601690	NED	5	No	14	2	1
K Gopala Desikan	00067107	ED	7	Yes	14	1	-
C R Dua @	00036080	ID	2	NA	14	4	2
Rajesh Narasimhan	07824276	NED	8	Yes	12	-	-
Anuj Shah\$	05323410	ID	6	NA	1	2	1
Sasikala Varadachari	07132398	ID	8	No	5	3	2

ED : Executive Director

NED : Non Executive Director

ID : Independent Director

NA : Not Applicable

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

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

\$ appointed as Independent Director effective 29<sup>th</sup> July 2022

@ appointed as Independent Director effective 13<sup>th</sup> March 2023

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 this purpose, Chairmanships / Memberships of Committees only include Audit Committee and Stakeholders' Relationship Committee have been considered as per Regulation 26 of the Listing Regulations and based on the disclosures made by the Directors. 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.

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. The number of Directorships, Committee Memberships / Chairmanships of all Directors are within the respective limits prescribed under the Act, 2013 and the Listing Regulations.

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

Name of the Director (M/s.)	Name of the company	Category of Directorship
R Gopalan	Zee Entertainment Enterprises Ltd.	Non-Executive - Independent Director, Chairman
	TVS Motor Company Limited	Non-Executive - Independent Director
Venu Srinivasan	TVS Motor Company Limited	Executive Director
Dr. Lakshmi Venu	TVS Motor Company Limited	Non-Executive Non Independent Director
	ZF Commercial Vehicle Control Systems India Limited (Formerly known as WABCO India Limited)	Non-Executive - Independent Director
Sudarshan Venu	TVS Motor Company Limited	Executive Director
	Coromandel International Limited	Non-Executive - Independent Director
K Gopala Desikan	–	–
C R Dua	Pearl Global Industries Limited	Non-Executive - Independent Director
	TVS Motor Company Limited	
	Gillette India Limited	
	Procter & Gamble Hygiene and Health Care Limited	Non-Executive - Independent Director, Chairperson
Rajesh Narasimhan	–	–
Anuj Shah	–	–
Sasikala Varadachari	C G Power and Industrial Solutions Limited	Non-Executive - Independent Director
	Tube Investments of India Limited	

None of the Non-Executive directors holds directorships in more than seven listed entities and serves as an Independent Director. As far as, Managing Director / Whole-Time Director in the Company are concerned, they do not serve as an Independent Director in more than three listed entities.

2.5. Access to information and updation to Directors:

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

Apart from this, the observations on the audit carried out by the internal auditors and the compliance report on payment of statutory liabilities submitted by the Statutory Auditors of the Company are placed and discussed with functional heads, by the Committee / Board. The Board also reviews the declarations made by the 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, operational and risk management position. An induction programme for new Non-Executive Directors features a series of core topics, including an overview of the Group, its key businesses and the control environment at Plant level and also includes plant visit for detailed understanding of manufacturing process / activities of the Company. During the year under review, a meeting with the members of senior management was held with the new ID, for acquaintance of the knowledge on business. The details of familiarization program are available on the Company's website in the link as provided in page no.96 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.

The Company's 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). This reflected in the Company's skills and diversity grid disclosed here.

Board comprises a range and 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"> <li>• 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;</li> <li>• 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;</li> <li>• Brought about a number of changes in the functioning of the Capital Markets and initiated new policy measures in infrastructure development;</li> <li>• He has also served as Secretary of Department of Economic Affairs and also as Secretary, Department of Financial Services in Government of India;</li> <li>• He has vast experience in Corporate Laws, Business Administration, Corporate Finance and Regulatory matters; and</li> <li>• He had represented India in the trade negotiations at World Trade Organization.</li> </ul>
Mr Venu Srinivasan	<ul style="list-style-type: none"> <li>• 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;</li> <li>• Implemented Total Quality Management (TQM), a Japanese method of process-driven manufacturing in Indian manufacturing operations;</li> <li>• Strengthened the TQM processes within the Company which facilitated making bikes for BMW Motorrad through a strategic partnership;</li> <li>• 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;</li> <li>• 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;</li> <li>• He was conferred the Padma Bhushan Award, the third Highest civilian award in India, in January 2020;</li> <li>• He was conferred the Autocar Professional of the Year 2021;</li> <li>• He was honored with the "Outstanding Institution Builder" Award by AIMA (All India Management Association) at the 13th Managing India Awards in recognition of excellence in Business Leadership and Management and his significant contributions in building and shaping an institution, driving its growth, and creating a lasting legacy in;</li> </ul>

Name of the Directors	Brief description about the Directors
	<ul style="list-style-type: none"> <li>• He is also Chairman Emeritus &amp; Managing Director of TVS Motor Company Limited. He also serves on the Board of T V Sundram Iyengar &amp; Sons Private Limited, Tata Sons Private Ltd., (Tata Sons) the holding company of the conglomerate Tata Group;</li> <li>• He is also the vice chairman of various Tata Trusts, India's most respected and largest philanthropic foundation;</li> <li>• He was appointed as a Director on the Central Board of Reserve Bank of India on 14<sup>th</sup> June 2022; and</li> <li>• He also oversees Srinivasan Services Trust (SST), which involved in the transformation of rural India by empowering women in the rural areas, which has touched the lives of 1.6 million people in 2500 villages across the country in the last 27 years.</li> </ul>
Dr. Lakshmi Venu	<ul style="list-style-type: none"> <li>• She has rich experience in business strategy, product design and in-depth knowledge of automotive business;</li> <li>• She handles wider responsibilities for exploring new business opportunities;</li> <li>• 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;</li> <li>• She is also the Deputy Managing Director of TAFE Motors and Tractors Limited. She is also an Independent Director in ZF Commercial Vehicle Control Systems India Limited; and</li> <li>• She was recognised as "Corporate India's fastest rising women leader" by Economic Times in 2017.</li> </ul>
Mr Sudarshan Venu	<ul style="list-style-type: none"> <li>• He is the Managing Director of TVS Motor Company Limited and also the Chairman of TVS Credit Services Limited, the subsidiary company;</li> <li>• Very resourceful in his approach and implementation of strategies;</li> <li>• Made extra-ordinary efforts to improve TVS's presence in global market;</li> <li>• Made efforts on multiple fronts to take up challenges towards the Company's global aspirations;</li> <li>• Plays a key role in profitable exports expansion, in the e-utility and Artificial Intelligence foray by the Company; and</li> <li>• 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.</li> </ul>
Mr K Gopala Desikan	<ul style="list-style-type: none"> <li>• He has handled various functions which include direct taxation, treasury and risk management, M&amp;A activities, corporate finance &amp; accounts and various accounting functions at the plant level;</li> <li>• He is also involved in the strategic initiatives of the group's international business and long-range planning;</li> <li>• He has represented the Industry Association in various Expert Committees; and</li> <li>• He has attended various Leadership Programs both within and outside India.</li> </ul>
Mr C R Dua	<ul style="list-style-type: none"> <li>• Mr Dua, is the Founder and also currently the Chairman of Dua Associates, one of India's prominent law firms, serving a wide spectrum of clients drawn from several Fortune 500 companies, listed companies, public-sector enterprises, privately-owned businesses, as well as entrepreneurial start-ups;</li> </ul>

Name of the Directors	Brief description about the Directors
	<ul style="list-style-type: none"> <li>• Mr Dua's experience covers a broad range of areas relating to Corporate, Finance, Securities, Infrastructure and aspects of Public Policy and Administration, Governance and Ethics;</li> <li>• Through his active engagement, the firm continues to retain its leadership position in uncertain and challenging environment nationally and internationally;</li> <li>• He holds Directorships in both listed and major multinational corporations primarily representing the interests of foreign collaborators and investors;</li> <li>• He has been an invitee to the National Executive Board of the Federation of Indian Chambers of Commerce &amp; Industry (FICCI) and is a member on the India Advisory Board of BNP Paribas;</li> <li>• He is one of the Senior Vice Presidents of the Society of Indian Law Firms (SILF) and among the Chairpersons of the Legal Reforms Committee. He is also a member of the Sub-Committee on Managing Partners and Senior Professionals of Confederation of Indian Industry (CII) Task Force on Legal Services (2021-22);</li> <li>• An avid tennis player Mr Dua's interest in promoting sports are pursued as a member of the Executive Committee of the International Lawn Tennis Club of India and Vice President of the Delhi Lawn Tennis Association;</li> <li>• He has a broad range of legal and regulatory experience to monitor corporate governance practices both in India and abroad and has been recognized by being the recipient of several awards as a Leading Lawyer in areas of M&amp;A, General Corporate and Corporate Restructuring;</li> <li>• He also received the prestigious Lifetime Achievement Award for Outstanding Contribution and Excellence in the field of Law in 2020. In 2021 he was also conferred the India Legal - Lifetime Achievement Award-Law Firms. He was also recognized as Corporate Lawyer of the Year in India - 2023 by Global Law Experts; and</li> <li>• Mr Dua has also been included in Forbes India's Legal Power List as among the Top Managing Partners.</li> </ul>
Mr Rajesh Narasimhan	<ul style="list-style-type: none"> <li>• Mr Narasimhan is an Innovative &amp; 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 &amp; Consumer Electronics and brings extensive experience in General Management, Executive &amp; Technology Leadership, Business &amp; Digital transformation and Leadership &amp; Talent development;</li> <li>• 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 &amp; 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 &amp; 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 &amp; Japan; and</li> <li>• 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 &amp; social and is currently helping our Company and group companies with their digital transformation and cyber security initiatives. He is</li> </ul>

Name of the Directors	Brief description about the Directors
	<p>very passionate and highly focused on human capital management including leadership and talent development and has an established track record in acquiring, developing and retaining talent and in building high performance teams.</p>
Mr Anuj Shah	<ul style="list-style-type: none"> <li>• He is a member of the Bar Council of Maharashtra and Goa. He regularly represents corporations, financial institutions, private equity sponsors and sovereign wealth funds in a broad range of corporate matters and M&amp;A transactions and also acts as a 'trusted advisor' to several Indian promoters on a wide range of corporate matters;</li> <li>• He has published numerous articles on diverse corporate law issues and is regularly ranked as a "recommended lawyer", "notable practitioner" by publications such as Legal 500, RSG and IFLR; and</li> <li>• He had represented various reputed Corporates in the matters of insurance related deals, acquisitions, mergers &amp; investments.</li> </ul>
Ms Sasikala Varadachari	<ul style="list-style-type: none"> <li>• Ms Sasikala Varadachari is a retired banker with over 37 years of experience in the fields of banking operations both in India and overseas;</li> <li>• She has spearheaded the strategic training unit, SBI, corporate center Mumbai, having profound knowledge in Credit and Merchant Banking;</li> <li>• She was the first CEO of SBI in Israel and was responsible for setting up SBI's commercial operations there; and</li> <li>• She is presently on the board of Tube Investments of India Limited, Cholamandalam Securities Limited and CG Power &amp; Industrial Solutions Limited.</li> </ul>

**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. 93 of the Annual Report.

All the Members of the Board and SMP have confirmed compliance with the Code for the year ended 31<sup>st</sup> March 2023. The Annual Report contains a declaration to this effect signed by Chairman Emeritus & Managing Director.

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

In terms of Regulation 36(3) of the Listing Regulations, a brief resume of director proposed to be appointed / re-appointed, nature of their expertise in specific functional areas, other directorships and committee memberships, shareholdings and relationships, if any, with other Directors along with 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 and Scheme Implementation 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. It also helps the Board in meeting its responsibilities for the effectiveness of risk management system

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

In addition, reviewing of such other functions as envisaged under Section 177 of the Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 as amended and Regulation 18 of 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 of 31<sup>st</sup> March 2023, the Committee consists of the following Director's viz., M/s R Gopalan, Anuj Shah and Sasikala Varadachari.

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, who was the Chairman of the Committee was present at the last AGM held on 28<sup>th</sup> June 2022 to answer the Shareholder queries.

Consequent to demise of Vice Admiral P J Jacob as Director of the Company effective 22<sup>nd</sup> January 2023, the Audit Committee was reconstituted without regular Chairperson. Mr R Raja Prakash, Company Secretary acts as the secretary of the Committee.

- 3.3. During the year under review, Mr S Santhanakrishnan, Mr V Subramanian ceased as IDs effective 20<sup>th</sup> August 2022 consequent to the expiry of second term as Independent Directors and Vice Admiral P J Jacob, ID, also ceased as a Director consequent to his demise on 22<sup>nd</sup> January 2023. The Board at its meeting held on 29<sup>th</sup> July 2022 had appointed Ms Sasikala Varadachari as a Member of the Committee effective that day.

Further, the Board through a Circular Resolution dated 23<sup>rd</sup> January 2023 had appointed Mr Anuj Shah as a Member of the Committee effective that day.

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	AS <sup>\$</sup>	Sasikala <sup>#</sup>	PJJ <sup>@</sup>	SS <sup>*</sup>	VS <sup>*</sup>
13-04-2022	✓	NA	NA	✓	✓	✓
06-05-2022	✓	NA	NA	✓	✓	✓
29-07-2022	NA	NA	NA	✓	✓	✓
25-08-2022	LOA	NA	✓	✓	NA	NA
07-11-2022	✓	NA	✓	✓	NA	NA
25-01-2023	✓	✓	✓	NA	NA	NA
27-03-2023	✓	✓	✓	NA	NA	NA

✓ - Attended the meeting    LOA - Leave of absence  
NA - Not Applicable

[RG - Mr R Gopalan, AS- Mr Anuj Shah, Sasikala - Ms Sasikala Varadachari, PJJ - Vice Admiral P J Jacob, SS - Mr S Santhanakrishnan, VS - Mr V Subramanian]

\* Ceased as members effective 20<sup>th</sup> August 2022

@ Demise on 22<sup>nd</sup> January 2023

# Appointed as a member effective 29<sup>th</sup> July 2022

\$ Appointed as a member effective 23<sup>rd</sup> January 2023

## 4. Subsidiary Companies

The Company has five direct subsidiaries viz., TVS Motor Company Limited, Listed Company (TVSM), Sundaram-Clayton DCD Limited, Sundaram-Clayton (USA) Limited, USA, Sundaram-Holding USA Inc, Delaware, USA and Sundaram-Clayton GmbH, Germany unlisted Companies. The other indirect Indian Unlisted subsidiaries of the Company are Sundaram Auto Components Limited, TVS Housing Limited, TVS Motor Services Limited, TVS Electric Mobility Limited, TVS Credit Services Limited, and its subsidiaries viz., Harita 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, The Norton Motorcycle Company Limited, Swiss E-Mobility Group (SEMG), its subsidiaries viz., Swiss E-Mobility Group (Schweiz) AG, Switzerland, Colag E-Mobility GmbH, Germany, Alexand'Ro Edouard'O Passion Vélo Sàrl, The GO Corporation and its subsidiary viz., EGO Movement Stuttgart GmbH, Germany, and four subsidiaries of Sundaram Holding USA Inc. viz., Green Hills Land Holding LLC, Components Equipment Leasing LLC, Sundaram-Clayton (USA) LLC and Premier Land Holding LLC.



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

1. EBCO Limited, UK, dedicated for producing and distributing electric bikes designed for the rapidly expanding British e-bike market, acquired through TVS Motor (Singapore) Pte Limited.
2. Alexand'Ro Edouard'O Passion Vélo Sàrl, primarily engaged in the sale of e-bikes as well as e-bike accessories acquired through Swiss E-Mobility Group (Holding) AG.
3. Celerity Motor GmbH, Germany for undertaking activities related to two-wheeler & three-wheeler vehicles, including Research, Development, Engineering, sales and service thereof, through TVS Motor (Singapore) Pte Ltd.

TVSM has also acquired 48.27% stake in DriveX Mobility Private Limited, Coimbatore on 15<sup>th</sup> October 2022, engaged in selling, trading, and distributing pre-owned two-wheelers. During the year under review, TVSM has disinvested its entire holding in Intellicar Telematics Private Limited (Intellicar), a wholly owned Subsidiary and thereby Intellicar along with its wholly owned subsidiary, viz., Intellicar Singapore Pte. Ltd., ceased as subsidiaries effective 24<sup>th</sup> May 2022.

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. In addition to that, the Audit Committee reviews the financial statements and in particular the investments made by the said unlisted subsidiaries. The minutes of the Board meetings of the said unlisted subsidiaries, wherever applicable, are periodically placed before the Board.

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.

During the year, the Company had additionally acquired 50.05% stake in Sundaram Holding USA Inc., effective 22<sup>nd</sup> September 2022. SHUI along with its subsidiaries in USA viz., Green Hills Land Holding LLC, Component Equipment Leasing LLC, Sundaram-Clayton USA LLC and Premier Land Holding LLC have also become subsidiaries of the Company.

From the year 2023-24, Sundaram Holding USA Inc., Foreign subsidiary is covered under the revised definition of "unlisted material subsidiary" of the Company in terms of the Regulation 16(1)(c) of the Listing Regulations.

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 2022-23 and annexed with the annual report of TVSM, a listed subsidiary of the Company, in compliance with Regulation 24 of the Listing Regulations.

Copy of the said policy is available on the Company's website in the link provided in page no. 93 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, 2013 and the Listing Regulations during the financial year 2022-23 were in the ordinary course of business and at 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 31<sup>st</sup> March 2023.

### **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 its 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 Companies Act, 2013, 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. 93 of this Annual Report.

### 5.3. Disclosure of accounting treatment:

Pursuant to the notification, issued by the Ministry of Corporate Affairs dated 16<sup>th</sup> February 2015 relating to the Companies (Indian Accounting Standard) Rules, 2015, as amended from time-to-time, the Company has adopted "IND AS" with effect from 1<sup>st</sup> April 2016. Accordingly, the financial statements for the year 2022-23 have been prepared in compliance with the said Rules.

### 5.4. Risk Management:

The Committee assists with the oversight of the Company's risk appetite, tolerance and strategy. 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.

It also monitors current and potential risk exposures, the effectiveness of the risk management framework and adherence to the various risk policies approved by the Board. Such risks are reviewed by the Senior Management on quarterly basis. Process owners are identified for each risk and metrics are developed for monitoring and reviewing the risk mitigation.

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

#### Risk Management Committee

As on 31<sup>st</sup> March 2023, the Committee consists of the following directors viz., M/s R Gopalan, Dr. Lakshmi Venu, K Gopala Desikan and Anuj Shah.

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

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

During the year under review, Vice Admiral P J Jacob, ID, demised on 22<sup>nd</sup> January 2023. The Board through a Circular resolution dated 23<sup>rd</sup> January 2023 appointed Mr Anuj Shah as a Member of the Committee effective that date.

Committee during the year, *inter-alia*, reviewed the mitigation plans for the following critical risks viz., Cyber Threat, Business risks and Covid preparedness.

#### Cyber Threats:

The Committee received regular updates on the key risks associated with technology, including notable incidents, regulatory developments, governance and strategy, as well as developments in the global cybersecurity threat landscape such as the rise in prominence of ransomware, and the progress of cyber-attack simulation exercises with senior executives and readiness training across all the Companies in the Group.

#### Covid-19 risks & preparedness:

While most markets have moved to an endemic approach in managing Covid-19, the developments and risks have been continuously monitored by the Committee including the ongoing resilience, and the level of mortality claims and policy lapses or surrenders in certain markets.

As required under the Listing Regulations, the Committee met on 29<sup>th</sup> July 2022 and 25<sup>th</sup> January 2023 and details of attendance of directors are as follows:

Date of the Meetings	Members present (M/s)				
	RG	LV	PJJ*	KGD	AS@
29-07-2022	NA	✓	✓	✓	NA
25-01-2023	✓	✓	NA	✓	✓

✓ - Attended the meeting    LOA - Leave of absence  
NA - Not Applicable

[RG - Mr R Gopalan, LV - Dr. Lakshmi Venu, PJJ - Vice Admiral P J Jacob, KGD - Mr K Gopala Desikan, AS- Mr Anuj Shah]

\* Demise on 22<sup>nd</sup> January 2023.

@ Appointed effective 23<sup>rd</sup> January 2023

#### Scope:

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

- d) Monitoring / overseeing the implementation of the risk management policy and reviewing the policy periodically.

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):

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

5.7. CEO and CFO Certification:

The Chairman Emeritus & Managing Director and Director and Group Chief Financial Officer of the Company have certified to the Board on financial and other matters in accordance with Regulation 33 of the Listing Regulations for the financial year ended 31<sup>st</sup> March 2023.

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 (DPs) while dealing in Company's securities in excess of the threshold limit 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 DPs covered by the Code not to trade in Company's securities during the closure of trading window period. The Company has set up a mechanism for weekly tracking of the dealings of equity shares of the Company by the Designated persons and their immediate relatives having access to unpublished price sensitive information.

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 2022-23.

The Company has installed necessary software for maintaining a Structured Digital Database as per the circulars issued by the SEBI. The Company regularly shares the importance of recording the UPSI to the DPs concerned. All DPs have been requested to share emails or any communication containing UPSI with others only for legitimate purposes. Wherever it is required, DPs are requested to record sharing of UPSI details with other employees, Auditors, Consultants within or outside the Company, marking a copy to a dedicated email ID. Emails marked to the specific mail ID can be accessed only by the intended users, till it made public.

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. 93 of this Annual Report.

## 6. Nomination and Remuneration Committee (NRC)

The NRC assists the Board in its oversight of Board composition and the maintenance of an effective framework for succession planning. It also assists with the implementation of the Remuneration Policy, including the fixing of remuneration of the Executive and Non Executive Directors, Key Managerial Personnel (KMPs)(other than Directors) and Senior Managerial Personnel (SMPs).

### 6.1.Composition of the Committee:

As of 31<sup>st</sup> March 2023, NRC consists of M/s R Gopalan, Non-Executive Director, Anuj Shah and Sasikala Varadachari, Independent Directors.

During the year under review, Mr S Santhanakrishnan, Mr V Subramanian and Mr R Vijayaraghavan ceased as IDs effective 20<sup>th</sup> August 2022 consequent to expiry of the second term as Independent Directors and thereby they also ceased as members of Committees where ever they held membership and Vice Admiral P J Jacob, ID, demise on 22<sup>nd</sup> January 2023. The Board at its meeting held on 29<sup>th</sup> July 2022 had appointed Mr Anuj Shah as a Member of the Committee effective that date.

Vice Admiral P J Jacob, ID, Chairman of the Committee was present at the last AGM held on 28<sup>th</sup> June 2022 to answer the Shareholder queries. Consequent to demise of Vice Admiral P J Jacob as Director of the Company effective 22<sup>nd</sup> January 2023, the Nomination and Remuneration Committee was reconstituted without regular Chairperson.

### 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 Meetings	Members present (M/s)						
	RG	AS <sup>\$</sup>	Sasikala <sup>#</sup>	PJJ <sup>@</sup>	SS <sup>*</sup>	VS <sup>*</sup>	RV
29-04-2022	NA	NA	NA	✓	✓	✓	LOA
06-05-2022	NA	NA	NA	✓	✓	✓	✓
28-06-2022	NA	NA	NA	✓	✓	✓	LOA
29-07-2022	NA	NA	NA	✓	✓	✓	✓
13-03-2023	✓	✓	✓	NA	NA	NA	NA

✓ - Attended the meeting    LOA - Leave of absence  
NA - Not Applicable

[RG - Mr R Gopalan, AS - Mr Anuj Shah, Sasikala - Ms Sasikala Varadachari, SS - Mr S Santhanakrishnan, VS - Mr V Subramanian, PJJ - Vice Admiral P J Jacob, RV- Mr R Vijayaraghavan]

\* Ceased effective 20<sup>th</sup> August 2022.

@ Demise on 22<sup>nd</sup> January 2023.

# Appointed effective 29<sup>th</sup> July 2022.

\$ Appointed effective 23<sup>rd</sup> January 2023.

### 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:
  - the Company's structure and financial performance and
  - 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 and also the performance of KMP and SMP.

The performance evaluation of the Board as a whole was assessed based on the criteria, like its composition, size, mix of skills and experience, its meeting sequence, effectiveness of discussion, decision making, follow up action, quality of information, governance, oversight of different areas, risk management and internal controls, succession planning, 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 performance incentive which reflects their business plan achievements. An evaluation of performance has been undertaken based on the criteria for all SMP and this has been in accordance with the above process

NRC has the overall responsibility for evaluating and approving the compensation plans, policies and programmes applicable to the SMP. NRC also delegates its authority to 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. The details of the website link is available on the Company's website as provided in page no. 93 of 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 D & GCFO for FY 2022-23 is fixed by the Board and are within the limits approved by the shareholders in terms of the relevant provisions of the Act, 2013 read with Regulation 17 of the Listing Regulations.

Particulars of remuneration paid to Executive Directors during the financial year 2022-23:

(₹ in Cr)

Executive Directors	Salary and Perquisites	Commission	Total
CE & MD	0.99	–	0.99
MD	1.87	7.75	9.62
D & GCFO	0.28	–	0.28

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.

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 NE-IDs. NE-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, NE-IDs are being paid by way of sitting fees and commission.

At the 59<sup>th</sup> AGM held on 30<sup>th</sup> July 2021, the Shareholders have approved payment of commission to Non-Executive and 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 1<sup>st</sup> April, 2021.

A commission of ₹ 18 lakhs was approved at the Board Meeting held on 5<sup>th</sup> May 2023 to each such NE-IDs, who serve as members of any one of the Committees of the Company as well and ₹ 15 lakhs to other NE-IDs for the year 2022-23. The amount of commission for every financial year will be decided by the Board, as approved by the shareholders at AGM held on 30<sup>th</sup> July 2021, subject to the limit of 1% of net profits of the Company, in aggregate, as calculated pursuant to Section 198 of the Act, 2013. The above compensation structure is commensurate with the best practices in terms of remunerating NE-IDs and it adequately compensates for the time and contribution made by NE-IDs.

The remuneration was determined by NRC considering the varying demands of the business, time commitment and other requirements of the role of Non-Executive Directors.

In terms of the amended Listing Regulations, it has also been ensured that the remuneration payable to one NE-ID does not exceed 50% of the total annual remuneration payable to all NE-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-Independent Directors during the financial year 2022-23 are as follows:

(₹ in lakhs)

Name of the Directors (M/s.)	Sitting fees	Commission	Total
R Gopalan \$	1.70	5.62	7.32
Rajesh Narasimhan	0.80	–	0.80
Sasikala Varadachari	1.80	18.00	19.80
C R Dua ***	0.20	0.78	0.98
Anuj Shah **	1.10	12.13	13.23
Sudarshan Venu	0.50	–	0.50
Kamlesh Gandhi *	0.30	5.84	6.14
Vice Admiral P J Jacob @	1.80	14.65	16.45
S Santhanakrishnan*	1.20	7.00	8.20
V Subramanian*	1.00	7.00	8.00
R Vijayaraghavan*	0.70	7.00	7.70
<b>Total</b>	<b>11.10</b>	<b>78.02</b>	<b>89.12</b>

Remuneration paid for the period :

\$ 1<sup>st</sup> April 2022 to 23<sup>rd</sup> July 2022

\* 1<sup>st</sup> April 2022 to 20<sup>th</sup> August 2022

\*\* 29<sup>th</sup> July 2022 to 31<sup>st</sup> March 2023

@ 1<sup>st</sup> April 2022 to 22<sup>nd</sup> January 2023

\*\*\* 13<sup>th</sup> March 2023 to 31<sup>st</sup> March 2023

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 31<sup>st</sup> March 2023:

None of Non-Executive Directors holds shares in the Company.

## 7. Stakeholders' Relationship Committee (SRC)

7.1. As of 31<sup>st</sup> March 2023, the SRC consists of three Members viz., M/s Anuj Shah, NE-ID, K Gopala Desikan and Dr. Lakshmi Venu, The Chairman of the Committee was present at AGM held on 28<sup>th</sup> June 2022 to answer shareholders' queries.

During the year under review, Mr R Vijayaraghavan, Mr S Santhanakrishnan, IDs, ceased to be Directors effective 20<sup>th</sup> August 2022 due to expiry of the second term as Independent Directors and Vice Admiral P J Jacob, ID, also ceased as a Director consequent to his demise on 22<sup>nd</sup> January 2023.

The Board at its meeting held on 29<sup>th</sup> July 2022 appointed Mr K Gopala Desikan as a Member of the Committee effective that date and Mr Anuj Shah was appointed as a Member and Chairman of the Committee through a Circular resolution passed by the board on 23<sup>rd</sup> January 2023.

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 Meetings	Members present (M/s)					
	LV	KGD#	AS\$	RV*	SS*	PJJ@
06-05-2022	✓	NA	NA	✓	✓	NA
29-07-2022	✓	✓	NA	✓	✓	✓
07-11-2022	✓	✓	NA	NA	NA	✓

✓ - Attended the meeting    LOA - Leave of absence

NA - Not Applicable

[LV - Dr. Lakshmi Venu, KGD - Mr K Gopala Desikan, AS - Mr Anuj Shah, RV - Mr R Vijayaraghavan, SS - Mr S Santhanakrishnan, PJJ - Vice Admiral P J Jacob]

\* Ceased effective 20<sup>th</sup> August 2022

@ Demise on 22<sup>nd</sup> January 2023

# Appointed effective 29<sup>th</sup> July 2022

\$ Appointed effective 23<sup>rd</sup> January 2023

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:

- Resolving the grievances of the security holders relating to 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 Agent.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports / statutory notices by the shareholders of the Company.

The Company, in order to expedite the process of share transfers, delegated the power of share transfers to an officer of the Share Transfer Agent (STA). The Company, as a matter



of policy, disposes off investors' complaints within the prescribed days.

**7.5 Complaints received and redressed during the year 2022-23:**

S.No.	Nature of complaint	No. of complaints
1.	Non receipt of annual report	1
	Total	1

7.6 All the queries and complaints received during the financial year ended 31<sup>st</sup> March 2023, 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 31<sup>st</sup> March 2023.

**7.7.Reconciliation of Share Capital Audit:**

A firm of Practising Company Secretaries 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)**

As of 31<sup>st</sup> March 2023, CSR Committee consists of three Directors viz., M/s Venu Srinivasan, Dr. Lakshmi Venu and Anuj Shah. Mr Venu Srinivasan is the Chairman of the Committee.

During the year, Vice Admiral P J Jacob, ceased as a Member of the Committee consequent to his demise on 22<sup>nd</sup> January 2023 and the Board at its meeting held on 29<sup>th</sup> July 2022 appointed Mr Anuj Shah, Independent Director as a Member of the Committee effective that date to comply with the provisions of Section 135 of the Act, 2013.

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 6<sup>th</sup> May 2022 and all the members were present at the meeting.

**9. Administrative Committee**

The Administrative Committee consist of three Directors viz., M/s Venu Srinivasan, R Gopalan and Sasikala Varadachari. Mr Venu Srinivasan is the Chairman of the Committee.

During the year, the Committee met three times on 6<sup>th</sup> June 2022, 7<sup>th</sup> December 2022 and 23<sup>rd</sup> December 2022 and all the members were present at the meeting.

**10. General body meeting**

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

Year	Location	Date	Time (IST)
2019-20	Through VC / OAVM	30.07.2020	10.00 A.M.
2020-21	Through VC / OAVM	30.07.2021	10.00 A.M.
2021-22	Through VC / OAVM	28.06.2022	10.35 A.M.

10.2 Special resolutions passed in the previous three AGMs:

During the last three years, namely 2019-20 to 2021-22, approvals of the shareholders were obtained by passing special resolutions as follows:

Year	Subject matter of the special resolution	Date of AGM
2019-20	Nil	30.07.2020
2020-21	Nil	30.07.2021
2021-22	Nil	28.06.2022

10.3 Postal Ballot:

None of the subjects placed before the shareholders int he last / ensuing AGM required / requires approval through Postal Ballot. However, in terms of the Regulation 44 of the Listing Regulations and Section 108 of the Act, 2013 read with the Companies (Management and Administration) Rules, 2014, the Company facilitated its members to exercise their right to vote through Remote e-Voting and e-Voting at the meeting for all the items at the AGM held on 28<sup>th</sup> June 2022.

During the year, the consent of the shareholders were sought for by way of Ordinary / Special Resolution through Postal Ballot for the below items:

Sl. No.	Date of Notice	Item transacted	% of votes cast in favour of the resolution	% of votes cast against the resolution	Effective date of Passing of resolution
1.	29.07.2022	Approving the amendment to Articles of Association of the Company.	100.00	-	07.09.2022
2.		Approving the appointment of Mr R Gopalan (DIN: 01624555), as a Non-Executive Non-Independent Director	99.51	0.49	
3.		Approving the appointment of Mr Anuj Shah (DIN: 05323410) as a Non-Executive Independent Director (NE-ID)	98.52	1.48	
4.	13.03.2023	Approving the appointment of Mr C R Dua (DIN: 00036080) as a Non-Executive Independent Director (NE-ID)	94.90	5.10	27.04.2023

During the year, the Board had approved the appointment of Mr C R Dua, Independent Director of the Company effective 13<sup>th</sup> March 2023 for a term of five years subject to approval of the shareholders through postal ballot.

In accordance with General Circular Nos. 14/2020 dated April 8, 2020 and 17/2020 dated April 13, 2020 read with other relevant circulars, including General Circular No. 3/2022 dated May 5, 2022 and 11/2022 dated December 28, 2022 issued by the Ministry of Corporate Affairs ("MCA Circulars") and Regulation 44 of Listing Regulations, the above resolutions were passed by means of Postal Ballot including e-Voting.

All the above said Ordinary / Special Resolutions were passed with requisite majority of the shareholders. Voting results of Postal Ballot is available on the website of the Stock Exchanges and website of the Company.

#### 10.4 Person who conducted the Postal Ballot exercise:

M/s. 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:

1. The Board of Directors, vide resolution dated 29<sup>th</sup> July 2022 and 13<sup>th</sup> March 2023 had appointed M/s B Chandra & Associates, Practising Company Secretaries as the scrutinizer.
2. The details of the dispatch of the Postal Ballot Notice dated together with Statement of material facts was completed on as per the below mentioned table along with forms and postage prepaid business envelopes to all the shareholders whose name(s) appeared on the Registers of Members / list of beneficiaries as on the 'Cut-off Date(s)'.
3. The said notice(s) of Postal Ballot(s) have been sent in electronic mode to the Members, whose e-mail IDs were registered with the Company or the Depository Participants. Physical Ballot Forms were sent to (i) Members whose e-mail IDs are not registered with the Company or the Depository Participants and (ii) Members holding shares in physical form.
4. Particulars of Postal Ballot forms received from the members using the electronic platform of NSDL were entered in a register separately maintained for the purpose.
5. The Postal Ballot forms were kept under the safe custody of the Scrutinizer in sealed and tamper proof ballot boxes before commencing the scrutiny of such postal ballot forms.
6. All Postal Ballot forms received by the scrutinizer up to 5.00 p.m. on the last date of e-voting have been considered for scrutiny.

7. The Scrutinizer had submitted his report on after scrutiny and the results were announced as tabled below:

S. No	Postal Ballot (Board Meeting approved date)	Dispatch Date	Cut-off Date	e-Voting Period (9.00 a.m. - 5.00 p.m.)
1.	29.07.2022	06.08.2022	02.08.2022	09.08.2022-07.09.2022
2.	13.03.2023	27.03.2023	17.03.2023	29.03.2023-27.04.2023

There is no immediate proposal for passing any resolution through postal ballot. However, if required, the same shall be passed in compliance of provisions of the Companies Act, 2013, the Listing Regulations or any other applicable laws.

### 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 Company's quarterly/half-yearly/annual financial results were sent to the Stock Exchanges and were published in English and Regional newspapers. They are also available on the website of the Company.

#### 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](http://www.sundaram-clayton.com). This website contains the basic information about the Company, viz., details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the Company, who are responsible for assisting and handling investor grievances, such other details as may be required under Regulation 46 of the Listing Regulations. The Company ensures that the contents of this website are periodically updated.

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

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

## 12. General shareholder information

### 12.1 Annual General Meeting:

Day, Date and time : Tuesday, 25<sup>th</sup> July 2023, at 3.00 P.M.  
(IST) through Video Conferencing

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

Financial calendar : 2023-24

Financial reporting for the quarter ending:

30<sup>th</sup> June 2023 : Before 14<sup>th</sup> August 2023

30<sup>th</sup> September 2023 : Before 14<sup>th</sup> November 2023

31<sup>st</sup> December 2023 : Before 14<sup>th</sup> February 2024

31<sup>st</sup> March 2024 : Before 30<sup>th</sup> May 2024

### 12.3 Particulars of dividend payment:

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

Dividend distribution policy

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

The Dividend Distribution Policy is disclosed on the Company's website in the link as provided in page no. 93 of this Annual Report.

### 12.4 Listing on Stock Exchanges:

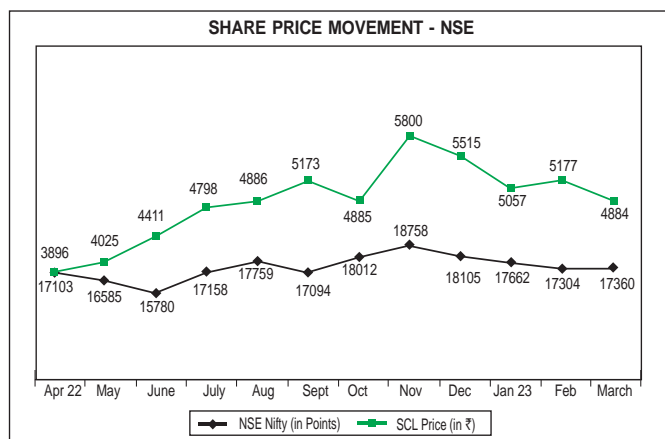
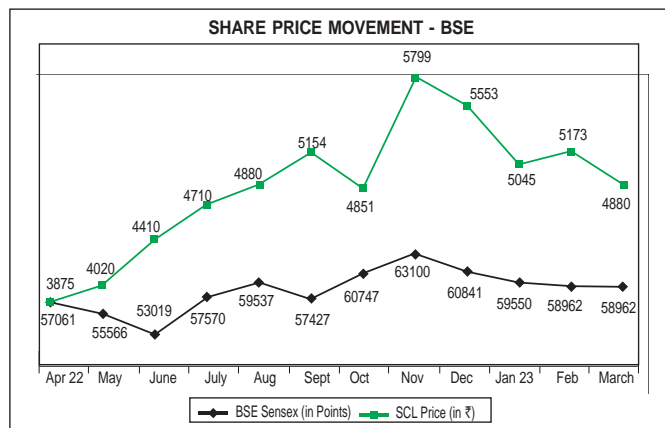
Name of the Stock Exchange	Stock code / symbol
BSE Limited (BSE) Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 001, India Tel.: 91 22 2272 1233 Fax : 91 22 2272 1919	520056
National Stock Exchange of India Limited (NSE) Exchange Plaza, Plot No. C/1, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, India Tel.: 91 22 2659 8100 Fax : 91 22 2659 8120	SUNCLAYLTD
ISIN allotted by Depositories (Company ID Number) Equity	INE105A01035
ISIN allotted by Depositories (Company ID Number) Non-Convertible Debentures (NCD) listed with NSE	INE105A08014
ISIN allotted by Depositories (Company ID Number) Cumulative Non-Convertible Redeemable Preference Shares	INE105A04013

(Note: Annual listing fees and custodial charges for the year 2022-23 were duly paid to the above Stock Exchanges and Depositories viz., NSDL and CDSL)

**12.5 Market Price Data (Equity Share):** (in ₹)

Month	BSE		NSE	
	High	Low	High	Low
April 22	3,875	3,575	3,896	3,570
May 22	4,020	3,500	4,025	3,500
June 22	4,410	3,617	4,411	3,614
July 22	4,710	4,041	4,798	4,032
August 22	4,880	4,514	4,886	4,496
September 22	5,154	4,402	5,173	4,361
October 22	4,851	4,385	4,885	4,369
November 22	5,799	4,671	5,800	4,669
December 22	5,553	4,832	5,515	4,824
January 23	5,045	4,602	5,057	4,641
February 23	5,173	4,547	5,177	4,539
March 23	4,880	3,411	4,884	3,701

**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 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.
- All matters connected with the share transfer, dividends and other matters are being handled by STA located at the address mentioned in this Report.
- Shares lodged for transfers are normally processed within the prescribed time 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 prescribed time. Grievances received from investors and other miscellaneous correspondence relating to change of addresses, mandates etc., is processed by STA within the prescribed time.
- Certificates are being obtained and submitted to the Stock Exchanges, on 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 firm of company secretaries-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 [corpsec@sundaramclayton.com](mailto:corpsec@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 STA for transfer / transmission of shares, change of address and queries pertaining to their shareholding, dividend, etc., at their address given in this Report.

12.8 Shareholding pattern of the Company as on 31<sup>st</sup> March 2023:

Category of Shareholder	No. of shares held	%
<b>Promoter and Promoter Group</b>		
Bodies Corporates and Individual	1,50,65,293	74.46
<b>Total (A)</b>	<b>1,50,65,293</b>	<b>74.46</b>
<b>Total Institutions (B)</b>	<b>27,12,473</b>	<b>13.40</b>
Mutual Funds	22,14,112	10.94
Banks/ Financial Institutions/NBFC	52	-
Insurance Companies	3,15,960	1.56
Foreign Institutional Investors	1,64,512	0.81
Alternate Investment Fund	17,837	0.09
Bodies Corporate	3,50,067	1.73
Individuals holding nominal capital in excess of ₹ 2 lakhs	3,41,107	1.69
Individuals holding nominal capital upto ₹ 2 lakhs	15,73,930	7.78
NRI Repatriable	31,656	0.15
NRI Non - Repatriable	39,723	0.20
Directors & their relatives	166	-
IEPF	43,092	0.21
Others	74578	0.38
<b>Total Non-Institutions (C)</b>	<b>24,54,319</b>	<b>12.14</b>
<b>Total Public Shareholding [D=(B+C)]</b>	<b>51,66,792</b>	<b>25.54</b>
<b>Grand Total (A+D)</b>	<b>2,02,32,085</b>	<b>100.00</b>

12.9 Distribution of Shareholding as on 31<sup>st</sup> March 2023:

Shareholding (Range)	No of shares	%	No of members	%
Up to 500	12,08,081	5.97	22,462	98.03
501-1000	1,62,013	0.80	226	0.99
1001-2000	1,49,728	0.74	103	0.45
2001-5000	1,97,721	0.98	63	0.27
5001-10000	1,97,298	0.98	27	0.12
10001 & above	1,83,17,244	90.53	32	0.14
<b>Total</b>	<b>2,02,32,085</b>	<b>100.00</b>	<b>22,913</b>	<b>100.00</b>

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, 50,88,248 equity shares have been dematerialized as on 31<sup>st</sup> March, 2023 accounting for 99.61%.

12.11 The Company has not issued any Global Depository Receipt / American Depository Receipt / Warrant or any convertible

instrument, which is likely to have impact on the Company's Equity.

12.12 Other Disclosures

- Pecuniary relationships or transactions with NE-IDs vis-a-vis the Company during the year under review, do not exceed the threshold limit as laid down under the Listing Regulations 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.
- Loans and advances in the nature of loans to firms / companies in which Directors are interested by name and amount - Nil

The Company has not entered into any commodity derivatives with any of the bankers and hence the disclosure of exposure in commodity risks faced by the Company is not required, as directed in the SEBI Circular dated 15<sup>th</sup> November 2018.

12.13 Plant locations:

- Chennai : Padi, Chennai - 600 050  
Tamil Nadu, India  
Tel. : 044 - 2625 8212  
[vj@sundaramclayton.com](mailto: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](mailto: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](mailto:vj@sundaramclayton.com)
- Hosur : Hosur - Thally Road,  
Belagondapalli,  
Hosur - 635 114  
Tamil Nadu, India  
Tel. : 04347 - 233445  
[vj@sundaramclayton.com](mailto:vj@sundaramclayton.com)



#### 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: Sundaram-Clayton Limited Chennai - 600 006
(ii) for any query on non-receipt of annual report	Email : <a href="mailto:corpserv@integratedindia.in">corpserv@integratedindia.in</a> <a href="mailto:srirams@integratedindia.in">srirams@integratedindia.in</a>
(iii) for Investors grievance & general correspondence	Email : <a href="mailto:rrp@sundaramclayton.com">rrp@sundaramclayton.com</a> <a href="mailto:corpserv@integratedindia.in">corpserv@integratedindia.in</a>
(iv) Debenture Trustees	Beacon Trusteeship Limited Address: 4C & D Siddhivinayak Chambers, Gandhi Nagar, Opp MIG Cricket Club, Bandra East (E), Mumbai - 400051 E-mail: <a href="mailto:compliance@beacontrustee.co.in">compliance@beacontrustee.co.in</a>

#### 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. With respect to issue of Cumulative Non-Convertible Redeemable Preference Shares, CRISIL Rating Limited has assigned CRISIL A1+ (CRISIL A one plus rating).

#### 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 ₹ 58 lakhs to the Statutory Auditors for all services received by the listed entity and its subsidiaries, if any on a consolidated basis excluding the out of pocket expenses and reimbursement costs.

#### 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. Company has a robust mechanism in place to redress complaints reported under it.

An Internal Committee (IC) is constituted by the Company in all its Plants and Corporate Office to consider and resolve the sexual harassment complaints reported by women. The constitution of the IC is as per the Sexual Harassment of women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the committee includes external members from NGOs or with relevant experience.

#### 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.

#### 12.20 Details of Material subsidiaries of the Listed Entity

Particulars	Sundaram Holding USA. Inc. (SHUI)
Date of Incorporation	09.09.2015
Place of Incorporation	USA
Name of the Auditor	KNAV P.A.
Date of Appointment	April 2016

#### 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 31<sup>st</sup> March 2023, Mr R Gopalan, Non-Executive Director is the Chairman of the Company and is liable to retire by rotation as per the provisions of the Companies 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](http://www.sundaram-clayton.com). The results are not sent to the shareholders individually.

##### 13.3 Audit qualifications:

The financial statements of the Company are unmodified.

##### 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 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 terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, securities of listed companies can only be transferred in dematerialised form with effect from April 1, 2019. In view of the above, members are advised to dematerialise equity shares held by them in physical form. The Securities and Exchange Board of India (SEBI) has also, vide its Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/8 dated 25.01.2022, mandated listed Companies to issue the securities in dematerialized form only, while processing the following service request viz., Issue of duplicate securities certificate; Claim from Unclaimed Suspense Account; Renewal / Exchange of securities certificate; Endorsement; Subdivision / Splitting of securities certificate; Consolidation of securities certificates / folios; Transmission and Transposition. Members holding shares in physical form are requested to submit such service request in Form ISR 4 along with necessary documents / details specified therein, as prescribed by SEBI.

#### 14.4 Freezing of Securities :

SEBI has mandated submission of PAN, KYC and nomination details by holders of physical securities by September 31, 2023, and linking PAN with Aadhaar by March 31, 2023 vide its Circulars dated November 3, 2021, December 14, 2021 and March 16, 2023. Shareholders are requested to submit their PAN, KYC and nomination details to the Company's RTA.

The forms for updating the same are available at the Company's website at [www.sundaram-clayton.com](http://www.sundaram-clayton.com). Members holding shares in electronic form are requested to submit the said details to their depository participant(s). The folios of holders of physical securities, wherein any one of the aforesaid document / details are not available on or after October 01, 2023, shall be frozen by our Registrar and Share Transfer Agent (RTA).

The securities in the frozen folios shall be:

- a) eligible to lodge grievance or avail service request from the RTA only after furnishing the complete documents / details as aforesaid.
- b) eligible for any payment including dividend, interest or redemption payment only through electronic mode and an intimation from the RTA to the holder that the aforesaid payment is due and shall be made electronically upon complying with the aforesaid requirements.

c) referred by the RTA / the Company to the administering authority under the Benami Transactions (Prohibitions) Act, 1988 and or Prevention of Money Laundering Act, 2002, if they continue to remain frozen as on December 31, 2025.

If KYC details were not provided to us earlier, you are requested to send duly filled in Form ISR-1, ISR-2, ISR-3 (or) SH-13 along with Self Attested proofs, in support of your Application for Duplicate share certificate. These forms can be downloaded from [https://www.integratedindia.in/Corporate\\_Container.aspx](https://www.integratedindia.in/Corporate_Container.aspx) and by clicking on "RTA/STA".

#### 14.5 Registration of Nominations / opt out facility:

Under the provisions of Section 72 of the Companies Act, 2013 and SEBI Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2021/655 dated 3rd November, 2021 shareholder(s) is / are entitled to nominate in the prescribed manner, a person to whom his / her / their shares in the Company, shall vest after his / her / their lifetime. Members who are holding shares in physical form and are interested in availing this nomination facility may submit nomination in the prescribed Form SH-13 with the Company / RTA and any member who desires to opt out or cancel the earlier nomination and record a fresh nomination, he/she may submit the same in Form ISR-3 or Form SH-14, as the case may be, to the Company / RTA. The said forms are available at the Company's website at [www.sundaram-clayton.com](http://www.sundaram-clayton.com). In respect of shares held in dematerialized form, members may submit their nomination forms with their respective Depository Participants.

#### 14.6 Updation of KYC details:

Members are requested to note that in case of deletion of name of deceased shareholder, transmission and transposition of names in respect of shares held in physical form, submission of self-attested photocopy of PAN Card of the claimant(s), surviving holder(s), legal heir(s) and joint holder(s) respectively, along with necessary documents at the time of lodgement of request for transmission / transposition, is mandatory.

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 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 ₹ 19.13 lakhs, being unclaimed dividend, was transferred to IEPF during the year 2022-23.

Shareholders, who have not encashed their dividend warrants, in respect 1<sup>st</sup> Interim dividend declared for the year ended 31<sup>st</sup> March 2017 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
2015-2016 (2 <sup>nd</sup> interim)	14-03-2016	13-04-2016	13-04-2023
2016-2017 (1 <sup>st</sup> interim)	03-11-2016	03-12-2016	03-12-2023
2016-2017 (2 <sup>nd</sup> interim)	13-03-2017	12-04-2017	12-04-2024
2017-2018 (interim)	15-03-2018	14-04-2018	14-04-2025
2018-2019 (1 <sup>st</sup> interim)	25-01-2019	24-02-2019	24-02-2026
2018-2019 (2 <sup>nd</sup> interim)	11-03-2019	10-04-2019	10-04-2026
2019-2020 (Interim)	10-03-2020	09-04-2020	09-04-2027
2020-2021 (1 <sup>st</sup> interim)	29-01-2021	28-02-2021	28-02-2028
2020-2021 (2 <sup>nd</sup> interim)	24-03-2021	23-04-2021	23-04-2028
2021-2022 (Interim)	18-03-2022	17-04-2022	17-04-2029
2022-2023 (Interim)	25-01-2023	24-02-2023	24-02-2030

**15. Transfer of Shares to Investor Education and Protection Fund (IEPF) authority**

As per Section 124(6) of the Act, 2013 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 remain 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.

In compliance with the aforesaid provisions, the Company transferred 1465,1237, 675 and 229 shares on 02.04.2022, 28.03.2023, 13.05.2023 and 07.07.2022 respectively to IEPF account bearing Demat Account No. 10656671 and DPID IN300708 which is opened with Punjab National Bank.

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.

Necessary steps will be initiated by the Company to transfer shares held by the members to IEPF, if they the shareholders have not claimed their dividends within the due date(s) mentioned above. Please note that no claim shall lie against the Company in respect of the shares so transferred to IEPF. As required under the said provisions, all subsequent corporate benefits that accrues in relation to the above shares will also be credited to the said IEPF Account.

In the event of transfer of shares and the unclaimed dividends to IEPF, shareholders are entitled to claim the same from IEPF by submitting an online application in the prescribed web based e-Form IEPF-5 available on the MCA website and sending a physical copy of the same duly signed to the Company along with the requisite documents enumerated in the Form IEPF-5, as per the following procedures:

1. Register yourself on MCA website and login to website of MCA at <https://www.mca.gov.in/mcafoportal/login.do>.
2. After login, click on 'Investor Services' tab under 'MCA Services' section for filing the web-based form IEPF-5.
3. Fill the details in the web based e-form and attach the requisite documents in it. Save a copy of uploaded e-form and acknowledgement receipt generated with SRN. Take print of auto generated indemnity bond, IEPF Form IEPF-5, SRN and attachments.
4. Submit self-attested copy of e-form, copy of acknowledgement, Indemnity Bond in original along with other documents (cancelled cheque leaf, client master list, PAN card, Aadhaar card, original share certificate, entitlement letter) as mentioned in the form to Nodal Officer (IEPF) of the company in an envelope marked "Claim for refund from IEPF Authority
5. After scrutinizing the documents received, Nodal Officer of the company to verify the claim and furnish the e-verification report to the IEPF Authority within 15 days from the date of filing the claim.
6. On the basis of verification report refund will be released by the IEPF Authority in favour of claimant's Bank or Demat account through electronic transfer.

In the process, general information about the Company which have to be provided are as under.

- (a) Corporate Identification Number (CIN) of Company:- L35999TN1962PLC004792
- (b) Name of the company:- Sundaram-Clayton Limited
- (c) Address of registered office of the Company: "Chaitanya" No. 12 Khader Nawaz Khan Road, Chennai 600 006.
- (d) email ID of the company:- [corpsec@sundaramclayton.com](mailto:corpsec@sundaramclayton.com)

Pursuant to Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amount lying with companies) Rules, 2012, the Company shall provide/host the required details of unclaimed dividend amount referred in relevant sections of the Act, 2013 on its website and also in the Ministry of Corporate Affairs (MCA) website in the relevant form every year.

#### 16. 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
No of shares in the unclaimed suspense account as on 1 <sup>st</sup> April 2022	51	3,544
Less: No. of shares transferred to the shareholders on request from 1 <sup>st</sup> April 2022 to 31 <sup>st</sup> March 2023	4	271
Less: Shares transferred to IEPF A/c during the year	10	851
No of shares in the unclaimed suspense account as on 31 <sup>st</sup> March 2023	37	2,422

For and on behalf of the Board of Directors

Chennai  
5<sup>th</sup> May 2023

R GOPALAN  
Chairman  
DIN: 01624555

## **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) Regulation 2015, it is hereby certified that both the Members of the Board and the Senior Management Personnel of the Company have affirmed compliance with the respective provisions of the Code of Business Conduct and Ethics of the Company as laid down by the board for the year ended 31<sup>st</sup> March 2023.

Chennai  
5<sup>th</sup> May 2023

VENU SRINIVASAN  
*Chairman Emeritus & Managing Director*  
DIN: 00051523

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

To

The Shareholders of Sundaram-Clayton Limited,  
Chennai

We have examined the compliance of conditions of Corporate Governance by Sundaram-Clayton Limited, Chennai - 600 006 ('the Company') for the year ended 31<sup>st</sup> March 2023 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.

Chennai  
5<sup>th</sup> May 2023

For RAGHAVAN, CHAUDHURI & NARAYANAN  
*Chartered Accountants*  
Firm Regn. No. 007761S

V. SATHYANARAYANAN  
*Partner*  
Membership No. 027716  
UDIN: 23027716BGYLRU4261

**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 AND SUSTAINABILITY REPORT**  
<https://www.sundaram-clayton.com/Reports/BusinessResponsibilityReport2022-2023.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/Annual%20return%202023.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](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>

**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 31<sup>st</sup> March 2023 and to the best of our knowledge and belief:

- (1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (2) These statements together present a true and fair view of the Company's affairs and are in compliance with applicable Indian Accounting Standards, Laws and Regulations.
- (3) No transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct.
- (4) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.
- (5) We have indicated to the Auditors and the Audit Committee:
  - (1) significant changes, if any, in internal control over financial reporting during the year;
  - (2) significant changes in accounting policies, if any, during the year and that the same have been disclosed in the notes to the financial statements; and
  - (3) that there were no instances of significant fraud of which we have become aware and the involvement therein, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Chennai  
Date : 5<sup>th</sup> May 2023

venu srinivasan  
*Chairman Emeritus & Managing Director*  
DIN: 00051523

K GOPALA DESIKAN  
*Director & Group Chief Financial Officer*  
DIN: 00067107



**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 <http://www.mca.gov.in>) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company for the Financial Year ended on 31<sup>st</sup> March, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place : Chennai  
Date : 5<sup>th</sup> May 2023

B Chandra  
Practising Company Secretary  
ACS No. : 20879  
CP No. : 7859  
UDIN: A020879E000236171  
Peer Review No 602/2019

**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2023**

[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 31.03.2023, 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 31.03.2023, 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 thereunder 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;
5. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018.

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. Securities and Exchange Board of India (Share Based Employee Benefits and sweat equity ) Regulations, 2014
- b. The Securities and Exchange Board of India (Buy back of Securities) Regulations, 2018; and
- c. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client

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 to a larger extent, complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. The Committee of the Board were reconstituted in January 2023, with the chairperson being appointed at each meeting.
- 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.
- The Company's second layer (after excluding one layer of 100% subsidiary) subsidiary acquired a body corporate incorporated outside India, during the year under review. The Company explained that the acquisition is in compliance with the layer rules as the acquired body corporate is in the same layer as that of the existing subsidiaries.
- 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) Approval of shareholders by way of postal ballot during the year for the following:

1. Approving the amendment to Articles of Association of the Company
2. Approving the appointment of Mr. R. Gopalan (DIN: 01624555), as a Non- Executive Non-Independent Director & Chairman
3. Approving the appointment of Mr. Anuj Shah (DIN: 05323410) as a Non-Executive Independent Director

(b) Dr. Lakshmi Venu takes over as Managing Director of the Company effective 6<sup>th</sup> May 2022.

(c) The Company had made Part II of the Composite Scheme of Arrangement amongst Sundaram-Clayton Limited ("Company") and TVS Holdings Private Limited and VS Investments Private Limited and Sundaram-Clayton DCD Limited and their respective shareholders and creditors ("Scheme"), which was approved by the Hon'ble National Company Law Tribunal, Chennai Bench vide its order dated 6<sup>th</sup> March 2023 effective on 14<sup>th</sup> March 2023.

Pursuant to Part II of the Scheme, the Board had on 25<sup>th</sup> March 2023 allotted 234,69,21,860 9% Cumulative Non-Convertible Redeemable Preference Shares ("NCRPS") of the Company by way of bonus, i.e., 116 NCRPS of face value of ₹ 10 each fully paid up, for every 1 equity share of ₹ 5 each fully paid up, to each equity shareholder of the Company whose name is recorded in its register of members and / or records of the concerned depository as on the Record Date 1, i.e., 24<sup>th</sup> March 2023, in terms of Part II of the Scheme. The Company is in the process of Listing the same.

(d) The Company has acquired 30,84,600 in one of its step-down subsidiaries based on the delegated powers granted during the year 2004.

(e) Srinivasan Trust (VS Trustee Private Limited), a member of the Promoter Group, acquired 4,55,222 shares on 9<sup>th</sup> December, 2022 from one of the promoter entities and was reported as Promoter / promoter group entity.

B Chandra  
Practising Company Secretary  
ACS No. : 20879  
CP No. : 7859

Place : Chennai  
Date : 5<sup>th</sup> May 2023

UDIN: A020879E000236094  
Peer Review No 602/2019

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## 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. Wherever 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.
7. Due to inherent limitations of an audit including internal, financial and operating controls, there is an unavoidable risk that some misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with the Standards.

B Chandra  
Practising Company Secretary  
ACS No. : 20879  
CP No. : 7859  
UDIN: A020879E000236094  
Peer Review No 602/2019

Place : Chennai  
Date : 5<sup>th</sup> May 2023

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

## Independent Auditor's Report for the year ended 31<sup>st</sup> March 2023

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 31<sup>st</sup> March 2023, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act, of the state of affairs of the Company as at 31<sup>st</sup> March 2023, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### **Basis for Opinion**

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

#### **Key Audit Matters**

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

Key Audit Matter	Auditor's Response
<b>Overseas Equity Investments</b> Equity Investments in overseas subsidiaries, account for a significant percentage of the Company's total equity investments. To assess annually,	<b>Principal Audit Procedures</b> Management has obtained a valuation of the equity investment in the overseas subsidiary from a valuer, that is based on Discounted Cash Flow Method of the Overseas

Key Audit Matter	Auditor's Response
whether there are indications of impairment requires significant management judgment in determining the recoverable amount of these equity investments.	subsidiary. We gained an understanding of the key assumptions used to forecast the cash flows and the discount rates applied (Weighted Average Cost of Capital) in arriving at the fair value.  We consider that the management conclusions concerning the absence of impairment in the equity investment are adequately supported and consistent with the information currently available.

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

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

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

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

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

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance) changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance



of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

1. As required by the Companies (Auditor's Report) Order, 2020 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone financial statements comply with Ind AS specified under Section 133 of the Act;

(e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2023 from being appointed as a director in terms of Section 164(2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

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

(h) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

(i) The Company has disclosed the impact of pending litigations on the financial position in its standalone financial statements-Refer Note 36 (i) to the Standalone financial statements;

(ii) The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses as at 31 March 2023;

(iii) There has been no delay in transferring amounts, required to be transferred, the Investor Education and Protection Fund by the Company;

(iv) (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner

whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

(v) As stated in Note No. 35(b) to the standalone financial statements dividend paid and declared during the year by the company is in compliance with section 123 of the Companies Act, 2013.

(vi) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
Firm Regn. No. 007761S

V. SATHYANARAYANAN  
Partner

Place : Bengaluru  
Date : 05<sup>th</sup> May 2023

Membership No. 027716  
UDIN : 23027716BGYLRX3467

**Annexure 'A' to Independent Auditors' Report - 31<sup>st</sup> March 2023 (Referred to in our report of even date)**

**(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Sundaram-Clayton Limited of even date)**

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

i. In respect of the Company's Property, Plant and Equipment, right-of-use assets and Intangible Assets:

(a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The Property, Plant and Equipment and right-of-use assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.

(c) Based on our examination of the property tax receipts and lease agreement for land on which building is constructed, registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title in respect of self-constructed buildings and title deeds of all other immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), disclosed in the standalone financial statements included under Property, Plant and Equipment are held in the name of the Company as at the balance sheet date.

(d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.

(e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

ii. (a) The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion the coverage and the procedure of such verification by the management is appropriate. Discrepancies noticed on such physical verification, were less than 10% in aggregate for each class of inventory and have been properly dealt with in the books of account;

In respect of inventories with third parties, which have not been physically verified, there is a process of obtaining confirmation from such parties.

(b) The Company has been sanctioned working capital limits in excess of ₹ 5 crore during the year, from banks on the basis of

security of current assets and in our opinion, the quarterly returns or statements filed by the Company are in agreement with the books of accounts.

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

(a) The Company has not provided any loans or advances in the nature of loans or stood guarantee, or provided security to any other entity during the year, and hence reporting under Clause 3(iii)(a) of the Order is not applicable;

(b) In our opinion, the investments made and guarantee given during the year are, prima facie, not prejudicial to the Company's interest.

(c) The Company has not granted any loans or advances in the nature of loans hence reporting under Clause 3(iii)(c) of the Order is not applicable.

(d) The company has not granted any loan or advances in the nature of loans hence reporting under Clause 3(iii)(d) of the Order is not applicable.

(e) No loan granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdue of existing loans given to the same parties.

(f) The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under Clause 3(iii)(f) is not applicable.

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

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of investments made. The company has not granted loans or provided any security or guarantee.

v. The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under Clause 3(v) of the Order is not applicable.

vi. The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013 in respect of the products manufactured by the Company. We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under section 148(1) of the Companies Act, 2013 in respect of manufacture of products and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have

not made a detailed examination of the cost records with a view to determine whether they are accurate or complete;

vii. In respect of statutory dues:

- (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, Goods and service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable;
- (b) There are no dues in respect of income-tax, sales-tax, Goods and service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute except the following:

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

viii. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (Section 43 of 1961);

- ix. (a) The Company has not defaulted in repayment of loans or borrowings to any lender during the year;
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority;
- (c) In our opinion and according to the information and explanations given to us, the company has utilized the money obtained by way of term loans during the year for the purposes for which they were obtained;

(d) On an over all 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 upto 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.

- (b) Hence, reporting under Clause 3(xvi)(a), (b) and (c) of the Order is not applicable;
- (c) 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  
Membership No. 027716  
UDIN : 23027716BGYLRX3467
- Place : Bengaluru  
Date : 05<sup>th</sup> May 2023



**Annexure 'B' to the Independent Auditors' Report for the year ended 31<sup>st</sup> March 2023**

**(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Sundaram-Clayton Limited of even date)**

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

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

**Management's Responsibility for Internal Financial Controls**

The Management of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**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, 2023, based on the criteria for internal financial control over financial reporting established by the Company considering

the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For RAGHAVAN, CHAUDHURI & NARAYANAN

Chartered Accountants

Firm Regn. No. 007761S

V. SATHYANARAYANAN

Partner

Place : Bengaluru

Membership No. 027716

Date : 5<sup>th</sup> May 2023

UDIN : 23027716BGYLRX3467

**BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2023**

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

R GOPALAN  
Chairman  
DIN: 01624555

Dr. LAKSHMI VENU  
Managing Director  
DIN: 02702020

K GOPALA DESIKAN  
Director & Group  
Chief Financial Officer  
DIN: 00067107

As per our report annexed  
For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
Firm Regn. No. 007761S  
V SATHYANARAYANAN  
Partner  
Membership No. 027716  
Bengaluru  
5<sup>th</sup> May 2023

Place : Chennai  
Date : 5<sup>th</sup> May 2023

VIVEK S JOSHI  
President & CEO

R RAJA PRAKASH  
Company Secretary

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2023**

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

The accompanying notes are an integral part of these financial statements

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V SATHYANARAYANAN  
Partner  
Membership No. 027716  
Bengaluru  
5<sup>th</sup> May 2023

Place : Chennai  
Date : 5<sup>th</sup> May 2023

VIVEK S JOSHI  
President & CEO

R RAJA PRAKASH  
Company Secretary

**STATEMENT OF CHANGES IN EQUITY**

(Rupees in crores)

**A. Equity Share Capital (refer Note No. 13)**

As at 01-04-2021	10.12
Changes in Equity Share capital due to prior period errors	—
Restated balance as at 01-04-2021	10.12
Changes in equity share capital during the year	—
As at 31-03-2022	10.12
Changes in Equity Share capital due to prior period errors	—
Restated balance as at 01-04-2022	10.12
Changes in equity share capital during the year	—
As at 31-03-2023	10.12

**B. Other Equity (Refer Note No. 14)**

Particulars	Reserves & Surplus				Other Reserves		
	General reserve	Securities Premium reserve	Retained earnings	Total	Fair value through other Comprehensive income	Hedging reserve	Total
<b>Balance as at April 01, 2021</b>	<b>224.84</b>	<b>36.42</b>	<b>284.89</b>	<b>546.15</b>	<b>165.51</b>	<b>(5.90)</b>	<b>159.61</b>
Add : Profit for the period	—	—	2,276.69	2,276.69	—	—	—
Other comprehensive income	—	—	(11.67)	(11.67)	6.31	2.24	8.55
<b>Total Comprehensive Income for the year</b>	<b>—</b>	<b>—</b>	<b>2,265.02</b>	<b>2,265.02</b>	<b>6.31</b>	<b>2.24</b>	<b>8.55</b>
Add/(Less) : Reclassified to Retained Earnings	—	—	161.39	161.39	(161.46)	—	(161.46)
Less : Interim Dividend declared for the year ended 31 <sup>st</sup> March 2022 (₹ 44 / share)	—	—	(89.02)	(89.02)	—	—	—
<b>Balance as at March 31, 2022</b>	<b>224.84</b>	<b>36.42</b>	<b>2,622.28</b>	<b>2,883.54</b>	<b>10.36</b>	<b>(3.66)</b>	<b>6.70</b>
Add : Profit for the period	—	—	273.11	273.11	—	—	—
Add : Other comprehensive income	—	—	(0.19)	(0.19)	2.42	1.14	3.56
<b>Total Comprehensive Income for the year</b>	<b>—</b>	<b>—</b>	<b>272.92</b>	<b>272.92</b>	<b>2.42</b>	<b>1.14</b>	<b>3.56</b>
Add / (Less) : Reclassified to retained earnings	—	—	(3.01)	(3.01)	—	3.01	3.01
(Less) : Reserves utilised for issuance of Bonus 9% Cumulative Non-convertible Redeemable Preference Shares [Note 36(x)]	(224.84)	—	(2,122.08)	(2,346.92)	—	—	—
Less : Interim Dividend declared for the year ended 31 <sup>st</sup> March 2023 (₹ 59 / share)	—	—	(119.37)	(119.37)	—	—	—
<b>Balance as at March 31, 2023</b>	<b>—</b>	<b>36.42</b>	<b>650.74</b>	<b>687.16</b>	<b>12.78</b>	<b>0.49</b>	<b>13.27</b>

**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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Chief Financial Officer  
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As per our report annexed  
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Chartered Accountants  
Firm Regn. No. 007761S

V SATHYANARAYANAN  
Partner  
Membership No. 027716  
Bengaluru  
5<sup>th</sup> May 2023

Place : Chennai  
Date : 5<sup>th</sup> May 2023

VIVEK S JOSHI  
President & CEO

R RAJA PRAKASH  
Company Secretary

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2023**

		(Rupees in crores)
	Year ended 31.03.2023	Year ended 31.03.2022
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax	326.69	2,300.49
Add: Depreciation and amortisation for the year	99.94	101.74
Loss on sale/scrapping of property, plant and equipment	–	3.89
Profit on sale of property, plant and equipment	(0.30)	(0.12)
Unrealised exchange (gain) / loss	(1.19)	1.14
Dividend income	(120.27)	(89.89)
Interest income	(113.51)	(49.08)
Fair value of financial assets & financial liabilities	–	0.40
Interest expense	49.87	44.91
Profit on sale of investments	(1.66)	(2094.43)
	(87.12)	(2,081.44)
<b>Operating profit before working capital changes</b>	<b>239.57</b>	<b>219.05</b>
Adjustments for:		
Inventories	23.30	(70.28)
Trade Receivables	10.27	(58.79)
Other financial assets	86.70	(69.07)
Other non-current assets	(25.54)	(1.42)
Other current assets	0.36	0.94
Trade Payables	33.41	83.11
Provisions	(8.93)	(3.50)
Other financial liabilities (excluding current maturities of debt)	29.96	(3.28)
Other current liabilities	4.16	(7.02)
	153.69	(129.31)
Cash generated from operations	393.26	89.74
Direct taxes paid	(53.56)	(24.26)
<b>Net cash from operating activities (A)</b>	<b>339.70</b>	<b>65.48</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment (including Capital work-in-progress)	(100.16)	(59.69)
Sale of property, plant and equipment	0.86	0.49
Purchase of investments	(427.54)	(182.34)
Sale of investments	2.13	2261.01
Closure of / (Investment in) Term deposits	283.21	(2303.08)
Interest received	113.51	49.08
Dividend received	120.27	128.07
<b>Net Cash from / (used in) investing activities (B)</b>	<b>(7.72)</b>	<b>(106.46)</b>

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2023 - (continued)**

(Rupees in crores)

		Year ended 31.03.2023	Year ended 31.03.2022
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>			
Net Borrowings:			
Term loans availed / (repaid)		(28.82)	57.35
Short term borrowings availed / (repaid)		(34.58)	42.31
Interest paid		(45.35)	(41.92)
Dividend and dividend tax paid		(208.24)	(22.26)
Repayment of lease liabilities		(11.53)	(14.63)
<b>Net cash inflow / (outflow) from financing activities</b>	<b>(C)</b>	<b>(328.52)</b>	<b>20.85</b>
<b>D NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(A+B+C)</b>	<b>3.46</b>	<b>(20.13)</b>
Cash and cash equivalents at the beginning of the year			
Cash and Bank balances	5.07		25.20
Cash credit balance	—	5.07	—
Cash and cash equivalents at the end of the year			
Cash and Bank balances	8.53		5.07
Cash credit balance	—	8.53	—

**Change in liability arising from financing activities**

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

Notes:

- 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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Bengaluru  
5<sup>th</sup> May 2023

Place : Chennai  
Date : 5<sup>th</sup> May 2023

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 - 600006, Tamil Nadu, India.

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

### **b) Basis of preparation**

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

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

### **c) Going Concern**

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

### **d) Use of estimates**

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

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

### **e) Cost Recognition**

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

### **f) Significant Estimates and judgments**

The areas involving significant estimates or judgments are:

- i) Estimation of defined benefit obligation - (Refer Note 32)
- ii) Estimation of useful life of Property, Plant and Equipment and Intangible Assets [Refer Note 1(j) and 1(k)].

### **g) Revenue recognition**

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

#### **i) Sale of products:**

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

#### **ii) Revenue from Services:**

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

#### **iii) Dividend income:**

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

**SIGNIFICANT ACCOUNTING POLICIES - (continued)**

**h) Dividend**

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

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

**i) Property, Plant and Equipment**

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

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

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

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

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

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

**j) Depreciation**

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

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

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

**SIGNIFICANT ACCOUNTING POLICIES - (continued)**

**k) Amortization of Intangible assets**

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

**l) Impairment**

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

**m) Foreign currency translation**

**(i) Functional and presentation currency**

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

**(ii) Transactions and balances**

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

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

**n) Hedge accounting**

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

**SIGNIFICANT ACCOUNTING POLICIES - (continued)**

change in the spot component of the forward contracts are recognised in other comprehensive income in cash flow hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains and losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedging reserve within equity.

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

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

**o) Inventories**

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

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

**p) Employee benefits**

**i) Short term obligations:**

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

**ii) Other long term employee benefit obligations:**

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

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

**iii) Post-employment obligation:**

The Company operates the following post-employment schemes:

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

**Pension and gratuity obligation:**

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

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

**SIGNIFICANT ACCOUNTING POLICIES - (continued)**

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

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

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

Provident fund:

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

iv) Bonus plans:

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

q) **Taxes on income**

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

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

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 substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

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

r) **Provisions and contingent liabilities**

i) Provision:

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

**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.

s) Segment reporting

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

t) Leases

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

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

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

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

To determine the incremental borrowing rate, the Company:

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

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

**u) Cash and Cash equivalents**

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

**v) Trade receivables**

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

**w) Investments and Other financial assets**

**i) Classification:**

The Company classifies its financial assets in the following categories:

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

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

**ii) Measurement:**

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.

**SIGNIFICANT ACCOUNTING POLICIES - (continued)**

(ii) Fair Value through profit or loss:

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

(iii) Equity instruments:

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

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

Investment in subsidiaries / associates:

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

iv) Impairment of financial assets:

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

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

v) De-recognition of financial assets:

A financial asset is derecognised only when:

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

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

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

**x) Borrowings**

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

**SIGNIFICANT ACCOUNTING POLICIES - (continued)**

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

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

**y) Borrowing cost**

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

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

**z) Government Grants**

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

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

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

**aa) Current and Non-current classification**

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

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

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

All other assets are classified as non-current.

A liability is treated as current when:

- it is expected to be settled in the normal operating cycle
- it is held primarily for the purpose of trading
- it is due to be settled within twelve months after the reporting period, or
- 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	Right Of Use Asset	
	1	2	3	4	5	6	7	8	9
Gross block									
As at 01-04-2022	14.87	45.44	158.15	861.58	8.23	17.16	2.56	52.55	1,160.54
Additions	–	–	0.64	45.14	0.03	4.84	0.42	–	51.07
Sub-total	14.87	45.44	158.79	906.72	8.26	22.00	2.98	52.55	1,211.61
Sales / deletion	–	–	–	(5.85)	(0.06)	(1.05)	(0.33)	–	(7.29)
<b>Total</b>	<b>14.87</b>	<b>45.44</b>	<b>158.79</b>	<b>900.87</b>	<b>8.20</b>	<b>20.95</b>	<b>2.65</b>	<b>52.55</b>	<b>1,204.32</b>
Depreciation									
Upto 31-03-2022	–	1.14	32.02	426.22	4.94	11.33	0.86	13.49	490.01
For the year	–	0.50	5.56	83.20	0.54	2.43	0.48	6.45	99.16
Amortisation	–	–	–	–	–	–	–	–	–
Sub-total	–	1.64	37.58	509.42	5.48	13.76	1.34	19.94	589.17
Withdrawn on assets sold / deleted	–	–	–	(5.38)	(0.05)	(0.99)	(0.31)	–	(6.73)
<b>Total</b>	<b>–</b>	<b>1.64</b>	<b>37.58</b>	<b>504.04</b>	<b>5.43</b>	<b>12.77</b>	<b>1.03</b>	<b>19.94</b>	<b>582.44</b>
<b>Net Carrying amount as at 31-03-2023</b>	<b>14.87</b>	<b>43.80</b>	<b>121.21</b>	<b>396.83</b>	<b>2.77</b>	<b>8.18</b>	<b>1.62</b>	<b>32.61</b>	<b>621.88</b>

#### CAPITAL WORK-IN-PROGRESS (AT COST)

	2022-23	2021-22
(a) Building	26.85	0.14
(b) Plant & equipment	27.18	7.21
(c) Others	3.10	1.58
<b>Total</b>	<b>57.13</b>	<b>8.93</b>

#### Ageing of Capital work-in- progress as on 31<sup>st</sup> March 2023:

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	56.26	–	0.56	0.31	57.13

Description	Property, Plant & Equipment								Total
	Freehold land	Lease hold land	Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Vehicles	Right Of Use Asset	
	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)
<b>Total</b>	<b>14.87</b>	<b>45.44</b>	<b>158.15</b>	<b>861.58</b>	<b>8.23</b>	<b>17.16</b>	<b>2.56</b>	<b>52.55</b>	<b>1,160.54</b>
Depreciation									
Upto 31-03-2021	–	0.64	26.50	350.82	4.22	9.54	0.56	6.78	399.07
For the year	–	–	5.52	85.26	0.72	1.94	0.45	6.71	100.60
Amortisation	–	0.50	–	–	–	–	–	–	0.50
Sub-total	–	1.14	32.02	436.08	4.94	11.48	1.01	13.49	500.17
Withdrawn on assets sold / deleted	–	–	–	(9.86)	–	(0.15)	(0.15)	–	(10.16)
<b>Total</b>	<b>–</b>	<b>1.14</b>	<b>32.02</b>	<b>426.22</b>	<b>4.94</b>	<b>11.33</b>	<b>0.86</b>	<b>13.49</b>	<b>490.01</b>
<b>Net Carrying amount as at 31-03-2022</b>	<b>14.87</b>	<b>44.30</b>	<b>126.13</b>	<b>435.36</b>	<b>3.29</b>	<b>5.83</b>	<b>1.70</b>	<b>39.06</b>	<b>670.54</b>

#### 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
<b>Total</b>	<b>8.93</b>	<b>11.61</b>

#### Ageing of Capital work-in-progress as on 31<sup>st</sup> March 2022:

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

**Notes to Financial Statements - (continued)**

**3 INTANGIBLE ASSETS:**

(Rupees in crores)

Description	Software
Gross block	
As at 01-04-2022	8.98
Additions	0.89
Sub-total	9.87
Sales / deletion	(0.85)
<b>Total</b>	<b>9.02</b>
Depreciation	
Upto 31-03-2022	8.36
For the year	
Amortisation	0.78
Sub-total	9.14
Withdrawn on assets sold / deleted	(0.85)
<b>Total</b>	<b>8.29</b>
<b>Net Carrying amount as at 31-03-2023</b>	<b>0.73</b>

Description	Software
Gross block	
As at 01-04-2021	8.07
Additions	0.91
Sub-total	8.98
Sales / deletion	—
<b>Total</b>	<b>8.98</b>
Depreciation	
Upto 31-03-2021	7.72
For the year	
Amortisation	0.64
Sub-total	8.36
Withdrawn on assets sold / deleted	—
<b>Total</b>	<b>8.36</b>
<b>Net Carrying amount as at 31-03-2022</b>	<b>0.62</b>

**Notes to Financial Statements - (continued)**

**4(a) NON CURRENT 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 31-03-2023	As at 31-03-2022				As at 31-03-2023	As at 31-03-2022
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<b>(a)</b>	<b><u>Investment in Equity Instruments fair valued through OCI</u></b>								
	<b><u>Unquoted :</u></b>								
(i)	Green Infra BTV Limited, New Delhi (formerly known as TVS Energy Limited) @		45,00,000	45,00,000	10.00	INR	Fully paid	4.50	4.50
(ii)	Sai Regency Power Corporation Private Limited, Chennai @		3,75,000	3,75,000	10.00	INR	Fully paid	0.38	0.38
(iii)	Adyar Property Holding Company Limited, Chennai (Cost ₹ 6,825) @		105	105	100.00	INR	Partly paid	-	-
	<b><u>Private equity instruments #:</u></b>								
(iv)	TVS Shriram Growth fund 3 of TVS Capital Funds Limited, Chennai		1,71,600	1,00,000	1,000.00	INR		25.00	14.56
	<b><u>Investments in Equity Instruments at Cost</u></b>								
	<b><u>Quoted:</u></b>								
(v)	TVS Motor Company Limited, Chennai	Subsidiary	23,87,82,786	23,87,82,786	1.00	INR	Fully paid	17.16	17.16
	<b><u>Unquoted:</u></b>								
(vi)	Sundaram-Clayton (USA) Limited, Illinois, USA (Cost ₹ 5,572)	Subsidiary	100	100	1.00	USD	Fully paid	-	-
(vii)	Sundaram Holding USA Inc., Delaware, USA	Subsidiary	9,77,74,952	4,63,50,000	1.00	USD	Fully paid	684.97	333.69
(viii)	TVS Training and Services Limited, Chennai	Associate	19,06,709	27,63,359	10.00	INR	Fully paid	1.90	2.76
(ix)	Sundram Non Conventional Energy Systems Limited, Chennai	Associate	1,17,650	1,17,650	10.00	INR	Fully paid	0.12	0.12
(x)	TVS Credit Services Limited, Chennai	Subsidiary	52,66,650	21,80,250	10.00	INR	Fully paid	74.11	17.01
(xi)	Sundaram-Clayton DCD Limited (Cost ₹ 25,000)	Subsidiary	2,500	2,500	10.00	INR	Fully paid	-	-
(xii)	Sundaram-Clayton Gmbh (Cost Euro 25,000)	Subsidiary	25,000	-	1.00	EURO	Fully paid	0.23	-
	Total value of Equity Instruments (a)							808.37	390.18
<b>(b)</b>	<b><u>Other non-current Investments</u></b>								
(i)	ICICI Prudential Life Insurance Group Superannuation Fund, Mumbai					INR	Fully paid	2.25	2.56
(ii)	Life Insurance Corporation Pension Policy, Chennai					INR	Fully paid	8.65	10.95
(iii)	Tulsyan NEC Limited, Chennai @		1,63,125	1,63,125	10.00	INR	Fully paid	0.50	0.50
(iv)	Nagai Power Private Limited, Hyderabad		1,33,010	1,33,010	10.00	INR	Fully paid	0.13	0.13
	Total value of Other non-current Investments (b)							11.53	14.14
	<b>Total (a) + (b)</b>							<b>819.90</b>	<b>404.32</b>
<b>(4b)</b>	<b><u>Current Investments: (Quoted)</u></b>								
(i)	IDFC Mutual Fund		6,618.48	NA	10.00	INR	Fully paid	0.79	-
(ii)	SBI Mutual Fund		39,917.62	NA	10.00	INR	Fully paid	10.85	-
	Total value of Current Investment							<b>11.64</b>	-
	<b>Total (4a) + (4b)</b>							<b>831.54</b>	<b>404.32</b>
	<b>Aggregate amount of quoted investments and market value thereof</b>							<b>25,733.32</b>	<b>14,939.45</b>
	<b>Aggregate amount of unquoted investments</b>							<b>802.74</b>	<b>387.16</b>
	<b>Aggregate amount of impairment in value of investments</b>							<b>-</b>	<b>-</b>
	<b>Total</b>							<b>26,536.06</b>	<b>15,326.61</b>

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

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

@ Cost treated as Fair value.



**Notes to Financial Statements - (continued)**

(Rupees in crores)

As at  
31-03-2023      As at  
31-03-2022

**5 OTHER FINANCIAL ASSETS**

**Non-current**

Rental deposits	10.32	9.87
Derivatives (Forwards, POS, Call spread, IRS)	–	3.54
<b>Total</b>	<b>10.32</b>	<b>13.41</b>

**Current**

Unsecured, Considered Good :

Employee Advances	2.85	3.16
Interest accrued on deposits/investments	9.89	8.61
Claims receivable	1.12	1.65
Derivatives (Forwards, POS, Call spread, IRS)	5.98	1.55
Duty Drawback receivable	0.79	1.88
<b>Total</b>	<b>20.63</b>	<b>16.85</b>

**6 DEFERRED TAX LIABILITIES / (ASSETS)**

The balance comprises temporary differences attributable to:

Depreciation	33.64	40.24
Employee benefits	(7.64)	(10.84)
Financial assets & Financial liabilities	(7.85)	(4.93)
Others (Including Carried forward loss)	–	(0.83)
<b>Total deferred tax liabilities / (assets)</b>	<b>18.15</b>	<b>23.64</b>

**Movement in deferred tax liabilities / (assets)**

Particulars	Depreciation	Employee benefits	Financial assets & Financial liabilities	Others (Including Carried forward loss)	Total
<b>At April 1, 2021</b>	<b>47.69</b>	<b>(8.17)</b>	<b>0.77</b>	<b>(16.90)</b>	<b>23.39</b>
Charged / (credited):					
- to statement of profit and loss	(7.45)	0.58	(7.91)	16.07	1.29
- to other comprehensive income	–	(3.25)	2.21	–	(1.04)
<b>At March 31, 2022</b>	<b>40.24</b>	<b>(10.84)</b>	<b>(4.93)</b>	<b>(0.83)</b>	<b>23.64</b>
Charged / (credited):					
- to statement of profit and loss	(6.60)	3.27	(4.13)	0.83	(6.63)
- to other comprehensive income	–	(0.07)	1.21	–	1.14
<b>At March 31, 2023</b>	<b>33.64</b>	<b>(7.64)</b>	<b>(7.85)</b>	<b>–</b>	<b>18.15</b>

**Notes to Financial Statements - (continued)**

(Rupees in crores)

As at  
31-03-2023      As at  
31-03-2022

**7 OTHER NON-CURRENT ASSETS**

Capital advances	16.12	0.13
<b>Advances - other than capital advances:</b>		
Statutory and other deposits	12.85	9.34
Prepaid expenses	15.34	9.30
<b>Total other non-current assets</b>	<b>44.31</b>	<b>18.77</b>

**8 INVENTORIES (at weighted average cost or net realisable value whichever is less)**

Raw materials and components	21.48	22.76
Goods-in-transit - Raw materials and components	-	0.20
Work-in-progress	27.86	34.05
Finished goods	185.28	194.42
Stores and spares	113.43	119.92
<b>Total Inventories</b>	<b>348.05</b>	<b>371.35</b>

**9 TRADE RECEIVABLES (Refer Note 36(vii))**

Secured, considered good	-	-
Unsecured, considered good	279.83	288.30
Doubtful	8.41	3.60
Unsecured, considered good	288.24	291.90
Less: Loss Allowance	(8.41)	(3.60)
<b>Total</b>	<b>279.83</b>	<b>288.30</b>

**Ageing for trade receivables as on 31.03.2023**

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	261.02	26.87	0.35	-	-	288.24
(ii) Undisputed trade receivables - Which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed trade receivables - Credit impaired	-	-	-	-	-	-
(iv) Disputed trade receivables - Considered good	-	-	-	-	-	-
(v) Disputed trade receivables - Which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed trade receivables - Credit impaired	-	-	-	-	-	-
<b>Total</b>	<b>261.02</b>	<b>26.87</b>	<b>0.35</b>	<b>-</b>	<b>-</b>	<b>288.24</b>

**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	288.30	3.60	-	-	-	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	-	-	-	-	-	-
<b>Total</b>	<b>288.30</b>	<b>3.60</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>291.90</b>

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

	(Rupees in crores)	
	As at 31-03-2023	As at 31-03-2022
<b>10 CASH AND CASH EQUIVALENTS</b>		
Balances with banks	8.41	4.96
Balance with term deposits	2,019.87	2,303.08
Cash on hand	0.12	0.11
<b>Total cash and cash equivalents</b>	<b><u>2,028.40</u></b>	<b><u>2,308.15</u></b>
<b>11 OTHER BANK BALANCES</b>		
Earmarked balances with banks (including unpaid dividend)	1.37	90.29
<b>Total Other Bank balances</b>	<b><u>1.37</u></b>	<b><u>90.29</u></b>
<b>12 OTHER CURRENT ASSETS</b>		
Indirect taxes receivable	0.78	0.29
Prepaid expenses	8.74	7.62
Vendor advances	11.35	7.15
Export incentives receivable	0.44	9.84
Employee benefit assets	3.10	—
<b>Total other current assets</b>	<b><u>24.41</u></b>	<b><u>24.90</u></b>

### 13 SHARE CAPITAL

(a) Details of authorised, issued and subscribed share capital

(i) Equity Share Capital

Particulars	As at 31-03-2023		As at 31-03-2022	
	Number	Rupees in crores	Number	Rupees in crores
<u>Authorised Capital</u>				
Equity Shares of ₹ 5/- each	5,00,00,000	25.00	5,00,00,000	25.00
<u>Issued, Subscribed &amp; 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

(ii) Preference Share Capital

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

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

**Notes to Financial Statements - (continued)**

(Rupees in crores)

**(b) Reconciliation of shares outstanding at the beginning and at the end of the year**

**(i) Equity Share Capital**

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

**(ii) Preference Share Capital**

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

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

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.

There are no restrictions attached to equity shares.

**(ii) Rights attached to NCRPS share:**

The NCRPS do not have voting rights other than in respect of matters directly affecting it. The NCRPS will be redeemed along with coupon at the end of 1 year from the date of allotment.

**(d) Details of shares held by holding / ultimate holding / subsidiaries / associates of holding company at the end of 31<sup>st</sup> March 2023 for both Equity and Preference Share Capital**

Name of the Shareholder	Relationship	Class of share	As at 31-03-2023		As at 31-03-2022	
			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	1,30,94,460	64.72

Name of the Shareholder	Relationship	Class of share	As at 31-03-2023		As at 31-03-2022	
			Number of Shares held	% of Holding	Number of Shares held	% of Holding
TVS Holdings Private Limited - Chennai	Holding company	Preference	1,51,89,57,360	64.72	–	–

**(e) Details of shareholders holding more than five percent at the end of 31<sup>st</sup> March 2023 (other than 13 (d) above)**

Name of the Shareholder	Class of share	As at 31-03-2023		As at 31-03-2022	
		Number of Shares held	% of Holding	Number of Shares held	% of Holding
Sundaram Finance Holdings Limited- Chennai	Equity	15,14,378	7.49	19,69,600	9.74

Name of the Shareholder	Class of share	As at 31-03-2023		As at 31-03-2022	
		Number of Shares held	% of Holding	Number of Shares held	% of Holding
Sundaram Finance Holdings Limited- Chennai	Preference	17,56,67,848	7.49	–	–

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

(Rupees in crores)

(f) Details of shares held by promoters as at 31<sup>st</sup> March 2023

Name of the Promoter	Class of share	As at 31-03-2023		As at 31-03-2022		% 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	1,30,94,460	64.72	0%

Name of the Promoter	Class of share	As at 31-03-2023		As at 31-03-2022		% Change during the year
		Number of Shares held	% of Holding	Number of Shares held	% of Holding	
TVS Holdings Private Limited - Chennai	Preference	1,51,89,57,360	64.72	–	–	100%

### 14 OTHER EQUITY

Reserves and surplus	As at March 31, 2023	As at March 31, 2022
General reserve	–	224.84
Securities Premium reserve	36.42	36.42
Retained earnings	650.74	2,622.28
Other reserves	13.27	6.70
<b>Total reserves and surplus</b>	<b>700.43</b>	<b>2,890.24</b>

### 15 LONG TERM BORROWINGS

Description	Security	No. of instalments due	Frequency	Maturity	As at 31-03-2023	As at 31-03-2022
<u>Secured:</u>						
Rupee Term loan I	First and exclusive charge on specific plant and equipments of the Company	NA	Quarterly	Dec-22	–	24.92
Foreign Currency Non-resident Borrowings (FCNR(B)) I		NA	Half yearly	Sep-22	–	15.16
External Commercial Borrowing II (ECB II)		4	Quarterly	Feb-24	40.71	75.43
State owned corporation		1	Bullet payment	Apr-31	8.12	7.51
Rupee Term loan II	First and <i>pari passu</i> charge on plant and equipments of the Company	17	Quarterly	Dec-28	75.00	–
Foreign Currency Non-resident Borrowings (FCNR(B)) III	Hypothecation of all current assets	19	Quarterly	Dec-27	114.50	134.25
<u>Unsecured:</u>						
Non Convertible Debentures		2	Yearly	Aug-25	99.85	99.70
Rupee Term loan III		18	Quarterly	Sep-27	175.98	185.14
<b>Total Borrowings :</b>					<b>514.16</b>	<b>542.11</b>
Less : Current Maturities of long-term borrowings (Refer Note No. 17)					85.25	107.25
<b>Total Long-term Borrowings</b>					<b>428.91</b>	<b>434.86</b>

**Notes to Financial Statements - (continued)**

(Rupees in crores)

**15 LONG TERM BORROWINGS - (continued)**

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 installments	3M Tbill + Margin
Rupee Term loan III	INR	Structured installments	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 installments	6M SOFR
External Commercial Borrowing II (ECB II)	USD	1.25 Million	3 Month LIBOR plus Margin
Non Convertible Debentures	INR	50 Crores - from Aug 24	7.65%

**16 PROVISIONS**

Particulars	March 31, 2023		March 31, 2022	
	Current	Non-current	Current	Non-current
Employee benefits (Refer Note 32)				
(a) Pension	2.91	22.78	13.99	14.66
(b) Leave salary	0.77	7.04	1.17	7.82
(c) Gratuity	—	—	—	5.48
	3.68	29.82	15.16	27.96
Others				
(a) Warranty	3.84	—	3.21	—
(b) Disputed tax provided for	2.33	—	2.01	—
<b>Total</b>	<b>9.85</b>	<b>29.82</b>	<b>20.38</b>	<b>27.96</b>

Particulars	Warranty	Disputed tax provided for
Opening balance as on 01.04.2022	3.21	2.01
Additional provisions made during the year	0.63	0.32
Amounts utilised	—	—
<b>Closing balance as on 31.03.2023</b>	<b>3.84</b>	<b>2.33</b>

As at  
31-03-2023      As at  
31-03-2022

**17 FINANCIAL LIABILITIES - BORROWINGS (CURRENT)**

Repayable on demand from banks

Secured	99.43	66.97
Unsecured	56.02	123.56

Current maturities of Long term borrowings

85.25      107.25

9% Cumulative Non-Convertible Redeemable Preference Shares [Refer Note 13(a)(ii)]

2,346.92      —

**Total Borrowings under Current Liabilities**

**2,587.62**      **297.78**

Details of securities created for secured loans repayable on demand:

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



**Notes to Financial Statements - (continued)**

(Rupees in crores)

As at  
31-03-2023                      As at  
31-03-2022

**18 TRADE PAYABLES**

Current

Dues to Micro and Small Enterprises **	25.02	20.62
Dues to enterprises other than Micro and Small Enterprises	364.72	335.48
<b>Total Trade payables</b>	<b>389.74</b>	<b>356.10</b>

\*\* Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. The entire closing balance represents the principal amount payable to these enterprises. There are no undisputed overdues on Principal and no interests due or outstanding. Refer note - 36(vi)

**Ageing for Trade Payables as on 31.03.2023**

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
MSME	24.87	–	–	–	24.87
Others	362.10	0.91	0.13	1.58	364.72
Disputed Dues - MSME	–	0.15	–	–	0.15
Disputed Dues - Others	–	–	–	–	–
<b>Total</b>	<b>386.97</b>	<b>1.06</b>	<b>0.13</b>	<b>1.58</b>	<b>389.74</b>

**Ageing for Trade Payables as on 31.03.2022**

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
MSME	20.35	–	–	–	20.35
Others	332.57	0.89	2.02	–	335.48
Disputed Dues - MSME	–	0.27	–	–	0.27
Disputed Dues - Others	–	–	–	–	–
<b>Total</b>	<b>352.92</b>	<b>1.16</b>	<b>2.02</b>	<b>–</b>	<b>356.10</b>

As at  
31-03-2023                      As at  
31-03-2022

**19 OTHER FINANCIAL LIABILITIES**

**Non current**

Derivatives	–	0.71
	<b>–</b>	<b>0.71</b>

**Current**

Interest accrued but not due on loans	11.61	7.09
Unpaid Dividends	1.22	1.27
Dividend declared but not paid	0.15	89.02
Employee related liabilities	43.77	17.89
Liabilities for expenses	0.06	1.06
Derivatives	0.37	0.18
<b>Total other current financial liabilities</b>	<b>57.18</b>	<b>116.51</b>

**20 OTHER CURRENT LIABILITIES**

Statutory dues	1.56	2.20
Advance received from customers	17.80	13.35
Government Grant - Deferred income	1.52	1.17
<b>Total other current liabilities</b>	<b>20.88</b>	<b>16.72</b>

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

	Year ended 31.03.2023	(Rupees in crores) Year ended 31.03.2022
<b>21 REVENUE FROM OPERATIONS</b>		
Sale of products	1,979.66	1,648.67
Sale of services	66.07	57.72
Other operating revenue	28.23	36.88
<b>Total revenue</b>	<b><u>2,073.96</u></b>	<b><u>1,743.27</u></b>
<b>22 OTHER INCOME</b>		
Dividend income		
(i) From subsidiary	119.39	89.54
(ii) From others	0.88	0.35
Interest income	1.64	1.16
Gain on foreign currency transactions and translation	8.89	2.42
Net gain on sale of Investments	1.66	—
Profit on sale of Property, Plant & Equipment	0.30	0.12
<b>Total other income</b>	<b><u>132.76</u></b>	<b><u>93.59</u></b>
<b>23 COST OF MATERIALS CONSUMED</b>		
Opening stock of raw materials and components	22.76	24.66
Add: Purchases	<u>1,100.32</u>	<u>940.53</u>
	1,123.08	965.19
Less: Closing stock of raw materials and components	<u>21.48</u>	<u>22.76</u>
<b>Consumption of raw materials and components</b>	<b><u>1,101.60</u></b>	<b><u>942.43</u></b>
<b>24 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK-IN-TRADE</b>		
Opening stock:		
Work-in-progress	34.05	22.44
Finished goods	194.42	129.52
<b>Total - (A)</b>	<b><u>228.47</u></b>	<b><u>151.96</u></b>
Closing stock:		
Work-in-progress	27.86	34.05
Finished goods	185.28	194.42
<b>Total - (B)</b>	<b><u>213.14</u></b>	<b><u>228.47</u></b>
<b>Total (A) - (B)</b>	<b><u>15.33</u></b>	<b><u>(76.51)</u></b>
<b>25 EMPLOYEE BENEFIT EXPENSE (REFER NOTE 32)</b>		
Salaries, wages and bonus	186.08	159.29
Contribution to provident and other funds	11.60	10.94
Welfare expenses	36.95	35.90
<b>Total employee benefit expense</b>	<b><u>234.63</u></b>	<b><u>206.13</u></b>

**Notes to Financial Statements - (continued)**

	Year ended 31.03.2023	(Rupees in crores) Year ended 31.03.2022
<b>26 FINANCE COSTS</b>		
Interest	43.45	41.53
Interest on lease liabilities	2.09	2.99
Other borrowing costs	0.28	0.39
<b>Total finance costs</b>	<b>45.82</b>	<b>44.91</b>
<b>27 DEPRECIATION AND AMORTISATION EXPENSE</b>		
Depreciation on Property, Plant and Equipment	98.66	100.60
Amortisation on Intangible assets	0.78	0.64
Amortisation on Leasehold Land	0.50	0.50
<b>Total depreciation and amortisation expense</b>	<b>99.94</b>	<b>101.74</b>
<b>28 OTHER EXPENSES*</b>		
(a) Consumption of stores, spares and tools	73.64	69.62
(b) Power and fuel	129.00	107.48
(c) Repairs - buildings	21.38	16.44
(d) Repairs - plant and equipment	44.24	43.39
(e) Repairs - others	0.92	0.66
(f) Insurance	9.02	7.69
(g) Rates and taxes (excluding taxes on income)	4.82	2.91
(h) Audit fees (Refer note 36(iii) )	0.75	0.65
(i) Packing and freight charges	98.44	109.97
(j) Warehousing charges	18.91	16.08
(k) Loss on sale of Property, plant & equipment	—	3.89
(l) Decrease in Fair value of Financial Assets	—	0.40
(m) Corporate social responsibility expenditure (Refer Note 36(iv))	0.45	0.20
(n) Miscellaneous expenses (under this head there is no expenditure which is in excess of 1% of revenue from operations or ₹ 10 lakh, whichever is higher)	71.86	60.89
<b>Total other expenses</b>	<b>473.43</b>	<b>440.27</b>
* Net of recoveries and claims made		
<b>28A EXCEPTIONAL ITEMS</b>		
Share sale proceeds	—	2,094.43
Interest income on share sale proceeds re-invested	111.87	47.92
Interest expenses of Bonus 9% Cumulative Non-Convertible Redeemable Preference Shares	(4.05)	—
Covid expenditure	—	(6.32)
One time voluntary separation costs	(17.10)	(13.43)
<b>Total exceptional items</b>	<b>90.72</b>	<b>2,122.60</b>

**Notes to Financial Statements - (continued)**

	Year ended 31.03.2023	(Rupees in crores) Year ended 31.03.2022
<b>29 CURRENT TAX</b>		
Current tax on profits for the year	64.02	22.55
Adjustments for current tax of prior periods	(3.81)	(0.04)
<b>Total current tax</b>	<b>60.21</b>	<b>22.51</b>
<b>30 DEFERRED TAX</b>		
Decrease (increase) in deferred tax assets	11.15	14.42
(Decrease) increase in deferred tax liabilities	(17.78)	(13.13)
<b>Total deferred tax expense / (benefit)</b>	<b>(6.63)</b>	<b>1.29</b>
<b>Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:</b>		
Profit before tax expense	326.69	2,300.49
<b>Tax at the Indian tax rate of 25.17%</b>	<b>82.23</b>	<b>579.03</b>
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Dividend Income	(30.27)	(22.63)
Profit on sale of investment with no tax outflow	—	(527.17)
Expenses wholly / partially not allowed for deductions	1.96	—
Tax Relating to Earlier Years	(3.81)	(0.04)
Other items	3.47	(5.39)
<b>Tax expense / (benefit)</b>	<b>53.58</b>	<b>23.80</b>
<b>31 EARNINGS PER SHARE</b>		
(a) Basic and diluted earnings per share (₹)	134.99	1,125.29
(b) Earnings of the Company used as the numerator in calculating basic and diluted earnings per share	273.11	2,276.69
(c) Weighted average number of equity shares used as the denominator in calculating basic and diluted earnings per share	2,02,32,085	2,02,32,085
Earnings Per Share (EPS) of ₹ 134.99 (previous year - ₹ 1,125.29) as given above is after including the exceptional income of ₹ 111.87 Crores (previous year - ₹ 2,142.35 Crores). Excluding the exceptional income, EPS is ₹ 93.61 (Previous year - ₹ 66.39)		

**Notes to Financial Statements - (continued)**

(Rupees in crores)

**32 EMPLOYEE BENEFIT OBLIGATIONS**

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

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

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

**Notes to Financial Statements - (continued)**

(Rupees in crores)

**32 EMPLOYEE BENEFIT OBLIGATIONS – (continued)**

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

Particulars	Gratuity			Pension			Leave Salary		
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount
<b>April 1, 2022</b>	<b>25.39</b>	<b>19.91</b>	<b>5.48</b>	<b>28.65</b>	<b>–</b>	<b>28.65</b>	<b>8.99</b>	<b>–</b>	<b>8.99</b>
Current service cost	1.61	-	1.61	–	–	–	–	–	–
Interest expense / (income)	1.86	1.69	0.17	1.81	–	1.81	0.54	–	0.54
<b>Total amount recognised in statement of profit and loss</b>	<b>3.47</b>	<b>1.69</b>	<b>1.78</b>	<b>1.81</b>	<b>-</b>	<b>1.81</b>	<b>0.54</b>	<b>-</b>	<b>0.54</b>
<i>Remeasurements:</i>									
Return on plan assets, excluding amounts included in interest expense / (income)	–	(1.20)	1.20	–	–	–	–	–	–
(Gain) / loss from change in financial assumptions	0.95	–	0.95	(1.24)	–	(1.24)	0.06	–	0.06
Experience (gains) / losses	(2.33)	–	(2.33)	(0.90)	–	(0.90)	2.52	–	2.52
<b>Total amount recognised in other comprehensive income</b>	<b>(1.38)</b>	<b>(1.20)</b>	<b>(0.18)</b>	<b>(2.14)</b>	<b>–</b>	<b>(2.14)</b>	<b>2.58</b>	<b>–</b>	<b>2.58</b>
Employer contribution	–	10.17	(10.17)	–	–	–	–	–	–
Benefit payments	(2.85)	(2.85)	–	(2.64)	–	(2.64)	(4.30)	–	(4.30)
<b>March 31, 2023</b>	<b>24.63</b>	<b>27.72</b>	<b>(3.09)</b>	<b>25.68</b>	<b>–</b>	<b>25.68</b>	<b>7.81</b>	<b>–</b>	<b>7.81</b>

**(i) Post-Employment benefits**

Significant estimates: actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

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

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



**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, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Discount rate	0.50%	0.50%	23.40	24.19	25.95	26.68
Salary growth rate	0.50%	0.50%	25.97	26.69	23.37	24.17
Mortality rate	5.00%	5.00%	24.62	25.38	24.61	25.38

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

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

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

**(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 ₹ 6.75 crores (previous year ₹ 6.68 crores) has been recognised in the Statement of Profit and Loss.

**Notes to Financial Statements - (continued)**

**33 FAIR VALUE MEASUREMENTS**

(Rupees in crores)

Financial instruments by category	March 31, 2023			March 31, 2022		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
<b>Financial assets</b>						
Investments						
- Equity instruments	–	29.88	778.49	–	19.44	370.74
- Others	11.64	–	11.53	–	–	14.14
Trade receivables	–	–	279.83	–	–	288.30
Balances with Banks	–	–	2,029.65	–	–	2,398.33
Derivative financial assets	5.98	–	–	5.09	–	–
Security deposits	–	–	10.32	–	–	9.87
Other financial assets	–	–	14.77	–	–	15.41
<b>Total financial assets</b>	<b>17.62</b>	<b>29.88</b>	<b>3,124.59</b>	<b>5.09</b>	<b>19.44</b>	<b>3,096.79</b>
<b>Financial liabilities</b>						
Trade payables	–	–	389.74	–	–	356.10
Borrowings - Current	–	–	2,502.37	–	–	190.53
Borrowings - Non Current	–	–	428.91	–	–	434.86
Current Maturities of long term borrowings	–	–	85.25	–	–	107.25
Derivative financial liabilities	–	0.37	–	–	0.89	–
Lease Liabilities	–	–	20.53	–	–	32.70
Other financial liabilities	–	–	56.81	–	–	116.33
<b>Total financial liabilities</b>	<b>–</b>	<b>0.37</b>	<b>3,483.61</b>	<b>–</b>	<b>0.89</b>	<b>1,237.77</b>

**(i) Fair value hierarchy**

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

**Financial assets and liabilities measured at fair value – recurring fair value measurements**

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

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

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

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

**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
<b>Financial assets</b>					
Investments					
- Equity instruments	4	17.16	–	353.58	370.74
- Others	4	–	–	14.14	14.14
<b>Total financial assets</b>		<b>17.16</b>	<b>–</b>	<b>367.72</b>	<b>384.88</b>
<b>Financial Liabilities</b>					
Borrowings	15, 17	–	–	732.64	732.64
<b>Total financial liabilities</b>		<b>–</b>	<b>–</b>	<b>732.64</b>	<b>732.64</b>

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

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

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

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

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

**(ii) Valuation technique used to determine fair value**

Specific valuation techniques used to value financial instruments include:

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

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

**Notes to Financial Statements - (continued)**

**34 FINANCIAL RISK MANAGEMENT**

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

Risk	Exposure arising from	Risk Parameters and Mitigation
Market Risk - Foreign exchange		<ul style="list-style-type: none"> <li>i) The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions.</li> <li>ii) Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR).</li> <li>iii) The risk is measured through a forecast of highly probable foreign currency cash flows. The Company has a forex management policy which is duly approved by the Board.</li> <li>iv) The objective of the hedges when taken is to minimise the volatility of the INR cash flows of highly probable forecast transactions.</li> </ul>
Market Risk - Interest rate	Foreign currency denominated borrowings	<ul style="list-style-type: none"> <li>i) The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow risk.</li> <li>ii) Company's policy is to maintain most of its borrowings at fixed rate using interest rate swaps. The Company's fixed rate borrowings are carried at amortised cost.</li> <li>iii) Foreign currency borrowings are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.</li> </ul>
Liquidity Risk	Borrowings [Other than soft loans given by Govt. Authorities)	<ul style="list-style-type: none"> <li>i) The company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.</li> <li>ii) The Company prepares a detailed annual operating plans to assess the fund requirements - both short term and long term.</li> <li>iii) Detailed 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.</li> <li>iv) Company has pre-approved credit lines with various banks and these are constantly reviewed and approved by the Board.</li> <li>v) For long term fund requirements, Company targets various options such as rupee term loan, external commercial borrowing, debentures etc.</li> <li>vi) The Company obtains a credit rating for the various borrowing facilities on annual basis. Company constantly monitors the free cashflow from operations to ensure that the borrowings are minimized.</li> </ul>
Credit Risk		<ul style="list-style-type: none"> <li>i) Credit risk primarily arises from cash and cash equivalents, trade receivables and investments carried at amortised cost.</li> <li>ii) The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.</li> <li>iii) To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.</li> <li>iv) It considers available reasonable and supportive forward-looking information (more specifically described below).</li> <li>v) A default on a financial asset is when the counterparty fails to make contractual payments within 180 days of when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.</li> </ul>
a.	Cash and Cash Equivalents	Surplus cash is deposited only with banks / financial institutions with a high external credit rating.
b.	Domestic Trade Receivables	<ul style="list-style-type: none"> <li>i) The Company extends credit to the customers and such extension of credit is based on customers' credit worthiness, ability to repay and past track record.</li> <li>ii) The Company has extensive reporting systems and review to constantly monitor the receivables.</li> </ul>
c.	Export Trade Receivables	The Company's export customers are Original Equipment Manufacturers with high credit rating. Export receivables are also covered through Insurance with Export Credit Guarantee Corporation of India Limited.

**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-23

**a) Expected credit loss for investments 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	11.53	–	–	11.53
	1	Other financial assets	25.09	–	–	25.09

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

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

**Notes to Financial Statements - (continued)**

(Rupees in crores)

**34 FINANCIAL RISK MANAGEMENT – (continued)**

31-Mar-22

**a) Expected credit loss for investments 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	14.14	–	–	14.14
	1	Other financial assets	25.28	–	–	25.28

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

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

**Reconciliation of loss allowance provision - Trade receivables**

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

**(B) Liquidity risk**

**(i) Financing arrangements**

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

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

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

**(ii) Maturities of financial liabilities**

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

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

31-Mar-23

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



**Notes to Financial Statements - (continued)**

(Rupees in crores)

**34 FINANCIAL RISK MANAGEMENT – (continued)**

**31-Mar-22**

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

**(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	31-03-2023		31-03-2022	
	USD	EUR	USD	EUR
<b>Financial assets</b>				
Trade receivables	206.45	58.84	148.46	59.91
Derivatives	5.37	0.01	5.01	0.08
<b>Exposure to foreign currency risk (assets)</b>	<b>211.82</b>	<b>58.85</b>	<b>153.47</b>	<b>59.99</b>
<b>Financial liabilities</b>				
Foreign currency loan	40.72	–	224.84	–
Trade payables	3.73	2.69	23.91	0.86
Derivatives	0.02	0.35	0.88	0.01
<b>Exposure to foreign currency risk (liabilities)</b>	<b>44.47</b>	<b>3.04</b>	<b>249.63</b>	<b>0.87</b>
<b>Net Exposure to foreign currency risk assets / (liabilities)</b>	<b>167.35</b>	<b>55.81</b>	<b>(96.16)</b>	<b>59.12</b>

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

**Sensitivity**

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

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

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

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

**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 31-03-2023**

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	261.71	–	0.61	0.37	Apr'23 to Jun'23	0.09	(0.09)
Principal only swaps (POS), interest rate swaps (IRS) & Call Spread	–	40.72	5.37	–	Apr'23 to Feb'24	1.33	(1.33)

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

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 (POS), interest rate swaps (IRS) & Call spread	–	224.74	4.91	0.87	Apr'22 to Feb'24	(0.92)	0.92

**ii) Disclosure of effects of hedge accounting on financial performance :**

**a) for the year ended 31-03-2023**

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

**b) for the year ended 31-03-2022**

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

**Notes to Financial Statements - (continued)**

(Rupees in crores)

**34 FINANCIAL RISK MANAGEMENT – (continued)**

Movements in Cash flow hedging reserve

Particulars	Forward contracts	Interest rate swap	Total
<b>Closing balance as at March 31, 2021</b>	<b>(0.29)</b>	<b>(5.61)</b>	<b>(5.90)</b>
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)
<b>Closing balance as at March 31, 2022</b>	<b>(0.29)</b>	<b>(3.37)</b>	<b>(3.66)</b>
Change in fair value of hedging instruments	0.66	0.87	1.53
Reclassification to statement of profit and loss	(0.33)	3.34	3.01
Deferred tax on the above	–	(0.39)	(0.39)
<b>Closing balance as at March 31, 2023</b>	<b>0.04</b>	<b>0.45</b>	<b>0.49</b>

**35 CAPITAL MANAGEMENT**

**(a) Risk management**

The Company's objectives in regard to managing capital are

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

In order to maintain optimum capital structure, the board may

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

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

Net debt divided by total equity

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

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

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

**(b) Dividends**

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

**Notes to Financial Statements - (continued)**

(Rupees in crores)

**36 OTHER DISCLOSURES**

**(i) Contingent liabilities**

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

# The Company is in the process of filing the appeals with the respective Appellate Authorities. These appeals are proposed to be filed within the respective due dates.

**(ii) Capital commitments**

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

**(iii) Audit Fees**

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

**(iv) Expenditure incurred on Corporate Social Responsibility activities:**

Details	31-Mar-23	31-Mar-22
(a) Gross amount required to be spent by the Company during the year	0.45	0.20
(b) Amount spent during the year in cash:		
(i) Construction / acquisition of any asset	—	—
(ii) On purposes other than (i) above	0.45	0.20
<b>Total</b>	<b>0.45</b>	<b>0.20</b>
(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.

**Notes to Financial Statements - (continued)**

(Rupees in crores)

**36 OTHER DISCLOSURES – (continued)**

(vi)	<b>Trade payables</b>	31-Mar-23	31-Mar-22
	Trade payables include amount due to micro and small scale industrial units	25.02	20.62
	Disclosure under Micro, Small and Medium Enterprises Development Act, 2006	31-Mar-23	31-Mar-22
	(i) The principal amount and interest due thereon remaining unpaid to any supplier at the end of each accounting year:		
	a) Principal (all are within agreed credit period and not due for payment)	25.02	20.62
	b) Interest (as no amount is overdue)	Nil	Nil
	(ii) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of payment made to the supplier beyond the appointed day during each accounting year.	Nil	Nil
	(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
	(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	Nil	Nil
	(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil

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

**(viii) Leases:**

Lease obligations

Details	31-Mar-23	31-Mar-22
<b>Net Debt as at 31<sup>st</sup> March 2022</b>	<b>32.70</b>	<b>42.89</b>
Cash flows	(14.26)	(13.18)
Deletions (preclosures)	–	–
Interest expenses	2.09	2.99
<b>Net debt as at 31 March 2023</b>	<b>20.53</b>	<b>32.70</b>
<b>Current lease obligation</b>	<b>15.29</b>	<b>14.26</b>
<b>Non current lease obligation</b>	<b>5.24</b>	<b>18.44</b>

Details	2022-23	2021-22
Payment towards short term leases	1.54	2.40
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 ₹ 0.89 Cr (Previous year- ₹ 0.50 Cr)

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

**(x) Composite scheme of arrangement:**

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

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

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

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

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



**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) TVS Holdings Private Limited, Chennai  |
| c) Subsidiary companies | (i) TVS Motor Company Limited, Chennai<br>(ii) Sundaram-Clayton (USA) Limited, USA<br>(iii) Sundaram-Clayton DCD Limited, Chennai<br>(iv) Sundaram Holding USA Inc, Delaware, USA<br>(v) Sundaram-Clayton Gmbh, Germany [From 8 <sup>th</sup> February 2023] |

Subsidiary companies of TVS Motor Company Limited:

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

Associate companies:

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

Associate companies of TVS Motor Company Limited:

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

Subsidiary companies of TVS Credit Services Limited:

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

Subsidiary companies of TVS Motor (Singapore) Pte Limited:

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

**Notes to Financial Statements - (continued)**

**37 RELATED PARTY DISCLOSURES - (continued)**

c) Subsidiary companies - (continued)

Subsidiary companies of Sundaram Holding USA Inc, Delaware, USA:

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

Subsidiary company of Intellicar Telematics Private Limited, Bengaluru:

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

Subsidiary company of GO AG:

- (i) EGO Movement Stuttgart, GmbH, Germany

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

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

Associate Companies of TVS Digital Pte Ltd, Singapore:

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

Holding Company of Altizon Inc , USA:

- (i) Altizon Systems Private Limited, Pune

Subsidiaries of Emerald Haven Realty Limited:

- (i) Emerald Haven Projects Private Limited, Chennai
- (ii) Emerald Haven Property Development Limited, Chennai
- (iii) Happiness Harmony Property Developers Private Limited
- (iv) Emerald Haven Realty Developers (Paraniputhur) Private Limited, Chennai
- (v) Emerald Haven Towers Limited, Chennai
- (vi) Emerald Haven Development Limited, Chennai
- (vii) Emerald Haven Life Spaces (Radial Road) Limited, Chennai
- (viii) Emerald Haven Town & Country Limited, Chennai

d) Enterprises in which  
directors are interested

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

**Notes to Financial Statements - (continued)**

**37 RELATED PARTY DISCLOSURES - (continued)**

e) Key management personnel (KMP)

Executive Directors:

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

Non-Executive Directors:

Independent Directors:

- (i) Ms. Sasikala Varadachari
- (ii) Mr. C R Dua [From 13<sup>th</sup> March 2023]
- (iii) Mr. Anuj Shah [From 29<sup>th</sup> July 2022]
- (iv) Mr. R Gopalan [Upto 23<sup>rd</sup> July 2022]
- (v) Mr. S. Santhanakrishnan [Upto 20<sup>th</sup> August 2022]
- (vi) Mr. V. Subramanian [Upto 20<sup>th</sup> August 2022]
- (vii) Mr. R. Vijayaraghavan [Upto 20<sup>th</sup> August 2022]
- (viii) Mr. Kamlesh Gandhi [Upto 20<sup>th</sup> August 2022]
- (ix) Vice Admiral P.J. Jacob (Retd.) [Upto 22<sup>nd</sup> January 2023]

Non-Independent Directors:

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

f) Relative of KMP

- (i) Dr. Malini Srinivasan

g) Post employment benefit plans

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

## Sundaram-Clayton Limited

### Notes to Financial Statements - (continued)

#### 37 RELATED PARTY DISCLOSURES - (continued)

(Rupees in crores)

Sl. No.	Nature of transactions	Name of the Company	Holding Company	Subsidiaries	Associates	KMP	Relative of KMP	Other related party	Total
1	Purchase of goods	TVS Motor Company Limited, Chennai	-	20.28	-	-	-	-	20.28
			-	20.28	-	-	-	-	20.28
			-	-	-	-	-	(0.24)	(0.24)
2	Sale of goods (including sub contract charges)	TVS Motor Company Limited, Chennai	-	436.47	-	-	-	-	436.47
		Sundaram-Clayton USA LLC, South Carolina, USA	-	65.76	-	-	-	-	65.76
			-	502.23	-	-	-	-	502.23
			-	(448.37)	-	-	-	-	(448.37)
3	Purchase of power	Sundram Non Conventional Energy Systems Limited, Chennai	-	-	0.74	-	-	-	0.74
			-	-	0.74	-	-	-	0.74
			-	-	(0.65)	-	-	-	(0.65)
4	Rendering of services	TVS Motor Company Limited, Chennai	-	61.22	-	-	-	-	61.22
		Sundaram Auto Components Limited, Chennai	-	4.34	-	-	-	-	4.34
		TVS Credit Services Limited, Chennai	-	2.38	-	-	-	-	2.38
		Sundaram-Clayton USA LLC, South Carolina, USA	-	0.94	-	-	-	-	0.94
		Emerald Haven Realty Limited, Chennai	-	-	0.66	-	-	-	0.66
			-	68.88	0.66	-	-	-	69.54
			-	(59.87)	(0.61)	-	-	-	(60.48)
5	Receiving of services	Sundaram Auto Components Limited, Chennai	-	6.87	-	-	-	-	6.87
		Sundaram-Clayton (USA) Limited, Illinois, USA	-	0.05	-	-	-	-	0.05
		TVS Training and Services Limited, Chennai	-	-	0.12	-	-	-	0.12
		TVS Motor Company Limited, Chennai	-	2.01	-	-	-	-	2.01
		Sundaram-Clayton USA LLC, South Carolina, USA	-	1.34	-	-	-	-	1.34
		Tagbox solutions Private Limited, Bengaluru	-	-	0.32	-	-	-	0.32
		Altizon systems Private Limited, Pune	-	-	0.79	-	-	-	0.79
		Trichur Sundaram Santhanam & Family Private Limited, Madurai	-	-	-	-	-	0.05	0.05
		Khaitan & Co, Mumbai	-	-	-	-	-	0.44	0.44
		Khaitan & Co LLP, Mumbai	-	-	-	-	-	0.30	0.30
			-	10.27	1.23	-	-	0.79	12.27
			-	(10.41)	-	-	-	-	(10.41)
6	Lease rent received	Sundram Non Conventional Energy Systems Limited, Chennai - ₹ 40,000 (Associates)	-	-	-	-	-	-	-
			-	-	-	-	-	-	-
			-	-	-	-	-	-	-
7	Remuneration paid	Key Management Personnel	-	-	-	15.01	-	-	15.01
			-	-	-	15.01	-	-	15.01
			-	-	-	(8.74)	-	-	(8.74)
8	Investments	Sundaram Holding USA Inc, Delaware, USA	-	34.28	-	-	-	-	34.28
		Sundaram Auto Components Limited (Acquisition of Sundaram Holding US Inc.,)	-	317.01	-	-	-	-	317.01
		VS Investments Private Limited, Chennai (Purchase of Investments)	-	-	-	-	-	57.10	57.10
		Sundaram-Clayton GmbH, Germany	-	0.23	-	-	-	-	0.23
		Dr Malini Srinivasan (Sale of shares of TVS Training and Services Limited, Chennai)	-	-	-	-	1.21	-	1.21
			-	351.52	-	-	1.21	57.10	409.83
			-	(178.81)	-	-	-	-	(178.81)

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	Associates	KMP	Relative of KMP	Other related party	Total
9	Contribution to post employment benefit plan	Sundaram- Clayton Limited Employees Provident Fund, Chennai	-	-	-	-	-	12.18	12.18
		Sundaram- Clayton Limited Employees Gratuity Fund, Chennai	-	-	-	-	-	5.06	5.06
			-	-	-	-	-	17.24	17.24
			-	-	-	-	-	(12.37)	(12.37)
10	Dividend received	Sundram Non-Conventional Energy Systems Limited, Chennai	-	-	0.88	-	-	-	0.88
		TVS Motor Company Limited, Chennai	-	119.39	-	-	-	-	119.39
			-	119.39	0.88	-	-	-	120.27
			-	(89.54)	(0.35)	-	-	-	(89.89)
11	Dividend Paid	TVS Holdings Private Limited, Chennai	77.26	-	-	-	-	-	77.26
			77.26	-	-	-	-	-	77.26
			(57.62)	-	-	-	-	-	(57.62)
12	Outstanding as on 31 <sup>st</sup> March 2023 Receivables	TVS Motor Company Limited, Chennai	-	17.42	-	-	-	-	17.42
		Sundaram Auto Components Limited, Chennai	-	3.25	-	-	-	-	3.25
		TVS Credit Services Ltd, Chennai	-	0.13	-	-	-	-	0.13
		Sundaram-Clayton USA LLC, South Carolina, USA	-	45.55	-	-	-	-	45.55
		Emerald Haven Realty Limited, Chennai	-	-	0.05	-	-	-	0.05
		TVS Training and Services Limited, Chennai - (Associates) (₹ 11,800)	-	-	-	-	-	-	-
			-	66.35	0.05	-	-	-	66.41
			-	(74.37)	(0.12)	-	-	-	(74.49)
13	Outstanding as on 31 <sup>st</sup> March 2023 Payables	TVS Motor Company Limited, Chennai	-	4.72	-	-	-	-	4.72
		Sundaram Auto Components Limited, Chennai	-	3.57	-	-	-	-	3.57
		TVS Credit Services Ltd, Chennai (₹ 9,117)	-	-	-	-	-	-	-
		Sundram Non-Conventional Energy Systems Limited, Chennai	-	-	0.05	-	-	-	0.05
		TVS Training and Services Limited, Chennai - (Associates)	-	-	0.05	-	-	-	0.05
		Sundaram-Clayton USA LLC, South Carolina, USA	-	1.34	-	-	-	-	1.34
			-	9.60	0.10	-	-	-	9.73
			-	(2.15)	(0.01)	-	-	-	(2.16)

Previous year's figures are furnished in brackets

**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 31-03-2023	Amount outstanding as on 31-03-2022
a)	Loans and advances				
(i)	Loans and advances in the nature of loans made to subsidiary company	NIL		-	-
(ii)	Loans and advances in the nature of loans made to associate company	NIL		-	-
(iii)	Loans and advances in the nature of loans where there is				
	1) no repayment schedule or repayment beyond seven years (or)	NIL		-	-
	2) no interest or interest below Section 186 of the Companies Act, 2013	NIL		-	-
(iv)	Loans and advances in the nature of loans made to firms/companies in which directors of the company are interested	NIL		-	-
b)	Investments by the Company				
(i)	In subsidiary companies	TVS Motor Company Limited, Chennai (23,87,82,786 equity shares of ₹ 1/- each fully paid up) Maximum amount held at any time During the year During the previous year	   17.16 17.16	17.16	17.16
		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
		Sundaram Holding USA Inc., Delaware USA (9,77,00,000 (last year - 4,63,50,000) Equity Shares of USD-1 each fully paid-up) Maximum amount held at any time During the year During the previous year	   684.97 333.69	684.97	333.69
		TVS Credit Services Limited, Chennai (52,66,650 (last year 21,80,250) Equity shares of ₹ 10/- each fully paid up) Maximum amount held at any time During the year During the previous year	   74.11 17.01	74.11	17.01

**Notes to Financial Statements - (continued)**

(Rupees in crores)

**38 DISCLOSURE MADE IN TERMS OF REGULATION 34(3) OF SEBI (LODR) REGULATIONS, 2015 - (continued)**

	Particulars	Name of the Company		Amount outstanding as on 31-03-2023	Amount outstanding as on 31-03-2022
(i)	In subsidiary companies - (continued)	Sundaram-Clayton DCD Limited (2,500 equity shares of ₹ 10/- each fully paid up) (₹ 25,000)	-	0.00	0.00
		Maximum amount held at any time	-		
		During the year	-		
		During the previous year	-		
		Sundaram-Clayton GmbH (Cost Euro 25,000) (25,000 equity shares of Euro 1 Each fully paid up)		0.23	-
		Maximum amount held at any time			
		During the year	0.23		
		During the previous year	-		
(ii)	In associate companies	Sundram Non-conventional Energy Systems Limited, Chennai (1,17,650 Equity shares of ₹ 10/- each fully paid-up)		0.12	0.12
		Maximum amount held at any time			
		During the year	0.12		
		During the previous year	0.12		
		TVS Training & Services Limited, Chennai (19,06,709 (last year 27,63,359 Equity shares of ₹ 10/- each fully paid-up)		1.90	2.76
		Maximum amount held at any time			
		During the year	2.76		
		During the previous year	2.76		



**Notes to Financial Statements - (continued)**

**39 - KEY FINANCIAL RATIOS:**

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

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

\* Reflects better operational performance

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

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

R GOPALAN  
Chairman  
DIN: 01624555

Dr. LAKSHMI VENU  
Managing Director  
DIN: 02702020

K GOPALA DESIKAN  
Director & Group  
Chief Financial Officer  
DIN: 00067107

As per our report annexed  
For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
Firm Regn. No. 007761S  
V SATHYANARAYANAN  
Partner  
Membership No. 027716  
Bengaluru  
5<sup>th</sup> May 2023

Place : Chennai  
Date : 5<sup>th</sup> May 2023

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 31<sup>st</sup> March 2023**

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 31<sup>st</sup> March, 2023, and the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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

**Basis for Opinion**

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

**Key Audit Matters**

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

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

S.No.	Key Audit Matter	Auditor's Response
1	<p><b>Carrying Value of Goodwill:</b></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><b>Principal Audit Procedures</b></p> <p>Management has obtained a valuation of the Cash Generating Unit wherein valuers have arrived at a fair value, based on weighted average of the Discounted Cash Flow Method and Comparable Companies Multiples Method. We gained an understanding of the key assumptions used to forecast the cash flows and the discount rates applied 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 Financial Statements of Sundaram-Clayton Limited**

consolidated changes in equity and consolidated cash flows of the Group including its associates, in accordance with the Ind AS and other accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the respective consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and its associates are responsible for assessing the ability of 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

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

determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Other Matters**

We did not audit the financial statements / consolidated financial statements of 11 subsidiaries, whose financial statements reflect of total assets (before consolidation adjustments) of ₹ 41,841.67 crores as at 31 March 2023, total revenue (before consolidation adjustments) of ₹ 32,328.92 crores, total net profit after tax (before consolidation adjustments) of ₹ 1,587.78 crores, and the total comprehensive income (before consolidation adjustments) of ₹ 1,598.25 crores for year ended 31 March 2023, and total net cash outflows (before consolidation adjustments) of ₹ 443.01 crores for the year ended on that date, as considered in the consolidated annual financial statements. The consolidated annual financial statements also include the net loss (before consolidation adjustments) of ₹ 31.68 crores, and other comprehensive income (before consolidation adjustments) of ₹ 0.03 crores for the year ended 31 March 2023, as considered in the consolidated annual financial statements, in respect of 4 associates. These financial statements / consolidated financial statements have been audited by other auditors whose independent auditors' reports on financial statements have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

The accompanying Consolidated Financial Statements include unaudited financial statements and other unaudited financial information in respect of 16 subsidiaries, whose financial statements and other financial information reflect total assets of ₹ 1,797.45 crore as at March 31, 2023, and total revenues of ₹ 680.90 crores and total net loss after tax (before consolidation adjustments) of ₹ 330.07 crores for the year ended March 31, 2023. These unaudited financial statements and other unaudited financial information have been furnished to us by the management. The Consolidated Financial Statements also include the Group's share of net profit of ₹ 8.05 crore for the year ended March 31, 2022, as considered in the Consolidated Financial Statements, in respect of 6 associates, whose financial statements, other financial information have not been audited and whose unaudited financial statements, other unaudited financial information have been furnished to us by the Management. Our opinion, in so far as it relates amounts and disclosures included in respect of these subsidiaries and associates, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, joint ventures and associates, is based solely on such unaudited financial statements and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

The subsidiaries and associates located outside India whose financial information and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries. The Holding Company's Management has

converted these financial information from accounting principles generally accepted in their respective countries, to Indian accounting standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India. We have reviewed these conversion adjustments made by the Holding Company's Management. Our conclusion in so far as it relates to such subsidiaries and associates located outside India, is based on the conversion adjustments prepared by the Holding Company's Management and reviewed by us.

Our opinion on the consolidated annual financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

**Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
  - (d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act and read with relevant rules made thereunder;
  - (e) On the basis of the written representations received from the directors of the Holding Company as on 31<sup>st</sup> March, 2023 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate companies incorporated in India, none of the directors of the Group companies, its associate companies incorporated in India, is disqualified as on 31<sup>st</sup> March, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure";
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

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



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

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. - Refer Note 37(i) to the consolidated financial statements;
  - (ii) Provision has been made in the consolidated financial statements, as required under the applicable law or accounting Standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts. Refer Note 35 to the consolidated financial statements in respect of such items as it relates to the Group;
  - (iii) There has been no delay in transferring amounts, required to be transferred, to the investor Education and Protection Fund by the Holding Company, its subsidiary companies and associate companies incorporated in India;
  - (iv) (a) The respective Managements of the Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or any of such subsidiaries to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - (b) The respective Managements of the Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company or any of such subsidiaries from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement;
- (v) As stated in Note No. 36(b) to the consolidated financial statements dividend paid and declared during the year by the company is in compliance with Section 123 of the Companies Act, 2013;
2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and by the respective auditors of its subsidiaries included in the consolidated financial statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
Firm Regn. No. 007761S

V. SATHYANARAYANAN  
Partner

Place : Bengaluru  
Date : 05<sup>th</sup> May 2023

Membership No. 027716  
UDIN : 23027716BGYLR7268

**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 31<sup>st</sup> March 2023, we have audited the internal financial controls over financial reporting of Sundaram-Clayton Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries and its associate companies which are incorporated in India, as of that date.

**Management's Responsibility for Internal Financial Controls**

The respective Boards of Directors of the Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "ICAI"). These responsibilities include the



**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 31<sup>st</sup> March 2023, based on internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by Institute of Chartered Accountants of India.

**Other matters**

Our aforesaid report under Section 143 (3) (i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to its subsidiary companies and associate companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
Firm Regn. No. 007761S

V. SATHYANARAYANAN  
Partner

Place : Bengaluru  
Date : 05<sup>th</sup> May 2023

Membership No. 027716  
UDIN : 23027716BGYLR7268

# Sundaram-Clayton Limited

## Consolidated Financial Statements of Sundaram-Clayton Limited

### CONSOLIDATED BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2023

(Rupees in crores)

Particulars	Note No.	As at 31.03.2023	As at 31.03.2022
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	5,649.30	5,040.12
Capital work in progress	2	393.63	329.11
Investment Properties		137.70	137.71
Goodwill	2	307.82	290.59
Other intangible assets	3	836.61	870.91
Intangibles under development	2	427.64	231.35
Financial Assets			
i. Investments	4	405.50	143.09
ii. Loans (Receivable from financing activity)	9	10,321.42	6,716.45
iii. Others	12	203.25	137.55
Investments accounted using equity method	5	413.10	370.83
Deferred Tax Assets	18A	305.73	217.88
Non-Current tax Assets (Net)		27.60	49.60
Other Non-Current Assets	6	155.52	134.20
<b>Total Non-Current Assets</b>		<b>19,584.82</b>	<b>14,669.39</b>
<b>Current Assets</b>			
Inventories	7	2,332.08	2,013.42
Financial assets			
i. Trade receivables	8	1,464.64	1,367.01
ii. Loans (Receivable from financing activity)	9	10,225.16	7,299.24
iii. Cash and cash equivalents	10	3,899.36	3,753.95
iv. Investments	4	203.56	130.23
v. Bank balances other than (iii) above	11	29.29	180.22
vi. Others	12	245.07	134.82
Current tax assets (Net)		11.29	12.71
Other Current Assets	13	1,354.28	990.90
<b>Total Current Assets</b>		<b>19,764.73</b>	<b>15,882.50</b>
<b>Total Assets</b>		<b>39,349.55</b>	<b>30,551.89</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	14	10.12	10.12
Other equity	15	3,230.87	5,069.12
<b>Equity attributable to owners</b>		<b>3,240.99</b>	<b>5,079.24</b>
Non controlling interest	15	2,804.16	2,202.63
<b>Total Equity</b>		<b>6,045.15</b>	<b>7,281.87</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Financial Liabilities			
i. Borrowings	16	9,863.23	7,740.63
ii. Lease Liabilities		572.29	421.49
iii. Others	21	47.82	55.44
Provisions	17	261.08	224.20
Deferred tax liabilities	18B	226.25	231.20
<b>Total Non-Current Liabilities</b>		<b>10,970.67</b>	<b>8,672.96</b>
<b>Current Liabilities</b>			
Financial Liabilities			
i. Borrowings	19	15,149.77	8,289.29
ii. Trade payables	20	5,474.27	4,909.62
iii. Lease liabilities		203.90	141.14
iv. Other financial liabilities	21	413.42	424.38
Other Current Liabilities	22	948.63	704.83
Provisions	17	125.59	127.80
Current tax liabilities (Net)		18.15	—
<b>Total Current Liabilities</b>		<b>22,333.73</b>	<b>14,597.06</b>
<b>Total Liabilities</b>		<b>33,304.40</b>	<b>23,270.02</b>
<b>Total Equity and Liabilities</b>		<b>39,349.55</b>	<b>30,551.89</b>
Significant accounting policies	1		
The accompanying notes are an integral part of these financial statements			

R GOPALAN  
Chairman  
DIN: 01624555

Dr. LAKSHMI VENU  
Managing Director  
DIN: 02702020

K GOPALA DESIKAN  
Director & Group  
Chief Financial Officer  
DIN: 00067107

As per our report annexed  
For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
Firm Regn. No. 007761S  
V SATHYANARAYANAN  
Partner  
Membership No. 027716  
Bengaluru  
5<sup>th</sup> May 2023

Place : Chennai  
Date : 5<sup>th</sup> May 2023

VIVEK S JOSHI  
President & CEO

R RAJA PRAKASH  
Company Secretary

# Sundaram-Clayton Limited

## Consolidated Financial Statements of Sundaram-Clayton Limited

### STATEMENT OF CONSOLIDATED PROFIT & LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2023

		(Rupees in crores)	
Particulars	Note No.	Year ended 31.03.2023	Year ended 31.03.2022
<b>INCOME</b>			
Revenue from operations	23	33,564.21	25,590.65
Other income	24	126.12	34.50
<b>Total income</b>		<b>33,690.33</b>	<b>25,625.15</b>
<b>EXPENSES</b>			
Cost of material consumed	25	20,779.47	16,429.60
Purchase of stock in trade	25	894.62	579.04
Changes in inventories of finished goods, stock-in-trade and work-in-progress	25	(151.76)	(333.71)
Employee benefit expenses	26	3,168.98	2,330.16
Finance costs	27	1,424.49	985.13
Depreciation and amortisation expense	28	985.82	844.58
Other expenses	29	4,624.51	3,597.65
<b>Total expenses</b>		<b>31,726.13</b>	<b>24,432.45</b>
<b>Profit before exceptional items, share of net profit of investment and tax</b>		<b>1,964.20</b>	<b>1,192.70</b>
Share of net profit from associates using equity method		(39.73)	3.45
<b>Profit before exceptional items and tax</b>		<b>1,924.47</b>	<b>1,196.15</b>
Exceptional items - income/ (expense)	29A	88.85	(11.95)
<b>Profit before tax</b>		<b>2,013.32</b>	<b>1,184.20</b>
Tax expense			
Current tax	30	763.67	387.06
Deferred tax	31	(83.52)	(27.35)
<b>Profit for the year</b>		<b>1,333.17</b>	<b>824.49</b>
(Profit) / Loss attributable to Non-controlling Interest		(683.52)	(383.75)
<b>Profit for the year attributable to owners</b>		<b>649.65</b>	<b>440.74</b>
<b>Other comprehensive income</b>			
(A) Items that will not be reclassified to profit or loss			
Remeasurements of post employment benefit obligations		(27.88)	(97.58)
Change in fair value of equity instruments		(10.24)	4.04
Share of other comprehensive income from associates using equity method		(2.69)	(0.25)
Income tax relating to these items		9.89	22.07
(B) Items that will be reclassified to profit or loss			
Fair value changes on cash flow hedges		18.38	48.07
Foreign currency translation adjustments		83.76	36.87
Income tax relating to these items		(5.37)	(13.41)
<b>Other comprehensive income for the year, net of tax</b>		<b>65.85</b>	<b>(0.19)</b>
Other Comprehensive income attributable to non-controlling interest (profit) / loss		(13.57)	1.25
<b>Total comprehensive income attributable to owners</b>		<b>701.93</b>	<b>441.80</b>
Earnings per equity share			
Basic & Diluted earnings per share	32	<b>321.10</b>	<b>217.84</b>

R GOPALAN  
Chairman  
DIN: 01624555

Dr. LAKSHMI VENU  
Managing Director  
DIN: 02702020

K GOPALA DESIKAN  
Director & Group  
Chief Financial Officer  
DIN: 00067107

As per our report annexed  
For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
Firm Regn. No. 007761S  
V SATHYANARAYANAN  
Partner  
Membership No. 027716  
Bengaluru  
5<sup>th</sup> May 2023

Place : Chennai  
Date : 5<sup>th</sup> May 2023

VIVEK S JOSHI  
President & CEO

R RAJA PRAKASH  
Company Secretary

# Sundaram-Clayton Limited

## Consolidated Financial Statements of Sundaram-Clayton Limited

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2023

(Rupees in crores)

#### a. Equity Share Capital (Refer Note No 14)

As at 01-04-2021	10.12
Changes in equity share capital	-
As at 31-03-2022	10.12
Changes in equity share capital	-
As at 31-03-2023	10.12

#### b. Other equity (Refer Note No. 15)

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 01-04-2021	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: 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)
<b>Balance as at 31-03-2022</b>	<b>595.20</b>	<b>98.65</b>	<b>36.42</b>	<b>41.48</b>	<b>4,233.19</b>	<b>19.72</b>	<b>45.51</b>	<b>(1.05)</b>	<b>2,202.63</b>	<b>7,271.75</b>
Add : Profit for the year 2022-23	-	-	-	-	649.65	-	-	-	683.52	1,333.17
Add: Other comprehensive income for the year 2022-23	-	-	-	-	(11.45)	(2.98)	59.61	7.11	13.57	65.86
Add / (less): Reclassified to Retained earnings	-	-	-	-	(3.01)	-	-	3.01	-	-
Add : Transaction with non controlling interest	-	-	-	-	(89.28)	(1.50)	17.29	(0.41)	22.61	(51.29)
Add : Transferred from retained earnings to statutory reserve	-	-	-	1.14	(1.14)	-	-	-	-	-
Less: Issue of Bonus 9% Cumulative Non-Convertible Redeemable Preference shares as per the scheme of arrangement (Refer Note:37(iv))	(224.84)	-	-	-	(2,122.08)	-	-	-	-	(2,346.92)
Less : Distribution to shareholders: 2022-23 Interim Dividend paid	-	-	-	-	(119.37)	-	-	-	(118.17)	(237.54)
<b>Balance as at 31-03-2023</b>	<b>370.36</b>	<b>98.65</b>	<b>36.42</b>	<b>42.62</b>	<b>2,536.51</b>	<b>15.24</b>	<b>122.41</b>	<b>8.66</b>	<b>2,804.16</b>	<b>6,035.03</b>

\* During the financial year 21-22, the Company had sold equity shares representing 7.14% stake in its subsidiary, TVS Motor Company Limited, resulting in a gain of ₹ 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.

R GOPALAN  
Chairman  
DIN: 01624555

Dr. LAKSHMI VENU  
Managing Director  
DIN: 02702020

K GOPALA DESIKAN  
Director & Group  
Chief Financial Officer  
DIN: 00067107

As per our report annexed  
For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
Firm Regn. No. 007761S

V SATHYANARAYANAN  
Partner  
Membership No. 027716  
Bengaluru  
5<sup>th</sup> May 2023

Place : Chennai  
Date : 5<sup>th</sup> May 2023

VIVEK S JOSHI  
President & CEO

R RAJA PRAKASH  
Company Secretary

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

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2023**

(Rupees in crores)

	Year ended 31.03.2023	Year ended 31.03.2022
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax	2,013.32	1,184.20
Adjustments for:		
Depreciation and amortisation for the year	985.82	844.58
Loss on sale / scrapping of property, plant and equipment	—	3.89
(Profit) / Loss on sale of property, plant and equipment	(2.95)	(2.59)
Dividend income	(0.02)	(4.16)
Interest income	(124.50)	(57.24)
Unrealised exchange (gain) / Loss	(8.89)	(4.51)
Increase in fair value of financial assets	(84.66)	(0.57)
Share of losses from associates	39.73	—
Profit on sale of investment	—	(0.23)
Interest expense (excluding relatable to financial enterprise)	256.49	203.00
	<u>1,061.02</u>	<u>982.17</u>
<b>Operating profit before working capital changes</b>	<b>3,074.34</b>	<b>2,166.37</b>
Adjustments for:		
Inventories	(318.66)	(345.12)
Trade Receivables	(97.63)	(169.03)
Other financial assets	(128.63)	(140.31)
Other Bank balances	150.93	(73.48)
Other non-current assets	(21.32)	64.94
Other current assets	(363.38)	(373.17)
Loans (Receivable from financing activity)	(6,530.89)	(2,859.49)
Provisions	(2.21)	(29.95)
Trade Payables	564.65	373.92
Other Financial liabilities	40.76	49.80
Other current liabilities	243.80	182.34
	<u>(6,462.58)</u>	<u>(3,319.55)</u>
Cash generated from operations	(3,388.24)	(1,153.18)
Direct taxes paid	(722.40)	(394.94)
<b>Net cash from operating activities</b>	<b><u>(4,110.64)</u></b>	<b><u>(1,548.12)</u></b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment (including Capital work in progress)	(1,485.24)	(1,036.32)
Sale of fixed assets	21.94	16.24
Investment accounted using equity method	(87.17)	(75.00)
Purchase of investments	(297.84)	(151.02)
Sale of investments	1.25	2,349.85
Closure of / (Investment) in Term deposits	283.21	(2,303.08)
Contribution from non controlling interest	—	50.00
Consideration paid towards business combination	—	(617.15)
Interest received	124.50	57.24
Dividend received	0.02	4.16
<b>Net Cash from / (used in) investing activities</b>	<b><u>(1,439.33)</u></b>	<b><u>(1,705.08)</u></b>

# Sundaram-Clayton Limited

## Consolidated Financial Statements of Sundaram-Clayton Limited

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2023 - (continued)

(Rupees in crores)

	Year ended 31.03.2023	Year ended 31.03.2022
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net Borrowings:		
Term loans availed / (repaid)	5,555.00	2,789.86
Short term borrowings availed / (repaid)	1,086.49	673.45
Interest paid	(244.49)	(166.01)
Dividend and dividend tax paid	(271.66)	(84.94)
Repayment of Lease Liabilities	(146.75)	(96.57)
<b>Net cash from financing activities</b>	<b>5,978.59</b>	<b>3,115.79</b>
<b>D NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(A+B+C)</b>	<b>(137.41)</b>
Cash and cash equivalents at the beginning of the year		
Cash and Bank balances	1,450.87	1,599.08
Cash credit balance	—	(10.80)
	1,450.87	1,588.28
Cash and cash equivalents at the end of the year		
Cash and Bank balances	1,879.49	1,450.87
Cash credit balance	—	—
	1,879.49	1,450.87

#### Change in liability arising from financing activities

Particulars	Note	01/04/2022	Cash flow	Fair value change	Foreign exchange movement	31/03/2023
Long term borrowings (including current maturities)	16	12,149.80	5,555.00	—	(3.54)	17,701.26
Short term borrowings (excluding overdraft and NCRPS)	19	3,880.12	1,086.49	—	(1.79)	4,964.82

#### Notes:

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

R GOPALAN  
Chairman  
DIN: 01624555

Dr. LAKSHMI VENU  
Managing Director  
DIN: 02702020

K GOPALA DESIKAN  
Director & Group  
Chief Financial Officer  
DIN: 00067107

As per our report annexed  
For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
Firm Regn. No. 007761S  
V SATHYANARAYANAN  
Partner  
Membership No. 027716  
Bengaluru  
5<sup>th</sup> May 2023

Place : Chennai  
Date : 5<sup>th</sup> May 2023

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

The financial statement has been prepared on the historical cost convention under accrual basis of accounting except for certain assets and liabilities (as per the accounting policy below), which have been measured at fair value. These financial statements for the year ended 31<sup>st</sup> March 2023 have been approved and authorised for issue by the Board of Directors at its meeting held on 5<sup>th</sup> May 2023.

**Principles of consolidation**

Business Combination:

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. Acquisition related costs are recognised in profit or loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognised at their fair value at the acquisition date, except certain assets and liabilities that are required to be measured as per the applicable standard.

Purchase consideration in excess of the Company's interest in the acquiree's net fair value of identifiable assets, liabilities and contingent liabilities is recognized as goodwill. Excess of the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the purchase consideration is recognised, after reassessment of fair value of net assets acquired, in the Capital Reserve.

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power 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.



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

**SIGNIFICANT ACCOUNTING POLICIES - (continued)**

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

**c) Use of estimates**

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

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

**d) Significant estimates and judgments**

The areas involving significant estimates or judgments are:

- i) Estimation of fair value of unlisted securities - (Refer Note 33 (iii))
- ii) Estimation of defined benefit obligation - (Refer Note 38)
- iii) Estimation of useful life of Property, Plant and Equipment and Intangible Assets - (Refer Note 1(i) and 1(k))
- iv) Estimation of impairment of goodwill - (Refer Note 44)
- v) Estimation of Expected Credit Loss on Loans from financing receivable from financing activity & Trade receivables - [Refer Note 35 & 34(A)]
- vi) Estimation of product warranty - (Refer Note 17)

**e) Cost Recognition**

Costs and expenses are recognised when incurred and are classified according to their nature. Expenditure are capitalized where appropriate, in accordance with the policy for internally generated intangible assets and represents employee costs, stores and other manufacturing supplies, and other expenses incurred for construction and product development undertaken by the Group.

**f) Revenue recognition**

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

**i) Sale of automotive vehicles, parts and automotive components:**

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

**ii) Sale of Services:**

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

**iii) Revenue from Financing:**

- Interest income for loans (other than Purchase of Originally Credit Impaired (POCI) is recognised using the Effective Interest Rate (EIR) method.
- For financial assets that are not "POCI" but have subsequently become credit-impaired (or 'stage-3'), for which interest revenue is calculated by 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

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

**SIGNIFICANT ACCOUNTING POLICIES - (continued)**

assessment approach to allocate the transaction price between multiple performance obligations. If a discount is granted, the same is adjusted against the transaction price of the contract.

**g) Dividend:**

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

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

**h) Property, Plant and Equipment**

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

- i) purchase price,
- ii) taxes and duties,
- iii) labour cost, and
- iv) Directly attributable overheads incurred up to the date the asset is ready for its intended use.
- v) Government grants that are directly attributable to the assets acquired.

However, cost excludes GST, to the extent credit of the duty or tax is availed of.

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

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

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

**i) Depreciation**

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

Description	Years
Factory building and other buildings	5 to 64
Plant and Equipment	4 to 21
Electrical Equipment	15
Furniture and Fixtures	4 to 10
Computers	3 to 4
Mobile phones	1 to 2
Vehicles	5 to 6

- iii) Tools and dies used for two wheelers are depreciated based on quantity of components manufactured and the life of tools and dies, subject to a maximum of 5 years. Tools and dies used for three wheeler operations are depreciated over a period of 9 years.
- iv) The residual value for all the above assets are retained at 5% of the cost except for Mobile phones for which nil residual value is considered. Residual values and useful lives are reviewed, and adjusted, if appropriate, for each reporting period.

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**SIGNIFICANT ACCOUNTING POLICIES - (continued)**

- 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%.

**j) Investment properties**

Property that is held for long term rental yields or for capital appreciation or both, and that is not occupied by the Group is classified as investment property. Investment Property is measured initially at its cost and including related transaction cost where applicable, borrowing cost. Subsequent expenditure is capitalized to the assets carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item is measured reliably.

**k) Intangible assets**

**Goodwill**

Goodwill on acquisition of business is included in intangible assets. Goodwill is not amortized but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.

Goodwill is allocated to the cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or group of cash generating units that are expected to benefit from the business combination in which the goodwill arose. The units or group of units are identified at the lowest level at which goodwill is monitored for internal management purposes, which in our case are the cash generating units.

**Other intangible assets**

Intangible assets acquired separately:

Intangible assets with finite useful lives that are acquired separately and the estimated useful life is more than one year, is capitalised and carried at cost less accumulated amortisation and accumulated impairment losses.

Internally-generated intangible assets - research and development expenditure:

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from development phase of internal project is recognised, if and only if, the conditions under the Ind AS 34 - Intangible Asset, are fulfilled. If the conditions are not fulfilled the same is recognised in profit and loss in the period in which it is incurred.

The intangible assets are amortised on straight line basis over its useful life, viz., 2 years in the case of software, 8 years in case of acquired brands and trade marks and 6 to 10 years in the case of Design, Development and Technical knowhow.

**l) Loans (receivable from financing activity)**

The Loans (receivable from financing activity) are stated the contract value plus transaction costs less origination income that are directly attributable to the acquisition of the loan. Interest income is recognised using the Effective Interest Rate (EIR) method. Loans are stated at carrying value less impairment loss.

**m) Impairment**

At each balance sheet date, the Group assesses whether there is any indication that any property, plant and equipment and intangible assets may be impaired. If any such impairment exists the recoverable amount of an asset is estimated to determine the extent of impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

The group estimates the recoverable amount of the cash-generating unit (CGU's) to which the asset belongs/or the individual and property, plant and equipment and intangible assets.

When necessary, the entire carrying amount of the Equity accounted investments is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's/CGU's fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the

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

**SIGNIFICANT ACCOUNTING POLICIES - (continued)**

time value of money and the risks specific to the asset (or cash generating unit) for which the estimates of future cash flows have not been adjusted.

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**n) Foreign currency translation**

**(i) Functional and presentation currency**

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

**(ii) Transactions and balances**

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

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

**(iii) Group companies**

The results and financial position of foreign operations (none of which has the currency of a hyper inflationary 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.

**o) Hedge accounting**

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

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

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

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

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

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

**SIGNIFICANT ACCOUNTING POLICIES - (continued)**

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).

**p) Inventories**

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

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

Land held for development/sale by the real estate subsidiary is valued at the lower of cost and net realizable value. Cost includes cost of acquisition and all related costs.

**q) Employee benefits**

i) Short term obligations:

Short term obligations are those that are expected to be settled fully within 12 months after the end of the reporting period. They are recognized up to 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 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.

**r) Taxes on income**

Tax expense comprises of (i) current tax and (ii) deferred tax.

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

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the 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)**

**s) Government Grants**

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

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

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

In case of waiver of duty under EPCG licence, such grant is considered as revenue grant and recognized in "Other Income" on completion of export obligation as approved by Regulatory Authorities.

**t) Provisions and contingent liabilities**

**i) Provision:**

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

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

**ii) Contingent liabilities:**

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

**u) Segment reporting**

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

The group has identified the following business segments as reportable segments, (on the basis of products and production process) viz., (1) Automotive vehicles and parts, (2) Automotive components (3) Financial Services and (4) Others

**v) Leases**

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

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

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

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would



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**SIGNIFICANT ACCOUNTING POLICIES - (continued)**

have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

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

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

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

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

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

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

**w) Cash and Cash equivalents**

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

**x) Trade receivables**

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, less provision for impairment.

**y) Contract Liabilities**

A contract liability is the obligation to transfer goods to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the consideration is received. Contract liabilities are recognized as revenue when the Company performs under the contract.

**z) Investments and Other financial assets**

**i) Classification**

The Group classifies its financial assets in the following categories:

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

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

**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) and Note 35 details how the Group determines whether there has been a significant increase in credit risk.

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

For loans given by financial enterprise the impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 35 details how the Group determines whether there has been a significant increase in credit risk.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

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.

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

**SIGNIFICANT ACCOUNTING POLICIES - (continued)**

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

v) Income recognition

**Interest income:**

Interest income from debt instruments is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying value of a financial asset. While calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options), but does not consider the expected credit losses.

**Dividend income:**

Dividends are recognized in statement of profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of dividend can be reliably measured.

**aa) Borrowings**

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

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

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

**ab) Current and Non-current classification**

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

Cash or cash equivalent is treated as current, unless restricted from being exchanged or used to settle a liability for 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.

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

**SIGNIFICANT ACCOUNTING POLICIES - (continued)**

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. In Group's considered view, twelve months is its operating cycle for all entities within the Group other than real estate.

The normal operating cycle in respect of operation relating to real estate project depends on signing of agreement, size of the project, phasing of the project, type of development, project complexities, approvals needed and realization of project into cash and cash equivalents and range from 3 to 7 years. Accordingly, assets and liabilities have been classified into current and non-current based on operating cycle.

**ac) Borrowing cost**

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

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

**ad) Earnings Per Share (EPS)**

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year / period.

Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

## Sundaram-Clayton Limited

### 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	Right Of Use Asset	Total
	1	2	3	4	5	6	7	8	9
Cost of Assets									
As at 01-04-2022	373.04	45.44	1,384.88	4,948.45	142.88	230.22	120.55	768.01	8,013.47
Additions	171.39	–	102.68	613.04	23.78	43.44	45.58	328.48	1,328.39
Foreign currency translation reserve	6.34	–	28.22	40.70	0.80	0.75	(2.47)	–	74.34
Sub-total	550.77	45.44	1,515.78	5,602.19	167.46	274.41	163.66	1,096.49	9,416.20
Sales / deletion	–	–	(1.11)	(143.55)	(1.31)	(12.52)	(10.26)	(1.65)	(170.40)
<b>Total</b>	<b>550.77</b>	<b>45.44</b>	<b>1,514.67</b>	<b>5,458.64</b>	<b>166.15</b>	<b>261.89</b>	<b>153.40</b>	<b>1,094.84</b>	<b>9,245.80</b>
Depreciation / Amortisation									
Upto 31-03-2022	–	1.14	245.60	2,206.89	82.58	156.21	58.35	222.58	2,973.35
For the year									-
Amortisation	–	0.50	62.00	502.31	19.11	24.64	32.94	144.22	785.72
Foreign currency translation reserve	–	–	2.23	5.75	(0.25)	1.23	(1.08)	(35.39)	(27.51)
Sub-total	–	1.64	309.83	2,714.95	101.44	182.08	90.21	331.41	3,731.56
Withdrawn on assets sold / deleted	–	–	(0.25)	(114.28)	(0.80)	(11.41)	(8.32)	–	(135.06)
<b>Total</b>	<b>–</b>	<b>1.64</b>	<b>309.58</b>	<b>2,600.67</b>	<b>100.64</b>	<b>170.67</b>	<b>81.89</b>	<b>331.41</b>	<b>3,596.50</b>
<b>Net carrying amount as at 31-03-2023</b>	<b>550.77</b>	<b>43.80</b>	<b>1,205.09</b>	<b>2,857.97</b>	<b>65.51</b>	<b>91.22</b>	<b>71.51</b>	<b>763.43</b>	<b>5,649.30</b>

#### Goodwill

(i) Goodwill arising on business combination

(ii) Goodwill arising on consolidation

#### Total

**2022-23**      **2021-22**

2.20      2.20

305.62      288.39

**307.82**      **290.59**

#### Capital Work-In-Progress (At Cost)

(i) Building

(ii) Plant & equipment

(iii) Others

#### Total

**2022-23**      **2021-22**

90.27      97.30

271.19      230.45

32.17      1.36

**393.63**      **329.11**

Ageing of Capital work-in-progress as at 31-03-2023:

Particulars	Amount in Capital work-in-progress for a period of				
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Projects in progress	266.00	83.82	21.14	22.67	393.63

Ageing of Intangible assets under development as at 31-03-2023:

Particulars	Amount of Intangible assets under development for a period of				
	< 1 Yr.	1 - 2 years	2 - 3 years	More than 3 years	Total
Projects in progress	290.72	109.39	22.92	4.61	427.64

## Sundaram-Clayton Limited

### Consolidated Financial Statements of Sundaram-Clayton Limited

#### Notes to Financial Statements - (continued)

#### 2 PROPERTY, PLANT & EQUIPMENT – (continued)

(Rupees in crores)

Description	Property, Plant & Equipment								Total
	Freehold land	Leasehold land	Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Vehicles	Right Of Use Asset	
	1	2	3	4	5	6	7	8	
Cost of Assets									
As at 01-04-2021	353.34	45.44	1,006.43	4,181.99	120.17	206.08	75.83	404.96	6,394.24
Incumbent Subsidiaries	–	–	1.22	12.96	1.18	0.92	0.51	–	16.79
Additions	51.90	–	375.02	837.93	23.56	27.70	49.07	364.70	1,729.88
Foreign currency translation reserve	5.85	–	2.21	5.17	0.13	0.71	0.20	–	14.27
Sub-total	411.09	45.44	1,384.88	5,038.05	145.04	235.41	125.61	769.66	8,155.18
Sales / deletion	(38.05)	–	–	(89.60)	(2.16)	(5.19)	(5.06)	(1.65)	(141.71)
<b>Total</b>	<b>373.04</b>	<b>45.44</b>	<b>1,384.88</b>	<b>4,948.45</b>	<b>142.88</b>	<b>230.22</b>	<b>120.55</b>	<b>768.01</b>	<b>8,013.47</b>
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	–	–	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)
<b>Total</b>	<b>–</b>	<b>1.14</b>	<b>245.60</b>	<b>2,206.89</b>	<b>82.58</b>	<b>156.21</b>	<b>58.35</b>	<b>222.58</b>	<b>2,973.35</b>
<b>Net carrying amount as at 31-03-2022</b>	<b>373.04</b>	<b>44.30</b>	<b>1,139.28</b>	<b>2,741.56</b>	<b>60.30</b>	<b>74.01</b>	<b>62.20</b>	<b>545.43</b>	<b>5,040.12</b>

#### Goodwill

(i) Goodwill arising on business combination

(ii) Goodwill arising on consolidation

#### Total

**2021-22**      **2020-21**

2.20      2.20

288.39      110.41

**290.59**      **112.61**

#### Capital Work-In-Progress (At Cost)

(i) Building

(ii) Plant & equipment

(iii) Others

#### Total

**2021-22**      **2020-21**

97.30      44.84

230.45      836.45

1.36      2.08

**329.11**      **883.37**

Ageing of Capital work-in- progress as at 31-03-2022:

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 of Intangible assets under development for a period of				
	< 1 Yr.	1 - 2 years	2 - 3 years	More than 3 years	Total
Projects in progress	198.52	28.22	3.24	1.37	231.35

**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 01-04-2022	189.62	577.97	471.18	1,238.77
Additions	47.20	96.67	1.62	145.49
Foreign Currency translation reserve	—	—	5.24	5.24
Sub-total	236.82	674.64	478.04	1,389.50
Sales / deletion	(41.43)	(1.46)	—	(42.89)
<b>Total</b>	<b>195.39</b>	<b>673.18</b>	<b>478.04</b>	<b>1,346.61</b>
Depreciation / Amortisation				
Upto 31-03-2022	127.78	227.93	12.15	367.86
For the year				
Amortisation	50.85	97.15	52.10	200.10
Foreign Currency translation reserve	(5.87)	(0.02)	(14.54)	(20.43)
Sub-total	172.76	325.06	49.71	547.53
Withdrawn on assets sold / deleted	(20.83)	(1.46)	(15.24)	(37.53)
<b>Total</b>	<b>151.93</b>	<b>323.60</b>	<b>34.47</b>	<b>510.00</b>
<b>Net carrying amount as at 31-03-2023</b>	<b>43.46</b>	<b>349.58</b>	<b>443.57</b>	<b>836.61</b>

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)
<b>Total</b>	<b>189.62</b>	<b>577.97</b>	<b>471.18</b>	<b>1,238.77</b>
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)
<b>Total</b>	<b>127.78</b>	<b>227.93</b>	<b>12.15</b>	<b>367.86</b>
<b>Net carrying amount as at 31-03-2022</b>	<b>61.84</b>	<b>350.04</b>	<b>459.03</b>	<b>870.91</b>



# Sundaram-Clayton Limited

## 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 31.03.2023	As at 31.03.2022			As at 31.03.2023	As at 31.03.2022
1	2	3	4	5	6	7	8
(a)	<b>Investment in Equity Instruments Fair valued through OCI:</b>						
	<b>Quoted:</b>						
(i)	Ucal Fuel Systems Limited, Chennai	91,760	91,760	10.00	INR	1.00	1.03
	<b>Unquoted:</b>						
(ii)	Green Infra BTV Limited, New Delhi	32,50,000	32,50,000	10.00	INR	1.75	1.62
(iii)	Green Infra BTV Limited, New Delhi	45,00,000	45,00,000	10.00	INR	4.50	4.50
(iv)	TVS Lanka (Private) Limited, Colombo	50,00,000	50,00,000	10.00	LKR	4.38	5.75
(v)	Green Infra Wind Power Projects Limited, New Delhi	1,11,600	1,11,600	10.00	INR	0.08	0.08
(vi)	Green Infra Wind Energy Theni Limited, New Delhi	34,34,477	34,34,477	10.00	INR	1.86	1.72
(vii)	Green Infra Wind Power Generation Limited, New Delhi	2,16,000	2,16,000	10.00	INR	0.17	0.16
(viii)	Mulanur Renewable Energy Pvt. Limited, Chennai	15,000	15,000	10.00	INR	0.02	0.02
(ix)	PHI Research Pvt. Limited, New Delhi	3,50,000	3,50,000	10.00	INR	3.36	3.36
(x)	Sai Regency Power Corporation Private Limited, Chennai	3,75,000	3,75,000	10.00	INR	0.38	0.38
(xi)	Adyar Property Holding Company Limited, Chennai (Cost ₹ 6,825)	105	105	100.00	INR	–	–
(xii)	Atria Wind Power Bijapur 1 Limited, Bengaluru	85,788	85,788	10.00	INR	2.00	2.00
(xiii)	Atria Wind Power (Chitradurga) P Ltd, Bengaluru	80,948	80,948	100.00	INR	0.47	0.44
(xiv)	Altizon Systems Private Ltd, Pune	10	10	10.00	INR	0.01	0.01
(xv)	Roppen Transportation Services Private Limited, Hyderabad	10	–	1.00	INR	0.05	–
(xvi)	Roppen Transportation Services Private Limited, Hyderabad §	23,985	–	10.00	INR	113.93	–
(xvii)	Green Infra Wind Energy Generation Limited, Gurugram	23,45,000	–	10.00	INR	2.35	–
(xviii)	ARC Ride Limited, UK	575	–	0.01	GBP	8.47	–
(xix)	ION Mobility Pte Limited, Singapore	31,44,198	–	3.02	USD	76.58	–
(xx)	Tulsyan NEC Limited, Chennai	1,63,125	1,63,125	10.00	INR	0.50	0.50
(xxi)	Nagai Power Private Limited, Hyderabad	1,33,010	1,33,010	10.00	INR	0.13	0.13
	<b>Private equity instruments:</b>						
(xxii)	TVS Shriram Growth fund Scheme 3 of TVS Capital Funds Limited, Chennai	1,71,600	1,00,000	1,000	INR	25.00	14.56
	<b>Total value of Equity Instruments (a)</b>					<b>246.99</b>	<b>36.26</b>
(b)	<b>Investments in Preference Shares: (Unquoted)</b>						
	<b>Fair valued through OCI:</b>						
(i)	Pinnacle Engines Inc., USA (face value 0.01 cent)	24,09,638	24,09,638	0.0001	USD	–	–
(ii)	Axiom Research Labs Private Limited, New Delhi	82	82	10.00	INR	–	–
(iii)	Mottu Holdings Ltd, USA	70,344	70,344	0.0010	USD	16.33	14.79
	<b>Total value of Preference shares (b)</b>					<b>16.33</b>	<b>14.79</b>

§ Preference Shares in the nature of Equity

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

**Notes to Financial Statements - (continued)**

**4 INVESTMENTS - (continued)**

(Rupees in crores)

**A. Non-Current Investments - (continued)**

Sl. No.	Particulars	No. of shares / units		Face Value	Currency	Rupees in crores	
		As at 31.03.2023	As at 31.03.2022			As at 31.03.2023	As at 31.03.2022
1	2	3	4	5	6	7	8
(c)	<b>Other non-current Investments:</b>						
	<b>Investments valued through OCI:</b>						
(i)	Autotech Fund I L.L.P. USA				USD	40.07	52.38
	<b>Pension Funds / Government Securities (Unquoted)</b>						
	<b>Valued at Amortised Cost :</b>						
(ii)	ICICI Prudential Life Insurance Group Superannuation Fund, Mumbai				INR	2.25	6.28
(iii)	Life Insurance Corporation Pension Policy, Mumbai				INR	19.42	19.87
(iv)	ICICI Prudential Life Insurance Group Superannuation Fund, Mumbai				INR	6.39	2.56
(v)	Life Insurance Corporation Pension Policy, Chennai				INR	8.65	10.95
	<b>Debt Instruments</b>						
	<b>Valued at Amortised Cost :</b>						
(vi)	Fabric IOT Private Limited, Bengaluru				INR	16.28	—
	<b>Fair valued through Profit and Loss :</b>						
(vii)	Fabric IOT Private Limited, Bengaluru				INR	45.00	—
(viii)	DAT Bike, Singapore				USD	4.12	—
	<b>Total value of other investments (c)</b>					<b>142.18</b>	<b>92.04</b>
	<b>Total Non-Current Investments (a) + (b) + (c)</b>					<b>405.50</b>	<b>143.09</b>
	Aggregate amount of quoted investments and market value thereof					1.00	1.03
	Aggregate amount of unquoted investments					404.50	142.06
	Aggregate amount of impairment in value of investments					—	—
	<b>Total</b>					<b>405.50</b>	<b>143.09</b>

**B. Current Investments**

Sl. No.	Particulars	No. of shares / units		Face Value	Currency	Rupees in crores	
		As at 31.03.2023	As at 31.03.2022			As at 31.03.2023	As at 31.03.2022
1	2	3	4	5	6	7	8
(a)	<b>Investment in Equity Instruments</b>						
	<b>Fair valued through Profit or Loss:</b>						
	<b>Unquoted:</b>						
(i)	TVS Supply Chain Solutions Limited, Chennai	1,06,62,200	1,06,62,200	1.00	INR	191.91	130.23
	<b>Quoted :</b>						
	<b>Mutual Funds:</b>						
(ii)	IDFC Mutual Fund	6,618	—	10.00	INR	0.80	—
(iii)	SBI Mutual Fund	39,918	—	10.00	INR	10.85	—
	<b>Total Value of Current Investments</b>					<b>203.56</b>	<b>130.23</b>
	Aggregate amount of quoted investments and market value thereof					11.65	—
	Aggregate amount of unquoted investments					191.91	130.23
	Aggregate amount of impairment in value of investments					—	—
	<b>Total</b>					<b>203.56</b>	<b>130.23</b>

## Sundaram-Clayton Limited

### Consolidated Financial Statements of Sundaram-Clayton Limited

#### Notes to Financial Statements - (continued)

(Rupees in crores)

As at  
31.03.2023      As at  
31.03.2022

#### 5 INVESTMENTS ACCOUNTED USING EQUITY METHOD

Emerald Haven Realty Limited, Chennai [11,12,19,512 (last year - 11,12,19,512) Equity shares]	86.93	118.78
Ultraviolette Automotive Private Limited, Bengaluru [14,850 (last year - 14,850) Equity shares]	7.29	8.98
Ultraviolette Automotive Private Limited, Bengaluru [12,316 (last year - 12,316) Preference shares]	110.00	110.00
Predictronics Corp, USA [24,827 (last year - 24,827) Equity shares]	18.89	20.04
Tagbox Solutions Private Limited, Bengaluru [45,710 (last year - 45,710) Equity shares]	0.42	1.37
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]	14.22	14.41
Scienaptic Systems Inc., USA [28,05,357 (last year - 28,05,357) Equity shares]	53.83	57.43
Altizon Inc., USA [8,06,429 (last year - 8,06,429) Equity shares]	23.35	23.82
TVS Training and Services Limited, Chennai [19,06,709 (last year - 27,63,359) Equity shares]	3.63	5.04
Sundram Non Conventional Energy Systems Limited, Chennai [1,17,650 (last year - 1,17,650) Equity shares]	0.94	0.97
DriveX Mobility Private Limited, Coimbatore [9,766 (last year - Nil) Equity shares]	83.61	—
<b>Total</b>	<b>413.10</b>	<b>370.83</b>

#### 6 OTHER NON-CURRENT ASSETS

Capital advances	87.68	59.56
<u>Advances other than capital advances:</u>		
Prepaid expenses	19.04	12.66
Statutory and other deposits	48.80	61.98
<b>Total</b>	<b>155.52</b>	<b>134.20</b>

#### 7 INVENTORIES

Raw materials and components	981.50	897.34
Goods-in-transit - Raw materials and components	107.85	27.57
Work-in-progress	103.81	99.22
Finished goods	493.32	539.74
Stock-in-trade	470.37	276.78
Stores and spares	175.23	172.77
<b>Total</b>	<b>2,332.08</b>	<b>2,013.42</b>

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

**Notes to Financial Statements - (continued)**

(Rupees in crores)

As at  
31.03.2023      As at  
31.03.2022

**8 TRADE RECEIVABLES**

Secured, considered good	11.53	14.11
Unsecured, considered good	1,453.11	1,352.90
Doubtful	57.90	56.23
<b>Total</b>	<b>1,522.54</b>	<b>1,423.24</b>
Less: Allowance for doubtful receivables	(57.90)	(56.23)
<b>Total</b>	<b>1,464.64</b>	<b>1,367.01</b>

Ageing for trade receivables as on 31.03.2023

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
(i) Undisputed trade receivables - Considered good	995.84	410.93	51.25	16.29	23.81	1,498.12
(ii) Undisputed trade receivables - Which have significant increase in credit risk	—	3.32	—	7.03	—	10.35
(iii) Undisputed trade receivables - Credit impaired	—	0.17	0.15	0.05	—	0.37
(iv) Disputed trade receivables - Considered good	0.06	—	—	1.31	11.67	13.04
(v) Disputed trade receivables - Which have significant increase in credit risk	—	—	—	—	—	—
(vi) Disputed trade receivables - Credit impaired	—	0.11	—	—	—	0.11
(vii) Unbilled	—	—	—	—	—	0.55
<b>Total</b>	<b>995.90</b>	<b>414.53</b>	<b>51.40</b>	<b>24.68</b>	<b>35.48</b>	<b>1,522.54</b>

Ageing for trade receivables as on 31.03.2022

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
(i) Undisputed trade receivables - Considered good	1,269.85	82.23	15.00	4.98	18.89	1,390.95
(ii) Undisputed trade receivables - Which have significant increase in credit risk	—	1.23	3.36	7.03	—	11.62
(iii) Undisputed trade receivables - Credit impaired	—	0.15	0.18	0.04	—	0.37
(iv) Disputed trade receivables - Considered good	0.08	0.03	1.43	6.03	6.47	14.04
(v) Disputed trade receivables - Which have significant increase in credit risk	—	—	—	—	—	—
(vi) Disputed trade receivables - Credit impaired	—	—	—	—	—	—
(vii) Unbilled	—	—	—	—	—	6.26
<b>Total</b>	<b>1,269.93</b>	<b>83.64</b>	<b>19.97</b>	<b>18.08</b>	<b>25.36</b>	<b>1,423.24</b>

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

**Notes to Financial Statements - (continued)**

(Rupees in crores)

**9. LOANS (RECEIVABLE FROM FINANCING ACTIVITY)**

Particulars	As at 31-03-2023		As at 31-03-2022	
	Current	Non Current	Current	Non Current
<u>Secured:</u>				
Automobile Financing				
Considered good	7,034.93	8,398.18	4,938.75	5,807.60
Considered Doubtful	290.57	170.75	300.84	156.85
<b>Less: Loss allowance</b>				
Provision for expected credit loss (Refer Note No. 35)	(255.21)	(225.68)	(136.49)	(155.72)
<u>Unsecured:</u>				
Financing (Others)				
Considered good	2,955.17	2,024.62	1,986.55	916.26
Considered doubtful	57.67	40.57	26.74	31.57
<b>Less: Loss allowance</b>				
Provision for expected credit loss	(124.70)	(88.52)	(43.99)	(41.55)
<u>Unsecured and considered good:</u>				
Trade Advance and Term loan				
Considered good	268.54	1.50	224.79	1.44
Considered doubtful	14.15	—	12.98	—
<b>Less: Loss allowance</b>				
Provision for expected credit loss (Refer Note No. 35)	(15.96)	—	(10.93)	—
	<b>10,225.16</b>	<b>10,321.42</b>	<b>7,299.24</b>	<b>6,716.45</b>

**10 CASH AND CASH EQUIVALENTS**

	As at 31.03.2023	As at 31.03.2022
Balances with banks in current accounts	1,874.70	1,447.94
Balances with banks in Fixed deposits / Term deposits	2,019.87	2,303.08
Cheques / drafts on hand	—	0.38
Cash on hand	4.79	2.55
<b>Total</b>	<b>3,899.36</b>	<b>3,753.95</b>

**11 OTHER BANK BALANCES**

Earmarked balances with banks (for unpaid dividend)	7.51	162.83
Balance with banks (with more than 3 months and less than 12 months maturity)	21.78	17.39
<b>Total</b>	<b>29.29</b>	<b>180.22</b>

## Sundaram-Clayton Limited

### Consolidated Financial Statements of Sundaram-Clayton Limited

#### Notes to Financial Statements - (continued)

(Rupees in crores)

As at  
31.03.2023      As at  
31.03.2022

#### 12 FINANCIAL ASSETS - OTHERS

##### Non-Current

Deposits	72.46	22.95
Loans given to employees	3.09	1.88
Claims receivable	37.13	44.88
Derivatives (Forwards, POS, IRS, Call spread)	88.90	67.60
Share application money pending allotment	1.34	–
Bank deposits	0.33	0.24
<b>Total</b>	<b>203.25</b>	<b>137.55</b>

##### Current

##### Unsecured, Considered Good :

Employee Advances	18.35	12.79
Loans and advances - Non Related Parties	16.44	–
Security Deposits	11.05	9.92
Claims receivable	29.79	30.98
Derivative financial instruments - receivable	93.86	18.15
Receivable towards sale of fixed assets	65.55	62.98
Others	10.03	–
<b>Total</b>	<b>245.07</b>	<b>134.82</b>
	<b>448.32</b>	<b>272.37</b>

#### 13 OTHER CURRENT ASSETS

VAT / IT / Excise / GST receivable	505.39	570.79
Prepaid expense	114.03	81.65
Vendor advance	225.92	185.29
Trade Deposits	22.93	3.55
Incentive receivable from Government ^	472.55	110.53
Others	13.46	39.09
<b>Total</b>	<b>1,354.28</b>	<b>990.90</b>

^ Balances Includes EV subsidy receivable of ₹ 448.40 crores (Previous Year ₹ 30.11 crores)

#### 14 SHARE CAPITAL

##### (a) Details of authorised, issued and subscribed share capital

##### (i) Equity Share Capital

Particulars	As at 31-03-2023		As at 31-03-2022	
	Number	Rupees in crores	Number	Rupees in crores
<u>Authorised Capital:</u>				
Equity Shares of ₹ 5/- each	5,00,00,000	25.00	5,00,00,000	25.00
<u>Issued, Subscribed &amp; Paid up Capital:</u>				
Equity Shares of ₹ 5/- each fully paid	2,02,32,085	10.12	2,02,32,085	10.12
	<b>2,02,32,085</b>	<b>10.12</b>	<b>2,02,32,085</b>	<b>10.12</b>

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

**Notes to Financial Statements - (continued)**

(Rupees in crores)

**14 SHARE CAPITAL – (continued)**

**(ii) Preference Share Capital**

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

Note: The company has issued Bonus NCRPS by utilising the reserves as per Composite Scheme of Arrangement (refer note no: 37 (iv)), the same has been accounted as financial liability as per "Ind AS -32 Financial Instruments: Presentation" and disclosed under Current borrowings (refer note no: 19)

**(b) Reconciliation of shares outstanding at the beginning and at the end of the year**

**(i) Equity Share Capital**

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

**(ii) Preference Share Capital**

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

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

- (i) Every shareholder is entitled to such rights as to attend the meeting of the shareholders, to receive dividends distributed and also has a right in the residual interest of the assets of the company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act, 2013.
- (ii) There are no restrictions attached to equity shares.

**ii) Rights and preferences attached to NCRPS:**

The NCRPS do not have voting rights other than in respect of matters directly affecting it. The NCRPS will be redeemed along with coupon at the end of 1 year from the date of allotment.



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

**Notes to Financial Statements - (continued)**

(Rupees in crores)

**14 SHARE CAPITAL – (continued)**

**(d) Details of shares held by holding / ultimate holding / subsidiaries / associates of holding company at the end of 31<sup>st</sup> March 2023 for both Equity and Preference Share Capital**

Name of the shareholder	Relationship	Class of share	As at 31-03-2023		As at 31-03-2022	
			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	1,30,94,460	64.72

Name of the shareholder	Relationship	Class of share	As at 31-03-2023		As at 31-03-2022	
			Number of shares held	% of holding	Number of shares held	% of holding
TVS Holdings Private Limited - Chennai	Holding company	Preference	1,51,89,57,360	64.72	–	–

**(e) Details of shareholders holding more than five percent at the end of 31<sup>st</sup> March 2023 (other than 14 (d)) above**

Name of the shareholder	Class of share	As at 31-03-2023		As at 31-03-2022	
		Number of shares held	% of holding	Number of shares held	% of holding
Sundaram Finance Holdings Limited - Chennai	Equity	15,14,378	7.49	19,69,600	9.74

Name of the shareholder	Class of share	As at 31-03-2023		As at 31-03-2022	
		Number of shares held	% of holding	Number of shares held	% of holding
Sundaram Finance Holdings Limited - Chennai	Preference	17,56,67,848	7.49	–	–

**(f) Details of shares held by promoters as at 31<sup>st</sup> March 2023**

Name of the Promoter	Class of share	As at 31-03-2023		As at 31-03-2022		% Change during the year
		No. of shares held	% of holding	No. of shares held	% of holding	
TVS Holdings Private Limited - Chennai	Equity	1,30,94,460	64.72	1,30,94,460	64.72	0%

Name of the Promoter	Class of share	As at 31-03-2023		As at 31-03-2022		% Change during the year
		No. of shares held	% of holding	No. of shares held	% of holding	
TVS Holdings Private Limited - Chennai	Preference	1,51,89,57,360	64.72	–	–	100%

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

**Notes to Financial Statements - (continued)**

(Rupees in crores)

**15 OTHER EQUITY**

Particulars	As at 31-03-2023	As at 31-03-2022
General Reserve	370.36	595.20
Capital Reserve	98.65	98.65
Securities Premium Reserve	36.42	36.42
Statutory Reserve	42.62	41.48
Retained Earnings	2,536.51	4,233.19
Other Reserves	146.31	64.18
	<b>3,230.87</b>	<b>5,069.12</b>
Non-controlling interest	2,804.16	2,202.63

**16 NON CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS**

Nature	Lenders	As at 31-03-2023	As at 31-03-2022	Status as at 31-03-2023			
				Interest Rate	Frequency	No. of Installments Due	Maturity
<b>Secured Borrowings:</b>							
FCNRB Term Loan - I	Bank	-	15.16	-	-	-	-
FCNRB Term Loan - II	Bank	114.50	134.25	6 M SOFR	Quarterly	19	Dec-27
ECB Loan 1	Bank	-	21.56	-	-	-	-
ECB Loan 3	Bank	40.72	75.43	3 Month USD LIBOR plus Margin	Quarterly	4	Feb-24
ECB Loan 4	Bank	-	227.17	-	-	-	-
ECB Loan 5	Bank	-	151.51	-	-	-	-
ECB Loan 6	Bank	-	151.51	-	-	-	-
ECB Loan 7	Bank	-	189.38	-	-	-	-
ECB Loan 8	Bank	-	189.38	-	-	-	-
ECB Loan 9	Bank	410.43	378.07	6.92%	Bullet	1	Jul-23
ECB Loan 10	Bank	385.94	356.04	6.96%	Bullet	1	Oct-23
ECB Loan 11	Bank	818.90	753.93	6.92%	Bullet	1	Dec-24
Rupee Term loan I	Bank	-	24.92	-	-	-	-
Term loan	Bank	4.58	22.92	MCLR plus margin	Quarterly	1	Jun-23
Term loan	Bank	1.25	5.00	MCLR plus margin	Quarterly	1	Jun-23
Term loan	Bank	9.38	13.13	MCLR plus margin	Quarterly	10	Sep-26
Term Loan	Bank	-	39.99	-	-	-	-
Term Loan	Bank	-	22.50	-	-	-	-
Term Loan	Bank	-	79.98	-	-	-	-
Term Loan	Bank	-	41.66	-	-	-	-
Term Loan	Bank	-	33.33	-	-	-	-
Term Loan	Bank	-	166.67	-	-	-	-
Term Loan	Bank	-	50.00	-	-	-	-
Term Loan	Bank	-	199.98	-	-	-	-
Term Loan	Bank	-	59.99	-	-	-	-
Term Loan	Bank	-	4.93	-	-	-	-
Term Loan	Bank	-	99.93	-	-	-	-
Term Loan	Bank	187.47	249.96	6.3%	Quarterly	6	Sep-24
Term Loan	Bank	250.00	250.00	6.3%	Quarterly	8	Feb-25
Term Loan	Bank	-	83.32	-	-	-	-

**Sundaram-Clayton Limited**

**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 31-03-2023	As at 31-03-2022	Status as at 31-03-2023			
				Interest Rate	Frequency	No. of Installments Due	Maturity
Term Loan	Bank	149.91	249.95	7.5%	Quarterly	6	Sep-24
Term Loan	Bank	208.31	374.96	7.8%	Monthly	15	Jun-24
Term Loan	Bank	250.00	416.67	7.5%	Monthly	18	Sep-24
Term Loan	Bank	145.80	229.17	8.4%	Monthly	21	Dec-24
Term Loan	Bank	337.76	499.89	5.6%	Monthly	25	Apr-25
Term Loan	Bank	567.53	-	6.4%	Monthly	28	Jul-25
Term Loan	Bank	457.58	-	7.3%	Quarterly	12	Feb-26
Term Loan	Bank	91.74	-	7.6%	Monthly	34	Feb-26
Term Loan	Bank	60.00	-	7.8%	Quarterly	12	Mar-26
Term Loan	Bank	87.57	-	7.8%	Monthly	36	Mar-26
Term Loan	Bank	374.18	-	7.3%	Quarterly	12	Apr-26
Term Loan	Bank	499.82	-	7.5%	Quarterly	12	Feb-26
Term Loan	Bank	-	249.78	-	-	-	-
Term Loan	Bank	150.00	150.00	8.8%	Bullet	1	Oct-24
Term Loan	Bank	-	97.50	-	-	-	-
Term Loan	Bank	74.99	174.98	8.4%	Quarterly	3	Nov-23
Term Loan	Bank	149.98	299.96	7.9%	Quarterly	4	Mar-24
Term Loan	Bank	416.63	-	7.7%	Quarterly	10	Aug-25
Term Loan	Bank	249.86	-	7.6%	Quarterly	8	Mar-25
Term Loan	Bank	250.00	-	7.6%	Quarterly	8	Apr-25
Term Loan	Bank	41.67	141.67	8.4%	Monthly	5	Aug-23
Term Loan	Bank	50.00	116.67	8.6%	Monthly	9	Dec-23
Term Loan	Bank	50.00	100.00	8.8%	Half Yearly	2	Feb-24
Term Loan	Bank	24.99	124.94	7.3%	Quarterly	1	May-23
Term Loan	Bank	99.98	199.96	8.8%	Quarterly	4	Mar-24
Term Loan	Bank	33.32	66.63	8.5%	Monthly	12	Mar-24
Term Loan	Bank	249.84	-	7.8%	Quarterly	10	Oct-25
Term Loan	Bank	166.53	249.77	8.0%	Quarterly	8	Mar-25
Term Loan	Bank	120.00	200.00	8.5%	Quarterly	6	Jul-24
Term Loan	Bank	120.00	200.00	8.5%	Quarterly	6	Aug-24
Term Loan	Bank	200.00	200.00	7.0%	Bullet	1	Oct-24
Term Loan	Others	200.00	-	7.6%	Quarterly	5	Apr-24
Term Loan	Bank	499.92	-	7.0%	Quarterly	10	Jul-25
Term Loan	Bank	698.56	-	7.6%	Quarterly	10	Oct-25
Term Loan	Bank	180.00	-	7.0%	Quarterly	9	Apr-25
Term Loan	Bank	300.00	-	7.3%	Half Yearly	4	May-25
Term Loan	Bank	199.97	-	8.0%	Bullet	1	May-24
Term Loan	Bank	499.91	-	7.7%	Quarterly	10	Sep-25
Term Loan	Bank	100.00	-	7.8%	Quarterly	10	Sep-25
Term Loan	Bank	399.91	-	7.8%	Quarterly	10	Oct-25
Term Loan	Bank	249.95	-	7.5%	Bullet	1	Sep-25
Term Loan	Bank	199.91	-	8.0%	Quarterly	10	Sep-25
Term Loan	Bank	300.00	-	8.0%	Quarterly	10	Oct-25
Term Loan	Bank	499.90	-	8.1%	Quarterly	10	Dec-25
Term Loan	Bank	-	199.94	-	-	-	-

**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 31-03-2023	As at 31-03-2022	Status as at 31-03-2023			
				Interest Rate	Frequency	No. of Installments Due	Maturity
Term Loan	Bank	173.69	220.84	3.5%	Half Yearly	4	Dec-24
Term Loan	Bank	196.54	-	SOFR+ Margin	Half Yearly	4	Dec-26
Term Loan	Bank	-	0.08	-	-	-	-
Rupee Term loan II	Bank	75.00	-	3M T.Bill + Margin	Quarterly	17	Dec-28
Term Loan	State owned corporation I	8.12	7.51	0.1%	Bullet	1	Apr-31
Term Loan	Bank	41.92	-	8.5%	Quarterly	12	Nov-2027
Term Loan	State owned corporation II	3.08	2.84	0.1%	Yearly	1	Apr-29
Term Loan	Bank	197.20	-	2.6% per annum over SOFR	Quarterly	12	Dec-27
Term Loan	State owned corporation III	84.68	84.31	0.1%	Yearly	3	Apr-30
Debentures	8.30% Secured Non Convertible Debenture	425.00	-	8.30%	Bullet	1	Oct-24
Debentures	8.15% Secured Non Convertible Debenture	800.00	-	8.15%	Bullet	1	Sep-25
Debentures	8.35% Secured Non Convertible Debenture	-	300.00	-	-	-	-
Debentures	8.35% Secured Non Convertible Debenture	-	25.00	-	-	-	-
Debentures	7.4% Secured Non Convertible Debenture	-	99.99	-	-	-	-
<b>Unsecured Borrowings:</b>							
Non Convertible Debentures	7.5% Non Convertible Debenture	499.93	499.03	7.5%	Bullet	1	May-23
Non Convertible Debentures	7.65% Non Convertible Debenture	99.85	99.70	7.65%	Yearly	2	Aug-25
Non Convertible Debentures	Non Convertible Debentures	124.81	-	Repo rate margin	1	1	Mar-26
Sub Debt	Others	-	24.99	-	-	-	-
Sub Debt	Bank	50.00	49.99	9.7%	Bullet	1	May-23
Sub Debt	Bank	50.00	50.00	8.9%	Bullet	1	Jul-23
Sub Debt	Bank	-	25.00	-	-	-	-
Sub Debt	Bank	-	50.00	-	-	-	-
Sub Debt	Bank	-	50.00	-	-	-	-
Sub Debt	Others	19.76	-	9.40%	Bullet	1	Jun-26
Sub Debt	Others	49.39	-	9.40%	Bullet	1	Jun-26
Sub Debt	Others	95.00	-	9.5%	Bullet	1	Jan-28
Sub Debt	Others	80.00	-	9.5%	Bullet	1	Jan-28
Sub Debt	Others	115.00	-	9.5%	Bullet	1	Jan-28
Sub Debt	Others	110.00	-	9.5%	Bullet	1	Jan-28

**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 31-03-2023	As at 31-03-2022	Status as at 31-03-2023			
				Interest Rate	Frequency	No. of Installments Due	Maturity
Sub Debt	Others	50.00	-	9.4%	Bullet	1	Aug-28
Sub Debt	Others	50.00	-	9.4%	Bullet	1	Aug-28
Sub Debt	Others	50.00	-	9.4%	Bullet	1	Aug-28
Sub Debt	Others	50.00	-	9.4%	Bullet	1	Aug-28
Sub Debt	Bank	99.60	99.30	10.9%	Bullet	1	Aug-24
Sub Debt	Others	128.40	147.93	9.4%	Bullet	1	Aug-26
Sub Debt	Others	64.20	112.91	9.4%	Bullet	1	Aug-26
Sub Debt	Others	34.60	34.34	9.4%	Bullet	1	Jun-26
Sub Debt	Others	100.00	100.00	10.0%	Bullet	1	Jul-26
Sub Debt	Others	99.00	99.00	8.9%	Bullet	1	Jun-27
Sub Debt	Others	35.00	35.00	8.9%	Bullet	1	Jun-27
Sub Debt	Others	35.00	35.00	8.9%	Bullet	1	Jun-27
Sub Debt	Others	30.00	30.00	8.9%	Bullet	1	Jun-27
Sub Debt	Others	200.00	200.00	8.9%	Bullet	1	Jun-27
Sub Debt	Others	50.00	50.00	8.9%	Bullet	1	Jun-27
Perpetual Debt	Others	99.88	99.86	11.5%	Bullet	1	Nov-27
Term Loan	Others	16.12	16.41	0.5%	Annual	10	Nov-31
Term Loan	Bank	-	3.28	-	-	-	-
Term Loan	Bank	17.02	15.58	2.4%	Yearly	7	Dec-29
Term Loan	Bank	-	2.67	-	-	-	-
Term Loan	Bank	3.14	-	SONIA + Margin	Bullet	1	Apr-24
ECB Loan 12	Bank	27.39	75.79	3 Month USD LIBOR plus Margin	Half Yearly	3	Sep-23
Rupee Term loan III	Bank	175.98	185.14	MCLR plus margin	Quarterly	18	Sep-27
Term Loan	Bank	479.93	489.90	6.3%	Quarterly	16	Mar-27
Term loan - II	Bank	199.20	-	8.3%	Quarterly	8	Mar-26
Sales Tax Deferral Phase II	Others	78.64	94.37	0.0%	Annual	6	2027-28
		<b>17,701.26</b>	<b>12,149.80</b>				
Less: Current Maturities of Long Term Borrowings (Refer Note 19)		7,838.03	4,409.17				
<b>Total Non Current Financial Liabilities (Borrowings)</b>		<b>9,863.23</b>	<b>7,740.63</b>				

Details of securities created:

- ECB Loan - 3 - First and exclusive charge on specific plant and equipments of the Company
- ECB Loan 9 - 10 - Hypothecation of receivables under the financing activity of the Company.
- Term Loan received from bank of ₹ 197.20 Crores (in USD) is to be secured by a charge over the subsidiary's plant and machinery.
- Term loan received from bank of ₹ 57.13 crores ( Previous year ₹ 41.05 crores) - charge created on land and building and paripasu charge on plant and machinery.
- Term Loan received from Banks and Other Parties of ₹ 10,443.50 crores inclusive of Current and Non Current Dues (Previous Year: ₹ 5,924.68 Crores as on 31<sup>st</sup> March, 2022) is secured against hypothecation of receivables under the financing activity of the Group.
- Loan from State owned corporation - I & II viz., SIPCOT - First charge on the specific plant and equipment.
- Loan from State owned corporation - III viz., SIPCOT - First charge on the specific plant and equipment and also secured by equitable mortgage created by way of deposit of title deeds of land.
- Debentures of ₹ 1,225.00 crores (Previous Year: ₹ 424.99 crores) secured against hypothecation of receivables under the financing activity of the group.
- Rupee Term loan II - Secured by First and pari passu charge on plant and equipments of the Company.
- FCNRB II is secured by way of hypothecation of all current assets.

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

**Notes to Financial Statements - (continued)**

(Rupees in crores)

**17 PROVISIONS**

Particulars	As at 31-03-2023		As at 31-03-2022	
	Current	Non-current	Current	Non-current
<b>Provision for Employee Benefits</b>				
(a) Pension	52.39	141.30	79.33	144.26
(b) Leave salary	25.71	103.34	8.73	61.40
(c) Gratuity	—	2.66	3.53	8.21
<b>Others</b>				
(a) Warranty	45.16	13.78	34.20	10.33
(b) Disputed tax provided for	2.33	—	2.01	—
<b>Total</b>	<b>125.59</b>	<b>261.08</b>	<b>127.80</b>	<b>224.20</b>

Movement in provision :

Particulars	Warranty	Disputed tax provided for
Opening balance as on 01.04.2022	44.53	2.01
Additional provisions made during the year	14.41	0.32
Amounts utilised	—	—
Closing balance as on 31.03.2023	58.94	2.33

As at 31.03.2023      As at 31.03.2022

**18A DEFERRED TAX ASSETS**

The balance comprises temporary differences attributable to:

Others	18.36	2.60
<b>Total deferred tax liability</b>	<b>18.36</b>	<b>2.60</b>
Deferred tax asset consists of :		
- Depreciation	4.84	5.24
- tax on employee benefit expenses	16.71	11.36
- tax on expected credit losses provision	180.02	101.12
- tax on investment property	14.72	14.72
- tax on carried forward loss	75.35	64.76
- tax on others	32.45	23.28
<b>Total deferred tax assets</b>	<b>324.09</b>	<b>220.48</b>
<b>Deferred tax asset</b>	<b>305.73</b>	<b>217.88</b>

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

**Notes to Financial Statements - (continued)**

(Rupees in crores)

**18A DEFERRED TAX ASSETS - (continued)**

**Movement in deferred tax:**

	Depreciation	Others	Total
<b>As at 01-04-2021</b>	<b>5.07</b>	<b>122.55</b>	<b>127.62</b>
(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
<b>As at 31-03-2022</b>	<b>5.24</b>	<b>212.64</b>	<b>217.88</b>
(Charged) / credited:			
- to profit or loss	(0.40)	85.94	85.54
- to other comprehensive income	—	(2.44)	(2.44)
- to subsidiary incumbent deferred tax asset	—	(0.98)	(0.98)
- to foreign currency translation	—	5.73	5.73
<b>As at 31-03-2023</b>	<b>4.84</b>	<b>300.89</b>	<b>305.73</b>

As at  
31.03.2023      As at  
31.03.2022

**18B DEFERRED TAX LIABILITIES:**

The balance comprises temporary differences attributable to:

Depreciation	350.15	359.83
Others	33.81	26.64
<b>Total deferred tax liability</b>	<b>383.96</b>	<b>386.47</b>
Deferred tax asset consists of :		
- tax on employee benefit expenses	55.99	62.04
- tax on warranty provision	15.59	12.12
- tax on others	86.13	81.11
<b>Total deferred tax assets</b>	<b>157.71</b>	<b>155.27</b>
<b>Deferred tax liability</b>	<b>226.25</b>	<b>231.20</b>

**Movement in deferred tax:**

	Depreciation	Others	Total
<b>As at 01-04-2021</b>	<b>329.76</b>	<b>(87.47)</b>	<b>242.29</b>
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)
<b>As at 31-03-2022</b>	<b>359.83</b>	<b>(128.63)</b>	<b>231.20</b>
Charged / (credited):			
- to profit or loss	(9.68)	11.70	2.02
- to other comprehensive income	—	(6.97)	(6.97)
<b>As at 31-03-2023</b>	<b>350.15</b>	<b>(123.90)</b>	<b>226.25</b>



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

**Notes to Financial Statements - (continued)**

(Rupees in crores)

As at  
31.03.2023      As at  
31.03.2022

**19 FINANCIAL LIABILITIES - BORROWINGS (CURRENT)**

Borrowings repayable on demand from banks

Secured \* 2,549.86      1,552.04

Unsecured 794.62      389.39

Short term loans:

From banks:

Secured —      150.00

Unsecured 238.30      —

From others (unsecured) 1,382.04      1,788.69

9% Cumulative Non-Convertible Redeemable Preference Shares (Refer Note 14) 2,346.92      —

Current Maturities of long term borrowings 7,838.03      4,409.17

**Total Borrowings under Current Liabilities** **15,149.77      8,289.29**

\* Details of securities created for loans repayable on demand:

First charge by way of hypothecation and / or pledge of current assets viz., inventories of raw materials, semi finished and finished goods, stores and spares not relating to plant and machinery, bills receivable, book debts and all other movable assets located in all plants.

Short term borrowings from banks of a subsidiary include :

- a) A loan of ₹ 31.78 crores in USD obtained from a bank, secured by a letter of credit issued by a bank in India.
- b) A loan of ₹ 8.25 crores in USD and ₹ 8.21 crores in IDR 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 ₹ 2,460.16 crores obtained are secured by hypothecation of receivables under the financing activity of the Subsidiary.
- d) Cash credit and working capital loan of ₹ 207.03 crores obtained are secured by hypothecation of receivables and inventories of the Subsidiary, both present and future.

As at  
31.03.2023      As at  
31.03.2022

**20 TRADE PAYABLES**

**Current**

Dues to Micro and Small Enterprises \*\* 100.85      79.89

Dues to enterprises other than Micro and Small Enterprises 5,373.42      4,829.73

**Total trade payables** **5,474.27      4,909.62**

\*\* Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information received by the management. The entire closing balance represents the principal amount payable to the enterprises. There are no undisputed overdues on Principal and no interest due or outstanding.

## Sundaram-Clayton Limited

### Consolidated Financial Statements of Sundaram-Clayton Limited

#### Notes to Financial Statements - (continued)

(Rupees in crores)

Ageing for Trade Payables as on 31.03.2023

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
MSME	100.70	—	—	—	100.70
Others	4,704.08	19.80	9.40	25.59	4,758.87
Disputed Dues - MSME	—	0.03	0.05	0.07	0.15
Disputed Dues - Others	—	—	—	—	—
Accrued Expenses	—	—	—	—	614.55
<b>Total</b>	<b>4,804.78</b>	<b>19.83</b>	<b>9.45</b>	<b>25.66</b>	<b>5,474.27</b>

Ageing for Trade Payables as on 31.03.2022

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
MSME	79.65	0.09	—	—	79.74
Others	4,130.35	4.68	7.69	20.85	4,163.57
Disputed Dues - MSME	0.03	0.05	0.07	—	0.15
Disputed Dues - Others	—	—	—	—	—
Accrued Expenses	—	—	—	—	666.16
<b>Total</b>	<b>4,210.03</b>	<b>4.82</b>	<b>7.76</b>	<b>20.85</b>	<b>4,909.62</b>

As at  
31.03.2023      As at  
31.03.2022

#### 21 OTHER FINANCIAL LIABILITIES

##### Non-Current

Others	47.82	55.44
<b>Total</b>	<b>47.82</b>	<b>55.44</b>

##### Current

Interest accrued but not due on loans	207.68	116.35
Trade deposits received	98.57	120.09
Unclaimed Dividends	5.25	5.06
(Not due for transfer to Investor Education and Protection Fund)		
Dividend declared but not paid	—	143.29
Payables against capital goods	47.05	36.26
Liabilities for expenses	48.56	3.15
Derivative Instruments - Payable	6.31	0.18
<b>Total other current financial liabilities</b>	<b>413.42</b>	<b>424.38</b>

#### 22 OTHER CURRENT LIABILITIES

Statutory dues	233.66	185.12
Employee related	310.71	231.06
Advance received from customers	355.81	274.48
Deferred income - Government grants	48.45	14.17
<b>Total other current liabilities</b>	<b>948.63</b>	<b>704.83</b>

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

**Notes to Financial Statements - (continued)**

(Rupees in crores)

	Year ended 31.03.2023	Year ended 31.03.2022
<b>23 REVENUE FROM OPERATIONS</b>		
Sale of products	28,918.84	22,382.42
Sale of services	76.83	132.38
Interest income of financial enterprise	3,755.51	2,446.59
Other operating revenue	813.03	629.26
<b>Total revenue</b>	<b>33,564.21</b>	<b>25,590.65</b>
<b>24 OTHER INCOME</b>		
Dividend income	0.02	4.16
Interest income	12.63	9.32
Profit on sale of Investments	22.97	0.23
Profit on sale of property, plant and equipment	2.95	2.59
Increase in Fair value of Investments	61.69	0.57
Provision no longer required	–	4.45
Gain on foreign currency transactions and translation	8.89	–
Other non-operating income	16.97	13.18
<b>Total other income</b>	<b>126.12</b>	<b>34.50</b>
<b>25 COST OF MATERIALS CONSUMED</b>		
Opening stock of raw materials and components	897.34	773.14
Add: Purchases	20,863.63	16,553.80
	21,760.97	17,326.94
Less: Closing stock of raw materials and components	981.50	897.34
<b>Consumption of raw materials and components</b>	<b>20,779.47</b>	<b>16,429.60</b>
<b>Purchases of stock-in-trade</b>	<b>894.62</b>	<b>579.04</b>
<b>Changes in inventories of finished goods, work-in-progress and stock-in-trade:</b>		
Opening stock:		
Work-in-progress	99.22	66.40
Stock-in-trade	276.78	85.49
Finished goods	539.74	430.14
<b>Total</b>	<b>915.74</b>	<b>582.03</b>
	(A)	
Closing stock:		
Work-in-progress	103.81	99.22
Stock-in-trade	470.37	276.78
Finished goods	493.32	539.74
<b>Total</b>	<b>1,067.50</b>	<b>915.74</b>
	(B)	
<b>Changes in inventories</b>	<b>(151.76)</b>	<b>(333.71)</b>
	(A)-(B)	

## Sundaram-Clayton Limited

### Consolidated Financial Statements of Sundaram-Clayton Limited

#### Notes to Financial Statements - (continued)

	(Rupees in crores)	
	Year ended 31.03.2023	Year ended 31.03.2022
<b>26 EMPLOYEE BENEFIT EXPENSE (refer Note no: 38)</b>		
Salaries, wages and bonus	2,746.91	1,998.98
Contribution to provident and other funds	189.13	147.53
Welfare expenses	232.94	183.65
<b>Total employee benefit expense</b>	<b>3,168.98</b>	<b>2,330.16</b>
<b>27 FINANCE COSTS</b>		
Interest	1,370.21	889.81
Other borrowing cost	11.56	58.59
Interest on lease liabilities	42.48	36.99
Exchange differences	0.24	(0.26)
<b>Total finance costs</b>	<b>1,424.49</b>	<b>985.13</b>
<b>28 DEPRECIATION AND AMORTISATION EXPENSE</b>		
Depreciation on Property, Plant and Equipment	785.72	730.32
Amortisation on Intangible assets	200.10	114.26
<b>Total depreciation and amortisation expense</b>	<b>985.82</b>	<b>844.58</b>
<b>29 OTHER EXPENSES *</b>		
Consumption of stores, spares and tools	133.04	129.32
Power and fuel	262.47	234.29
Repairs - buildings	48.04	34.41
Repairs - plant and equipment	167.68	127.09
Insurance	48.60	43.79
Rates and taxes (excluding taxes on income)	22.50	25.32
Audit fees	3.44	3.56
Packing and freight charges	648.64	647.75
Advertisement and publicity	384.75	327.48
Other marketing expenses	377.66	227.64
Loss on sale of property, plant and equipment	—	3.89
Loss allowance for expected credit losses relating to loans	629.14	554.14
Corporate social responsibility expenditure	24.45	20.81
Contributions to electoral trust	5.00	5.00
Miscellaneous expenses (under this head there is no expenditure which is in excess of 1% of revenue from operations or ₹ 10 lakh, whichever is higher)	1,869.10	1,213.16
<b>Total other expenses</b>	<b>4,624.51</b>	<b>3,597.65</b>

\* Net of recoveries and claims made

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

**Notes to Financial Statements - (continued)**

(Rupees in crores)

	Year ended 31.03.2023	Year ended 31.03.2022
<b>29A EXCEPTIONAL ITEMS</b>		
Interest Income	111.87	47.92
Voluntary separation costs	(18.97)	(18.39)
Interest expenses of Bonus 9% Cumulative Non-Convertible Redeemable Preference Shares	(4.05)	—
Covid-19 expenses	—	(41.48)
<b>Total exceptional items</b>	<b>88.85</b>	<b>(11.95)</b>
<b>30 CURRENT TAX</b>		
Current tax on profits for the year	767.48	387.00
Adjustments for current tax of prior periods	(3.81)	0.06
<b>Total current tax</b>	<b>763.67</b>	<b>387.06</b>
<b>31 DEFERRED TAX</b>		
Decrease / (increase) in deferred tax assets	(85.54)	(50.26)
(Decrease) / increase in deferred tax liabilities	2.02	22.91
<b>Total deferred tax expense / (benefit)</b>	<b>(83.52)</b>	<b>(27.35)</b>
<b>Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:</b>		
Profit before income tax expense	2,013.32	1,184.20
<b>Tax at the Indian tax rate of 25.17%</b>	<b>506.75</b>	<b>298.06</b>
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Capital Receipts	(1.63)	(16.38)
Timing difference on subsidiaries losses	157.88	56.53
Expenses wholly/partially not allowed for deductions	5.27	19.38
Others	11.88	2.12
<b>Income tax expense</b>	<b>680.15</b>	<b>359.71</b>
<b>32 EARNINGS PER SHARE</b>		
(a) Basic and diluted earnings per share attributable to the equity holders of the Company	321.10	217.84
(b) Profit attributable to equity holders of the Company used as the numerator in calculating basic and diluted earnings per share	649.65	440.74
(c) Weighted average number of equity shares used as the denominator in calculating basic and diluted earnings per share	2,02,32,085	2,02,32,085

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

**Notes to Financial Statements - (continued)**

(Rupees in crores)

**33 FAIR VALUE MEASUREMENTS**

Financial instruments by category	March 31, 2023			March 31, 2022		
	FVTPL*	FVOCI*	Amortised cost	FVTPL	FVOCI	Amortised cost
<b>Financial assets</b>						
Investments						
- Equity instruments	191.91	221.99	—	130.23	36.26	—
- Preference shares	—	16.33	—	—	14.79	—
- Others	60.77	65.07	52.99	—	52.38	39.66
Trade receivables	—	—	1,464.64	—	—	1,367.01
Loans (Receivable from financing activity)	—	—	20,546.58	—	—	14,015.69
Other Bank balances	—	—	3,928.65	—	—	3,934.17
Derivative financial assets	—	88.90	—	5.09	80.66	—
Security Deposits	—	—	83.51	—	—	22.95
Other Financial assets	—	—	275.91	—	—	163.67
<b>Total financial assets</b>	<b>252.68</b>	<b>392.29</b>	<b>26,352.28</b>	<b>135.32</b>	<b>184.09</b>	<b>19,543.15</b>
<i>Financial liabilities</i>						
Borrowings	—	—	25,013.00	—	—	16,029.92
Trade Payables	—	—	5,474.27	—	—	4,909.62
Derivative Financial Liability	—	6.31	—	—	0.18	—
Other Financial Liability	—	—	1,231.12	—	—	1,042.27
<b>Total financial liabilities</b>	<b>—</b>	<b>6.31</b>	<b>31,718.39</b>	<b>—</b>	<b>0.18</b>	<b>21,981.81</b>

\* FVTPL - Fair Valued Through Profit and Loss      FVOCI - Fair Valued Through Other Comprehensive Income

**(i) Fair value hierarchy**

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

**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 2023	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Financial Investments at FVTPL	4	11.65	–	241.03	252.68
Financial Investments at FVOCI	4	1.00	65.07	237.32	303.39
Derivatives designated as hedges	12	–	88.90	–	88.90
<b>Total financial assets</b>		<b>12.65</b>	<b>153.97</b>	<b>478.35</b>	<b>644.97</b>
<b>Financial Liabilities</b>					
Derivatives	21	–	6.31	–	6.31
<b>Total financial liabilities</b>		<b>–</b>	<b>6.31</b>	<b>–</b>	<b>6.31</b>

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

At 31 March 2023	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Investments					
Debt Instruments	4	–	–	52.99	52.99
<b>Total financial assets</b>		<b>–</b>	<b>–</b>	<b>52.99</b>	<b>52.99</b>
<b>Financial Liabilities</b>					
Borrowings	16 & 19	–	–	25,013.00	25,013.00
<b>Total financial liabilities</b>		<b>–</b>	<b>–</b>	<b>25,013.00</b>	<b>25,013.00</b>

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

At 31 March 2022	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Financial Investments at FVTPL	4	–	–	130.23	130.23
Financial Investments at FVOCI	4	1.03	66.94	35.46	103.43
Derivatives designated as hedges	12	–	85.75	–	85.75
<b>Total financial assets</b>		<b>1.03</b>	<b>152.69</b>	<b>165.69</b>	<b>319.41</b>
<b>Financial liabilities</b>					
Derivatives	21	–	0.18	–	0.18
<b>Total financial liabilities</b>		<b>–</b>	<b>0.18</b>	<b>–</b>	<b>0.18</b>

**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
<b>Financial assets</b>					
Investments					
Debt Instruments	4	–	–	39.66	39.66
<b>Total financial assets</b>		<b>–</b>	<b>–</b>	<b>39.66</b>	<b>39.66</b>
<b>Financial Liabilities</b>					
Borrowings	16 & 19	–	–	16,029.92	16,029.92
<b>Total financial liabilities</b>		<b>–</b>	<b>–</b>	<b>16,029.92</b>	<b>16,029.92</b>



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

**Notes to Financial Statements - (continued)**

(Rupees in crores)

**33 FAIR VALUE MEASUREMENTS - (continued)**

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

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

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, preference shares and other non current investments included in level 3.

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

**(ii) Valuation technique used to determine fair value (Level 2)**

Specific valuation techniques used to value financial instruments include:

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

**(iii) Fair value measurement using significant unobservable inputs (Level 3)**

Particulars	Unlisted Equity Shares	Preference Shares	Debt Instruments	Total
<b>As at 31-03-2021</b>	<b>22.02</b>	<b>—</b>	<b>—</b>	<b>22.02</b>
Additions / (deletions)	130.47	14.79	—	145.26
Reclassified from amortised cost	12.69	—	—	12.69
Gains / (losses) recognised in profit or loss	0.23	—	—	0.23
Gains / (losses) recognised in other comprehensive income	(14.51)	—	—	(14.51)
<b>As at 31-03-2022</b>	<b>150.90</b>	<b>14.79</b>	<b>—</b>	<b>165.69</b>
Additions / (deletions)	201.46	—	—	201.46
Gains / (losses) recognised in profit or loss	61.69	—	49.12	110.81
Gains / (losses) recognised in other comprehensive income	(1.15)	1.54	—	0.39
<b>As at 31-03-2023</b>	<b>412.90</b>	<b>16.33</b>	<b>49.12</b>	<b>478.35</b>

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

**Notes to Financial Statements - (continued)**

(Rupees in crores)

**33 FAIR VALUE MEASUREMENTS - (continued)**

**(iv) Valuation inputs & relationships to fair value**

Particulars	Fair value as at *		Significant unobservable input	Probability weighted range for the year ended	
	31-Mar-23	31-Mar-22		31-Mar-23	31-Mar-22
Unquoted Equity shares	412.90	150.90	a) Earnings growth rate b) Risk adjusted discount rate	1-3% 8%	1-3% 8%
Preference Share	16.33	14.79	a) Earnings growth rate b) Risk adjusted discount rate	1-3% 8%	1-3% 8%
Debt Instrument	49.12	–	a) Earnings growth rate b) Risk adjusted discount rate	1-3% 8%	1-3% 8%

\* Sensitivity is not significant.

**(v) Valuation processes**

Discount rates are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset. Earnings growth factor of preference shares are based on cash flow projections of future earnings of the Company and unlisted equity securities are estimated based on market information for similar types of companies.

Risk adjustments have been derived based on the market risk premium adjusted for companies relevant financial data.

**(vi) Fair value of financial assets and liabilities measured at amortised cost**

Particulars	31-Mar-23		31-Mar-22	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Others	52.99	52.99	39.66	39.66
<b>Total financial assets</b>	<b>52.99</b>	<b>52.99</b>	<b>39.66</b>	<b>39.66</b>
<b>Financial Liabilities</b>				
Borrowings	25,013.00	25,013.00	16,029.92	16,029.92
<b>Total financial liabilities</b>	<b>25,013.00</b>	<b>25,013.00</b>	<b>16,029.92</b>	<b>16,029.92</b>

The carrying amounts of trade receivables, trade payables, cash and cash equivalents and other current financial assets and liabilities are considered to be the same as their fair values, due to their short-term nature.

The fair values for Preference shares and other debt instruments were calculated based on cash flows discounted using a current lending rate, which approximates the carrying value. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs, including counterparty credit risk.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate, which approximates the carrying value. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including own credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

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

**Notes to Financial Statements - (continued)**

(Rupees in crores)

**34 FINANCIAL RISK MANAGEMENT**

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

Risk	Exposure arising from	Risk Parameters and Mitigation
Market Risk - Foreign exchange		i) The Group operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions. ii) Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Group's functional currency (INR). iii) The risk is measured through a forecast of highly probable foreign currency cash flows. The Group has a forex management policy which is duly approved by the Board. iv) The objective of the hedges when taken is to minimise the volatility of the INR cash flows of highly probable forecast transactions.
Market Risk - Interest rate	Foreign currency denominated borrowings	i) The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. ii) Group's policy is to maintain most of its borrowings at fixed rate using interest rate swaps to achieve this when necessary. iii) The Group's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.
Market Risk - Foreign Currency	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.
Market Risk - Foreign Currency	Foreign currency denominated borrowings	The Group has hedged its borrowings by covering the principal repayments.
Liquidity Risk	INR denominated borrowings [Other than soft loans given by Govt. Authorities)	i) The Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans. ii) The Group prepares a detailed annual operating plans to assess the fund requirements - both short term and long term. iii) Detailed month wise cash flow forecast is also carried out along with required sensitivities. Based on these factors adequate working capital credit limits are organised in advance. iv) Group has pre-approved credit lines with various banks and these are constantly reviewed and approved by the Board. v) For long term fund requirements, Group targets various options such as rupee term loan, external commercial borrowing, debentures etc. vi) The Group obtains a credit rating for the various borrowing facilities on annual basis. Group constantly monitors the free cash flow from operations to ensure that the borrowing is minimized.
Credit Risk		i) Credit risk primarily arises from cash and cash equivalents, trade receivables and investments carried at amortised cost. ii) The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. iii) To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. iv) It considers available reasonable and supportive forwarding-looking information (more specifically described below). In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due. v) A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

**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
a.	Cash and Cash Equivalents	Surplus cash is deposited only with banks / financial institutions with a high external credit rating
b.	Domestic Trade Receivables	i) Domestic sales to the Dealers are based on advance payments received through banking channels or through inventory funding facilities availed by them from the banks. ii) The Group extends limited credit to the dealers and such extension of credit is based on dealers' credit worthiness, ability to repay and past track record. iii) The Group has extensive reporting systems and review to constantly monitor the outstandings. 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.
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.

**(A) Credit risk (Except Loans from Financing Activity covered under Note No. 35)**

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	52.99	0%	—	52.99
	1	Other financial assets	359.42	0%	—	359.42

**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	995.90	526.64	1,522.54
Expected loss rate	0.02%	10.98%	–
Expected credit losses	0.15	57.75	57.90
Carrying amount of trade receivables	995.75	468.89	1,464.64

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	39.66	0%	–	39.66
	1	Other financial assets	186.62	0%	–	186.62

b) Expected credit loss for trade receivables under simplified approach

Particulars	0 to 180 days past due	More than 180 days past due	Total
Gross carrying amount	1,269.85	153.39	1,423.24
Expected loss rate	0.0%	37%	–
Expected credit losses	–	56.23	56.23
Carrying amount of trade receivables	1,269.85	97.16	1,367.01

**Reconciliation of loss allowance provision - Trade receivables**

Loss allowance March 31, 2021	52.11
Changes in loss allowance	4.12
Loss allowance March 31, 2022	56.23
Changes in loss allowance	1.67
Loss allowance March 31, 2023	57.90

**(B) Liquidity risk**

(i) Financing arrangements

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

	31-Mar-23	31-Mar-22
<b>Floating rate</b>		
- Expiring within one year (bank overdraft and other facilities)	4,994.83	4,028.27
- Expiring beyond one year (bank loans)	–	–

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

**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-23

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings (Principal portion)	3,729.46	1,785.62	9,615.18	9,596.65	291.57	25,018.48
Trade payables	4,892.29	290.86	291.12	–	–	5,474.27
Lease Liabilities	52.60	50.09	97.41	615.21	75.28	890.59
Other financial liabilities	453.51	–	1.42	–	–	454.93
Derivatives	6.31	–	–	–	–	6.31

31-Mar-22

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings (Principal portion)	3,601.51	1,285.72	3,409.14	7,084.02	662.84	16,043.23
Trade payables	4,713.19	74.57	118.95	2.91	–	4,909.62
Lease Liabilities	37.81	37.61	72.71	439.92	79.18	667.23
Other financial liabilities	430.09	29.13	9.86	9.85	–	478.93
Derivatives	0.07	0.11	–	0.71	–	0.89

Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

**(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-23		31-Mar-22	
	USD	EUR	USD	EUR
<u>Financial Assets</u>				
Trade receivables	1,481.68	125.72	1,049.77	119.91
Investments	137.10		67.17	–
Hedges:				
Derivatives - Forward contracts	(842.52)	(62.74)	(1,578.98)	(63.38)
<u>Financial liabilities</u>				
Foreign currency loan	3,087.00	–	2,914.63	–
Trade payables	564.64	10.23	298.29	7.38
Hedges:				
Derivatives - Forward contracts and principal swap	(2,669.96)	0.35	(2,494.33)	0.01

**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 and the impact on other components of equity arises from foreign forward exchange contracts designated as cash flow hedges.

Particulars	Impact on profit after tax*		Impact on other components of equity*	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
<b>USD sensitivity</b>				
INR / USD Increases by 10%	41.86	34.40	(54.90)	(103.92)
INR / USD Decreases by 10%	(41.86)	(34.40)	54.90	103.92
SGD / USD increases by 10%	3.40	–	6.28	–
SGD / USD decreases by 10%	(3.40)	–	(6.28)	–
IDR / USD increases by 10%	(10.38)	(12.19)	–	–
IDR / USD decreases by 10%	10.38	12.19	–	–
<b>EURO sensitivity</b>				
INR / EURO Increases by 10%	8.50	8.14	(4.25)	(4.35)
INR / EURO Decreases by 10%	(8.50)	(8.14)	4.25	4.35

\* Holding all other variables constant

**ii) Interest Rate risk**

Domestic borrowings are based on fixed / variable rate of interest. Normally, for variable short term borrowings, respective geographies' bank lending rate plus margin is followed. Whenever the Group resorts to short term borrowing through Commercial Paper, the rate of interest is fixed in advance. In respect of long term foreign currency borrowings, the interest rates are covered through interest rate swaps (IRS).

	31-Mar-23	31-Mar-22
Variable rate borrowings	10,103.52	7,450.40
Fixed rate borrowings	14,910.01	8,579.52

Sensitivity	Impact on profit after tax	
	31-Mar-23	31-Mar-22
Increase in interest rates by 100 bps	(76.57)	(51.31)
Decrease in interest rates by 100 bps	76.57	51.31

**iii) Price risk**

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



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

**Notes to Financial Statements - (continued)**

(Rupees in crores)

**34 FINANCIAL RISK MANAGEMENT – (continued)**

**(D) Impact of hedging activities**

i) Disclosure of effects of hedge accounting on financial position

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

Type of hedge and risks	Nominal value		Carrying amount hedging instrument		Maturity Date	Changes in fair value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Cash flow hedge							
(i) Foreign exchange forward contracts, PCFC	1,172.35	4.14	3.35	0.37	Apr'23 to Jun'23	2.83	(2.83)
(ii) Principal only swaps & Interest rate swaps	–	2,710.70	173.47	–	Jun'23 to Dec'27	169.43	(169.43)

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

Type of hedge and risks	Nominal value		Carrying amount hedging instrument		Maturity Date	Changes in fair value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Cash flow hedge							
(i) Foreign exchange forward contracts, PCFC	1,724.93	0.95	5.06	0.37	Apr'22 to Dec'22	4.54	(4.54)
(ii) Principal only swaps & Interest rate swaps	–	2,535.05	84.43	2.85	Apr'22 to Dec'24	77.54	(77.54)

ii) Disclosure of effects of hedge accounting on financial performance :

a) for the year ended 31-03-2023

Type of hedge	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedging reserve to statement of profit and loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge : Foreign exchange forward contracts, PCFC & Interest Rate Swap	(5.53)	–	(21.55)	Revenue and Borrowing Cost

b) for the year ended 31-03-2022

Type of hedge	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedging reserve to statement of profit and loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge : Foreign exchange forward contracts, PCFC & Interest Rate Swap	11.25	–	(18.90)	Revenue and Borrowing Cost

**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**

**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.

Particulars	As at 31-03-2023	As at 31-03-2022
Gross carrying value of loan assets:		
Stage-1 (less than 30 days)	19,693.40	12,778.25
Stage-2 (30-90 days) #	989.54	1,097.14
Stage-3 (more than 90 days)*	573.71	528.98
Total gross carrying value on reporting date	21,256.65	14,404.37

# Includes restructured contracts under one time resolution framework vide RBI circular dated August 6, 2020 and RBI/2 021- 22/31/ DOR.STR.REC.11 /21.04.048/2021-22 dated 5 May 2021 irrespective of days past due on the reporting date.

\* Includes restructured contracts under Prudential Framework for Resolution of Stressed Assets vide circular RBI/2018-19/203 DBR.No.BP.BC.45/21.04.048/2018-19 dated 7<sup>th</sup> 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.

**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)**

**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 between March 1, 2020 and August 31, 2020 to all eligible borrowers. The Company has extended One-Time Resolution framework as for CoVID-19-related Stress to eligible customers as per applicable RBI guidelines and as per the policy of the Company. The Company has classified all restructured accounts done under Prudential Framework for Resolution of Stressed Assets vide circular RBI/2018-19/203 DBR.No.BP.BC.45/21.04.048/2018-19 dated 7th June 2019 in Stage 3 and with regard to restructured contracts done under one time resolution framework vide RBI circular dated August 6, 2020 and RBI/2 021- 22/31/DOR.STR.REC.11 /21.04.048/2021-22 dated 5 May 2021 in Stage 2 irrespective of days past due status on the reporting date.

CoVID-19 (including second wave) has severe impact on global as well as domestic macro and micro economies, businesses and consumers. Due to this uncertainty, Company's assessments of impairment loss allowance on its loans are subject to a number of management judgements and estimates. Since the Company's impairment loss allowance estimates are inherently uncertain, actual results may differ from these estimates.

**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 <sup>st</sup> March 2023	19,693.40	989.54	573.71	21,256.65
Expected Credit Loss	264.74	138.78	306.54	710.06
Expected Credit Loss Rate	1.34%	14.02%	53.43%	3.34%
Net of impairment provision	19,428.66	850.76	267.17	20,546.59

**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	Stage 1	Stage 2	Stage 3	Total
Gross Balance as at 31 <sup>st</sup> 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

Reconciliation of Expected Credit Loss

Particulars	Stage 1	Stage 2	Stage 3	Grand Total
<b>Balance as at 1<sup>st</sup> April 2021</b>	<b>81.90</b>	<b>42.35</b>	<b>165.43</b>	<b>289.68</b>
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
<b>Balance as at 31<sup>st</sup> March 2022</b>	<b>87.82</b>	<b>33.25</b>	<b>267.61</b>	<b>388.68</b>
Transfer to Stage 1	(6.38)	3.96	2.42	—
Transfer to Stage 2	2.16	(8.41)	6.25	—
Transfer to Stage 3	11.64	2.96	(14.60)	—
Loan that have derecognised during the period	(22.10)	(9.86)	(141.35)	(173.31)
New Loans originated during the year	118.95	46.44	48.07	213.46
Net Remeasurement of Loss Allowance	72.66	70.44	138.14	281.24
<b>Balance as at 31<sup>st</sup> March 2023</b>	<b>264.75</b>	<b>138.78</b>	<b>306.54</b>	<b>710.07</b>

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-23	31-Mar-22
South	8,472.49	5,620.71
West	5,917.79	3,870.73
East	3,307.58	2,517.92
North	3,558.79	2,395.02
<b>Total Loans as at reporting period</b>	<b>21,256.65</b>	<b>14,404.38</b>

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

**Notes to Financial Statements - (continued)**

(Rupees in crores)

**36 CAPITAL MANAGEMENT**

**(a) Risk management**

The Group's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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

Net debt (total borrowings net of cash and cash equivalents) divided by Total 'equity' (as shown in the balance sheet).

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

Particulars	31-Mar-23	31-Mar-22
Net debt	20,786.59	14,579.05
Total equity	6,045.15	7,281.87
<b>Net debt to equity ratio</b>	<b>3.44</b>	<b>2.00</b>

The Group also monitors interest coverage ratio :

Group's Earnings Before Interest and Taxes (EBIT) divided by interest .

The Group's strategy is to maintain a optimum interest coverage ratio. The interest coverage ratio were as follows:

Particulars	31-Mar-23	31-Mar-22
EBIT	3,437.81	2,169.33
Interest	1,424.49	985.13
<b>Interest coverage ratio</b>	<b>2.41</b>	<b>2.20</b>

**(b) Dividends**

Particulars	31-Mar-23	31-Mar-22
<i>(i) Equity shares</i>		
Dividend paid for the year ended 31 March 2023 of ₹ 59 per fully paid share during 2022-23	119.37	—
Dividend paid for the year ended 31 March 2022 of ₹ 44 per fully paid share during 2021-22	—	89.02
<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-23	31-Mar-22
(i) Claims against the company not acknowledged as debt		
- Income tax	81.61	61.05
- Service tax	8.65	1.53
- Value added tax / Sales tax	2.93	2.19
- Excise	52.44	53.05
- Customs	39.67	40.63
- GST <sup>#</sup>	63.40	2.82
- Others	4.04	—
(ii) Guarantees excluding Financial Guarantees	—	0.59
(iii) Other money for which the Company is contingently liable	151.38	252.27
<b>Total</b>	<b>404.12</b>	<b>414.13</b>

<sup>#</sup> The Company is in the process of filing the appeals with the respective appellate authorities. These appeals are proposed to be filed within the respective due dates.

**(ii) Capital commitments**

Details	31-Mar-23	31-Mar-22
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	492.08	261.27
(ii) Investments	6.74	13.60
(iii) Undrawn Loans sanctioned to customers by financial enterprise	43.58	—

**(iii) Borrowing Costs Capitalised :**

Borrowing cost capitalised during the year ₹ 0.89 Cr (last year - ₹ 13.81 Cr)

The interest rate used for capitalisation:

- Interest rate of 8.20% for borrowing cost of ₹ 0.89 Cr.

**(iv) Composite scheme of arrangement :**

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

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

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

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

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

**Notes to Financial Statements - (continued)**

(Rupees in crores)

**37 OTHER DISCLOSURES - (continued)**

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

**(v) Leases :**

Group as a Lessee

The Company has taken land, warehouses and sales offices across the country on lease for lease period ranging from 6-99 years. Company also has other assets on leases, the lease term here ranges from 2-9 Years.

Wherever the lease includes extension option and it is reasonably certain to exercise that option, the same is considered for computing the lease term. In other cases, the term is limited to initial lease period. Lease term includes non-cancellable period and expected lease period.

Payment made towards short term leases during the year is ₹ 97.52 Cr (Previous year: ₹ 63.39 Cr)

Payment made towards low value asset leases during the year is Nil (Previous year: Nil)

Payment relating to leases are disclosed in Cash flow statement

Income from sub-leasing of Right of use asset: ₹ 7.47 Cr. (Previous year: ₹ 7.08 Cr.)

**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
<b>April 1, 2021</b>	<b>191.61</b>	<b>186.29</b>	<b>5.32</b>	<b>132.11</b>	–	<b>132.11</b>	<b>77.25</b>	–	<b>77.25</b>
Current service cost	26.08	–	26.08	–	–	–	–	–	–
Interest expense / (income)	13.18	11.90	1.28	18.85	–	18.85	4.88	–	4.88
<b>Total amount recognised in statement of profit and loss</b>	<b>39.26</b>	<b>11.90</b>	<b>27.36</b>	<b>18.85</b>	–	<b>18.85</b>	<b>4.88</b>	–	<b>4.88</b>
<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
<b>Total amount recognised in other comprehensive income</b>	<b>23.15</b>	<b>(4.74)</b>	<b>27.89</b>	<b>75.45</b>	–	<b>75.45</b>	<b>33.64</b>	–	<b>33.64</b>
Employer contribution	–	44.99	(44.99)	(1.64)	–	(1.64)	–	–	–
Benefit payments	(17.36)	(17.36)	–	(1.18)	–	(1.18)	(45.64)	–	(45.64)
<b>March 31, 2022</b>	<b>236.66</b>	<b>221.08</b>	<b>15.58</b>	<b>223.59</b>	–	<b>223.59</b>	<b>70.13</b>	–	<b>70.13</b>



**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
<b>April 1, 2022</b>	<b>236.66</b>	<b>221.08</b>	<b>15.58</b>	<b>223.59</b>	–	<b>223.59</b>	<b>70.13</b>	–	<b>70.13</b>
Current service cost	36.48	–	36.48	–	–	–	–	–	–
Interest expense / (income)	16.74	15.09	1.65	11.36	–	11.36	6.84	–	6.84
<b>Total amount recognised in statement of profit and loss</b>	<b>53.22</b>	<b>15.09</b>	<b>38.13</b>	<b>11.36</b>	–	<b>11.36</b>	<b>6.84</b>	–	<b>6.84</b>
<i>Remeasurements</i>									
Return on plan assets, excluding amounts included in interest expense / (income)	–	3.41	(3.41)	–	–	–	–	–	–
(Gain) / loss from change in demographic assumptions	3.66	–	3.66	(20.25)	–	(20.25)	(0.74)	–	(0.74)
(Gain) / loss from change in financial assumptions	0.95	–	0.95	(1.24)	–	(1.24)	0.06	–	0.06
Experience (gains) / losses	1.00	–	1.00	(14.45)	–	(14.45)	72.19	–	72.19
<b>Total amount recognised in other comprehensive income</b>	<b>5.61</b>	<b>3.41</b>	<b>2.20</b>	<b>(35.94)</b>	–	<b>(35.94)</b>	<b>71.51</b>	–	<b>71.51</b>
Employer contribution	–	62.22	(62.22)	–	–	–	–	–	–
Benefit payments	(26.34)	(26.63)	0.29	(5.33)	–	(5.33)	(19.43)	–	(19.43)
<b>March 31, 2023</b>	<b>269.15</b>	<b>275.17</b>	<b>(6.02)</b>	<b>193.69</b>	–	<b>193.69</b>	<b>129.05</b>	–	<b>129.05</b>

**(i) Post-Employment benefits**

Certain companies in the group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The Company has created an Employees' Group Gratuity Fund which has taken a Group Gratuity Assurance Scheme with the Life Insurance Corporation of India. Company's contributions are based on actuarial valuation arrived at the end of each year and charged to Statement of Profit and Loss .

Significant estimates: actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

Details	Gratuity		Pension		Leave salary	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Discount rate	6.76%	6.83%	6.53%	5.70%	6.73%	6.78%
Salary growth rate	6.63%	6.63%	6.63%	6.63%	6.63%	6.63%
Pre- Retirement Mortality rate	IALM (2006-08) Ultimate					
Post- Retirement Mortality rate	LIC Ann (1996-98)					
Attrition Rate	20%	20%	0%	0%	20%	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, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Discount rate	0.50%	0.50%	218.66	211.91	236.10	229.18
Salary growth rate	0.50%	0.50%	236.19	229.39	218.50	211.86
Mortality rate	5.00%	5.00%	227.11	220.29	227.03	220.22

Pension	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
Details	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Discount rate	1.00%	1.00%	141.38	167.37	174.82	210.91
Salary growth rate	1.00%	1.00%	175.80	198.92	140.40	248.26
Mortality rate	5.00%	5.00%	155.42	185.24	157.98	189.15

Leave salary	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
Details	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Discount rate	0.50%	0.50%	125.62	91.55	133.36	98.05
Salary growth rate	0.50%	0.50%	133.41	98.10	125.54	91.49
Mortality rate	5.00%	5.00%	129.37	94.67	129.35	94.68

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

**(iii) Risk exposure**

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

**Asset volatility:** The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments is in fixed income securities with high grades and in government securities. These are subject to interest rate risk and the fund manages interest rate risk with derivatives to minimise risk to an acceptable level. A portion of the funds are invested in equity securities and in alternative investments which have low correlation with equity securities. The equity securities are expected to earn a return in excess of the discount rate and contribute to the plan deficit. The group has a risk management strategy where the aggregate amount of risk exposure on a portfolio level is maintained at a fixed range. Any deviations from the range are corrected by rebalancing the portfolio. The group intends to maintain the above investment mix in the continuing years.

**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)**

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

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

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

**(iv) Defined contribution plans:**

The Company's contribution to defined contribution plan i.e., provident fund of ₹ 75.54 crores (previous year ₹ 62.40 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) TVS Holdings Private Limited, Chennai  |
| c) Subsidiaries     | (i) TVS Motor Company Limited, Chennai   |
|                     | (ii) Sundaram-Clayton (USA) Limited, USA   |
|                     | (iii) Sundaram-Clayton DCD Limited, Chennai  |
|                     | (iv) Sundaram Holding USA Inc, Delaware, USA   |
|                     | (v) Sundaram-Clayton GmbH, Germany [From 8 <sup>th</sup> February 2023]  |
|                     | <u>Subsidiary companies of TVS Motor Company Limited:</u>  |
|                     | (i) Sundaram Auto Components Limited, Chennai  |
|                     | (ii) TVS Housing Limited, Chennai  |
|                     | (iii) TVS Motor Services Limited, Chennai  |
|                     | (iv) TVS Credit Services Limited, Chennai  |
|                     | (v) TVS Motor (Singapore) Pte. Limited, Singapore  |
|                     | (vi) TVS Motor Company (Europe) B.V, Amsterdam   |
|                     | (vii) PT. TVS Motor Company Indonesia, Jakarta   |
|                     | (viii) TVS Electric Mobility Limited, Chennai  |
|                     | (ix) Intellicar Telematics Private Limited, Bengaluru (Intellicar) [upto 24 <sup>th</sup> May 2022]  |
|                     | <u>Associate companies:</u>  |
|                     | (i) Sundram Non-Conventional Energy Systems Limited, Chennai   |
|                     | (ii) TVS Training and Services Limited, Chennai  |
|                     | <u>Associate companies of TVS Motor Company Limited:</u>   |
|                     | (i) Ultraviolette Automotive Private Limited, Bengaluru  |
|                     | (ii) Tagbox Solutions Private Limited, Bengaluru   |
|                     | (iii) Emerald Haven Realty Limited, Chennai  |
|                     | (iv) DriveX Mobility Private Limited, Coimbatore [From 15 <sup>th</sup> Oct 2022]<br>(Formerly known as Nkars Mobility Millennial Solutions Private Limited) |

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

**Notes to Financial Statements - (continued)**

**39 RELATED PARTY DISCLOSURES - (continued)**

Subsidiary companies of TVS Credit Services Limited:

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

Subsidiary companies of TVS Motor (Singapore) Pte Limited:

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

Subsidiary companies of Sundaram Holding USA Inc:

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

Subsidiary company of Intellicar Telematics Private Limited, Bengaluru:

- (i) Intellicar Telematics (Singapore) Pte Limited, Singapore [upto 24<sup>th</sup> May 2022]

Subsidiary company of GO AG, Zurich:

- (i) EGO Movement Stuttgart, GmbH, Germany (Subsidiary of GO AG)

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

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

Associate Companies of TVS Digital Pte Ltd, Singapore:

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

Holding Company of Altizon Inc , USA:

- (i) Altizon Systems Private Limited, Pune

Subsidiaries of Emerald Haven Realty Limited:

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

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

**Notes to Financial Statements - (continued)**

**39 RELATED PARTY DISCLOSURES - (continued)**

	Other related parties and their relationship where transaction exists
d) Enterprises in which directors are interested	<ul style="list-style-type: none"> <li>(i) Dua Associates, Delhi</li> <li>(ii) Dua Consulting Private Limited, Delhi</li> <li>(iii) Khaitan &amp; Co, Mumbai [From 29<sup>th</sup> July 2022]</li> <li>(iv) Khaitan &amp; Co LLP, Mumbai [From 29<sup>th</sup> July 2022]</li> <li>(v) VS Investments Private Limited, Chennai</li> <li>(vi) Harita Techserv Private Limited, Chennai</li> <li>(vii) TVS Organics Private Limited, Chennai</li> <li>(viii) McCann-Erickson (India) Private Limited, Delhi</li> <li>(ix) Lakshmi Energy and Environment Design Private Limited, Coimbatore</li> <li>(x) T.V Sundram Iyengar &amp; Sons Private Limited, Madurai</li> <li>(xi) Trichur Sundaram Santhanam &amp; Family Private Limited, Chennai</li> </ul>
e) Key management personnel (KMP)	<p><u>Executive Directors:</u></p> <ul style="list-style-type: none"> <li>(i) Mr. Venu Srinivasan, Chairman Emeritus and Managing Director</li> <li>(ii) Dr. Lakshmi Venu, Managing Director</li> <li>(iii) Mr. K Gopala Desikan, Director &amp; Group CFO</li> </ul> <p><u>Non-Executive Directors:</u></p> <p><u>Independent Directors:</u></p> <ul style="list-style-type: none"> <li>(i) Ms. Sasikala Varadachari</li> <li>(ii) Mr. C R Dua [From 13<sup>th</sup> March 2023]</li> <li>(iii) Mr. Anuj Shah [From 29<sup>th</sup> July 2022]</li> <li>(iv) Mr. R Gopalan [Upto 23<sup>rd</sup> July 2022]</li> <li>(v) Mr. S.Santhanakrishnan [Upto 20<sup>th</sup> August 2022]</li> <li>(vi) Mr. V.Subramanian [Upto 20<sup>th</sup> August 2022]</li> <li>(vii) Mr. R.Vijayaraghavan [Upto 20<sup>th</sup> August 2022]</li> <li>(viii) Mr. Kamlesh Gandhi [Upto 20<sup>th</sup> August 2022]</li> <li>(ix) Vice Admiral P.J.Jacob (Retd.)[Upto 22<sup>nd</sup> January 2023]</li> </ul> <p><u>Non-Independent Directors:</u></p> <ul style="list-style-type: none"> <li>(i) Mr. Sudarshan Venu</li> <li>(ii) Mr. Rajesh Narasimhan</li> <li>(iii) Mr. R Gopalan [From 29<sup>th</sup> July 2022]</li> </ul>
f) Relative of KMP	<ul style="list-style-type: none"> <li>(i) Dr. Malini Srinivasan</li> </ul>
g) Post employment benefit plans	<ul style="list-style-type: none"> <li>(i) Sundaram-Clayton Limited Employees Provident Fund, Chennai</li> <li>(ii) Sundaram-Clayton Limited Employees Gratuity Fund, Chennai</li> <li>(iii) TVS Motor Company Employees Provident Fund, Chennai</li> <li>(iv) TVS Motor Company Employees Gratuity Fund, Chennai</li> </ul>

## Sundaram-Clayton Limited

### 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	Associates	KMP	Relative of KMP	Enterprise in which directors are interested	Other related party	Total
1	Purchase of goods	TVS Organics Private Limited, Chennai	-	-	-	-	0.19	-	0.19
		T.V Sundram Iyengar & Sons Private Limited, Madurai	-	-	-	-	0.23	-	0.23
		Tagbox Solutions Private Limited, Bengaluru	-	1.43	-	-	-	-	1.43
			-	1.43	-	-	0.42	-	1.85
			-	(0.52)	-	-	(0.77)	-	(1.29)
2	Sale of goods (including sub contract charges)	TVS Holdings Private Limited, Chennai	420.09	-	-	-	-	-	420.09
			420.09	-	-	-	-	-	420.09
			(79.83)	(0.08)	-	-	(375.50)	-	(455.41)
3	Purchase of power	Sundram Non Conventional Energy Systems Limited, Chennai	-	0.74	-	-	-	-	0.74
			-	(0.65)	-	-	-	-	(0.65)
4	Purchase of asset	Ultraviolette Automotive Private Limited, Bengaluru	-	3.00	-	-	-	-	3.00
		Predictronics Corporation, USA	-	0.07	-	-	-	-	0.07
			-	3.07	-	-	-	-	3.07
			-	(0.25)	(43.06)	-	-	-	(43.31)
5	Sale of Assets	Key Management Personnel	-	-	0.12	-	-	-	0.12
			-	-	0.12	-	-	-	0.12
			-	-	-	-	-	-	-
6	Rendering of services	Emerald Haven Realty Limited, Chennai	-	0.73	-	-	-	-	0.73
		DriveX Mobility Private Limited, Coimbatore	-	0.66	-	-	-	-	0.66
			-	1.39	-	-	-	-	1.39
			-	(0.68)	-	-	-	-	(0.68)
7	Receiving of services	Scienaptic Systems Inc., USA	-	3.03	-	-	-	-	3.03
		TVS Training and Services Limited, Chennai	-	0.12	-	-	-	-	0.12
		Emerald Haven Realty Limited, Chennai	-	0.01	-	-	-	-	0.01
		McCann-Erickson (India) Private Limited, Delhi	-	-	-	-	3.47	-	3.47
		Harita Techserv Private Limited, Chennai	-	-	-	-	0.90	-	0.90
		Dua Associates, Delhi	-	-	-	-	0.70	-	0.70
		Lakshmi Energy and Environment Design Private Limited, Coimbatore	-	-	-	-	0.20	-	0.20
		Dua Consulting Private Limited, Delhi	-	-	-	-	4.33	-	4.33
		T. V Sundram Iyengar & Sons Private Limited, Madurai	-	-	-	-	0.83	-	0.83
		Tagbox Solutions Private Limited, Bengaluru	-	0.48	-	-	-	-	0.48
		Altizon Systems Private Limited, Pune	-	0.79	-	-	-	-	0.79
		Trichur Sundaram Santhanam & Family Private Limited, Chennai	-	-	-	-	0.17	-	0.17
		Khaitan & Co, Mumbai	-	-	-	-	0.44	-	0.44
		Khaitan & Co LLP, Mumbai	-	-	-	-	0.30	-	0.30
			-	4.42	-	-	11.34	-	15.76
			-	(0.03)	-	-	(16.92)	-	(16.95)
8	Lease rent received	Sundram Non Conventional Energy Systems Limited, Chennai - ₹ 40,000 (Associates)	-	-	-	-	-	-	-
			-	-	-	-	-	-	-

## Sundaram-Clayton Limited

### 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	Associates	KMP	Relative of KMP	Enterprise in which directors are interested	Other related party	Total
9	Remuneration paid	Key Management Personnel	-	-	118.16	-	-	-	118.16
			-	-	(81.56)	-	-	-	(81.56)
10	Loans and Advances given	Emerald Haven Realty Limited, Chennai	-	3.00	-	-	-	-	3.00
			-	3.00	-	-	-	-	3.00
			-	-	-	-	-	-	-
11	Loans and Advances repaid	Emerald Haven Realty Limited, Chennai	-	3.06	-	-	-	-	3.06
			-	3.06	-	-	-	-	3.06
			-	-	-	-	-	-	-
12	Investments	Dr Malini Srinivasan (Sale of shares of TVS Training and Services Limited, Chennai)	-	-	-	1.21	-	-	1.21
		VS Investments Private Limited (Purchase of Investments)	-	-	-	-	57.10	-	57.10
			-	-	-	1.21	57.10	-	58.31
			-	(75.00)	-	-	-	-	(75.00)
13	Dividend received	Sundram Non-Conventional Energy Systems Limited, Chennai	-	0.88	-	-	-	-	0.88
			-	0.88	-	-	-	-	0.88
			-	(0.35)	-	-	-	-	(0.35)
14	Contribution to post employment benefit plans	Sundaram- Clayton Limited Employees Provident Fund, Chennai	-	-	-	-	-	12.18	12.18
		TVS Motor Company Employees Provident Fund, Chennai	-	-	-	-	-	92.25	92.25
		TVS Motor Company Employees Gratuity Fund, Chennai	-	-	-	-	-	43.71	43.71
		Sundaram- Clayton Limited Employees Gratuity Fund, Chennai	-	-	-	-	-	5.06	5.06
			-	-	-	-	-	153.20	153.20
			-	-	-	-	-	(124.19)	(124.19)
15	Outstanding as on 31 <sup>st</sup> March 2023 Receivables	TVS Holdings Private Limited, Chennai	17.36	-	-	-	-	-	17.36
		Emerald Haven Realty Limited, Chennai	-	4.36	-	-	-	-	4.36
		Tagbox Solutions Private Limited, Bengaluru	-	0.16	-	-	-	-	0.16
		DriveX Mobility Private Limited, Coimbatore	-	0.44	-	-	-	-	0.44
		TVS Training and Services Limited, Chennai - (Associates) (₹ 11,800)	-	-	-	-	-	-	-
			17.36	4.97	-	-	-	-	22.33
			(8.04)	(2.77)	-	-	(18.25)	-	(29.06)
16	Outstanding as on 31 <sup>st</sup> March 2023 Payables	TVS Training and Services Limited, Chennai (Associates)	-	0.05	-	-	-	-	0.05
		Dua Consulting Private Limited, New Delhi	-	-	-	-	0.32	-	0.32
		Sundram Non-Conventional Energy Systems Limited, Chennai	-	0.05	-	-	-	-	0.05
		Predictronics Corporation, USA	-	0.07	-	-	-	-	0.07
		Scienaptic Systems Inc., USA	-	0.45	-	-	-	-	0.45
		Lakshmi Energy and Environment Design Private Limited, Coimbatore	-	-	-	-	0.06	-	0.06
		T.V Sundram Iyengar & Sons Private Limited, Madurai	-	-	-	-	0.03	-	0.03
		McCann-Erickson (India) Private Limited, New Delhi	-	-	-	-	0.32	-	0.32
			-	0.62	-	-	0.73	-	1.35
			-	(0.34)	-	-	(0.57)	-	(0.91)

Previous year's figures are furnished in brackets



# Sundaram-Clayton Limited

## 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	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
External sales - domestic	1,131.51	811.77	19,532.65	13,898.21	4,150.31	2,739.77	3.82	17.16	24,818.29	17,466.91
- exports	920.54	780.30	7,825.38	7,343.44	-	-	-	-	8,745.92	8,123.74
Inter segment sales	840.76	810.32	10.28	8.34	6.04	7.35	-	0.05	857.08	826.06
<b>Total sales</b>	<b>2,892.81</b>	<b>2,402.39</b>	<b>27,368.31</b>	<b>21,249.99</b>	<b>4,156.35</b>	<b>2,747.12</b>	<b>3.82</b>	<b>17.21</b>	<b>34,421.29</b>	<b>26,416.71</b>
Less: Inter segment sales	(840.76)	(810.32)	(10.28)	(8.34)	(6.04)	(7.35)	-	(0.05)	(857.08)	(826.06)
Net Revenue (excluding other operating revenue)	<b>2,052.05</b>	<b>1,592.07</b>	<b>27,358.03</b>	<b>21,241.65</b>	<b>4,150.31</b>	<b>2,739.77</b>	<b>3.82</b>	<b>17.16</b>	<b>33,564.21</b>	<b>25,590.65</b>
Segment results before interest and tax	117.50	98.12	1,679.47	1,139.55	508.99	148.23	3.30	(2.15)	2,309.26	1,383.75
Add: Share of Associate profit									(39.73)	3.45
Less: Interest									(256.21)	(203.00)
Profit before tax									2,013.32	1,184.20
Taxes									(680.15)	(359.71)
<b>Profit after tax</b>									<b>1,333.17</b>	<b>824.49</b>
Segment Assets	4,988.95	5,088.56	11,330.10	9,755.31	23,028.11	15,672.46	2.39	35.56	39,349.55	30,551.89
Segment Liabilities	4,282.73	1,898.37	9,018.20	7,749.13	20,001.98	13,609.43	1.49	13.09	33,304.40	23,270.02
Segment Depreciation	170.44	153.08	793.82	668.29	21.43	19.12	0.13	4.09	985.82	844.58

Note:

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 REVENUE FROM CONTRACT WITH CUSTOMERS**

**A Disaggregated revenue**

Revenue from contracts with customers are disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Group identifies the product lines, amongst others to indicate the factors as mentioned above. The details of revenue from contracts with customers on the basis of various product lines are as under :

Sl. No.	Particulars	For the year ended 31-03-2023	For the year ended 31-03-2022
A.	Type of goods or service		
1.	Motor Vehicles	24,232.76	18,846.96
2.	Parts and accessories	2,705.13	2,394.69
3.	Automotive components	2,001.44	1,134.48
4.	Services - IT Services	50.55	130.00
5.	Services - Royalty	8.01	8.67
6.	Others	3,753.29	2,446.59
		32,751.18	24,961.39
B.	Geographical markets		
1.	Domestic	24,369.53	16,554.81
2.	Exports	8,381.65	8,406.58
		32,751.18	24,961.39

**B** The Group operates in the segments of automotive vehicle and its parts, Automotive components and financial services. The information provided above is in line with the segmental information provided under Ind AS 108 in Note. 40.

**C Reconciliation of contracts with customers**

Movement of contract liabilities for the reporting period given below:

Particulars	For the year ended 31-03-2023	For the year ended 31-03-2022
Contract Liabilities at the beginning of the period	274.48	189.99
Add / (Less) :		
Consideration received during the year as advance	355.81	274.48
Revenue recognized from contract liability	(274.48)	(189.99)
Contract Liabilities at the end of the period	355.81	274.48

Payment is received in advance towards contracts entered with customers, and is recognised as a contract liability. As and when the performance obligation is met the same is recognized as revenue.

**D Transaction price allocated to the remaining performance obligations**

The Group's contracts with customers are short term (i.e., the performance obligations are expected to be met within one year or less). Therefore, taking the practical expedient, the details on transaction price allocated to the remaining performance obligations are not disclosed.

**E Reconciliation of revenue with contract price**

Sl. No.	Particulars	For the year ended 31-03-2023	For the year ended 31-03-2022
(i)	Contract price	33,615.96	25,621.99
(ii)	Adjustments :		
	Incentive schemes	450.97	335.25
	Transport cost	413.81	325.35
(iii)	Revenue from sale of products and services	32,751.18	24,961.39

## Sundaram-Clayton Limited

### Consolidated Financial Statements of Sundaram-Clayton Limited

#### Notes to Financial Statements - (continued)

(Rupees in crores)

#### 42 INTERESTS IN OTHER ENTITIES

##### a) Subsidiaries

The Group's subsidiaries at 31 March 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business / country of incorporation	Ownership interest held by the Group		Ownership interest held by non-controlling interests		Principal activities
		31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	
TVS Motor Company Limited	India	50.26%	50.26%	49.74%	49.74%	Motor vehicles manufacturing
Sundaram-Clayton (USA) Limited, USA	USA	100.00%	100.00%	0.00%	0.00%	Automotive components
Sundaram Holding USA Inc., Delaware, USA	USA	100.00%	74.96%	0.00%	25.04%	Automotive components
TVS Housing Limited	India	50.26%	50.26%	49.74%	49.74%	Housing
Sundaram Auto Components Limited (SACL)	India	50.26%	50.26%	49.74%	49.74%	Automotive components
TVS Motor Company (Europe) B.V., Amsterdam	Netherlands	50.26%	50.26%	49.74%	49.74%	Others
TVS Motor (Singapore) Pte. Limited, Singapore	Singapore	50.26%	50.26%	49.74%	49.74%	Others
PT.TVS Motor Company Indonesia, Jakarta	Indonesia	50.26%	50.26%	49.74%	49.74%	Motor vehicles manufacturing
The Norton Motorcycle Co. Ltd, UK	United Kingdom	50.26%	50.26%	49.74%	49.74%	Motor vehicles manufacturing
TVS Digital Pte Limited, Singapore	Singapore	50.26%	50.26%	49.74%	49.74%	Others
GO AG, Zurich	Switzerland	41.16%	40.21%	58.84%	59.79%	Others
Swiss E-Mobility (Group) Holding AG, Switzerland	Switzerland	37.70%	37.70%	62.30%	62.30%	Others
Green Hills Land Holding LLC, USA	USA	100.00%	74.96%	0.00%	25.04%	Others
Component Equipment Leasing LLC, USA	USA	100.00%	74.96%	0.00%	25.04%	Others
Sundaram-Clayton USA LLC, USA	USA	100.00%	74.96%	0.00%	25.04%	Others
Premier Land Holding LLC, USA	USA	100.00%	74.96%	0.00%	25.04%	Others
EGO Movement Stuttgart, GmbH	Germany	41.16%	40.21%	58.84%	59.79%	Others
Swiss E-Mobility Group (Schweiz) AG Switzerland, Zurich	Switzerland	37.70%	37.70%	62.30%	62.30%	Others
Colag E-Mobility GmbH, Germany, Nuremberg	Germany	37.70%	37.70%	62.30%	62.30%	Others
Intellicar Telematics Private Limited, Bengaluru	India	NA	50.26%	NA	49.74%	Vehicular Telematics
Intellicar Telematics (Singapore) Pte Limited	Singapore	NA	50.26%	NA	49.74%	Vehicular Telematics

## Sundaram-Clayton Limited

### Consolidated Financial Statements of Sundaram-Clayton Limited

#### Notes to Financial Statements - (continued)

(Rupees in crores)

#### 42 INTERESTS IN OTHER ENTITIES - (continued)

Name of entity	Place of business / country of incorporation	Ownership interest held by the Group		Ownership interest held by non-controlling interests		Principal activities
		31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	
TVS Electric Mobility Ltd	India	50.26%	50.26%	49.74%	49.74%	Others
TVS Motor Services Limited	India	50.26%	50.26%	49.74%	49.74%	Financial Service
TVS Credit Services Limited	India	45.59%	43.42%	54.41%	56.58%	Financial Service
Harita ARC Private Limited	India	45.59%	43.42%	54.41%	56.58%	Financial Service
Sundaram-Clayton DCD Limited	India	100.00%	100.00%	0.00%	0.00%	Automotive Components
TVS Housing Finance Private Limited	India	45.59%	43.42%	54.41%	56.58%	Financial Service
Harita Two Wheeler Mall Private Limited	India	45.59%	43.42%	54.41%	56.58%	Financial Service
EBCO Limited, UK	United Kingdom	35.18%	NA	64.82%	NA	Others
Alexand'Ro Edouard'O Passion Velo Sarl, Switzerland	Switzerland	37.70%	NA	62.30%	NA	Others
Celerity Motor GmbH, Germany	Germany	50.26%	NA	49.74%	NA	Others
Sundaram - Clayton GmbH, Germany	Germany	100%	NA	0%	NA	Others

#### 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-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
Current assets	3,667.49	3,362.28	173.28	182.89	11,967.12	8,390.02	146.73	79.74	111.97	88.33
Current liabilities	6,008.54	5,186.51	208.78	278.39	12,044.87	7,625.91	131.46	66.23	107.13	115.24
Net current assets / (liabilities)	(2,341.05)	(1,824.23)	(35.50)	(95.50)	(77.75)	764.11	15.27	13.51	4.84	(26.91)
Non-current assets	10,324.89	8,485.45	551.03	554.84	10,784.89	7,072.28	457.05	404.54	879.11	800.21
Non-current liabilities	1,936.00	1,839.19	77.17	37.50	7,946.28	5,970.59	209.03	12.84	384.48	173.62
Net non-current assets	8,388.89	6,646.26	473.86	517.34	2,838.61	1,101.69	248.02	391.70	494.63	626.59
Net assets	6,047.84	4,822.03	438.36	421.84	2,760.86	1,865.80	263.29	405.21	499.47	599.68
Accumulated NCI	3,008.20	2,398.48	218.04	209.82	1,502.18	1,055.67	130.96	201.55	—	150.16

## Sundaram-Clayton Limited

### Consolidated Financial Statements of Sundaram-Clayton Limited

#### Notes to Financial Statements - (continued)

(Rupees in crores)

#### 42 INTERESTS IN OTHER ENTITIES - (continued)

Summarised Statement of profit and loss	TVS Motor Company Limited		Sundaram Auto Components Limited		TVS Credit Services Limited		The Norton Motorcycle Co. Ltd, UK		Sundaram Holding USA Inc., Delaware, USA	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
Revenue	26,378.09	20,799.65	776.77	607.82	4,156.35	2,756.06	0.01	1.05	112.81	52.73
Profit for the year	1,491.03	893.56	15.50	2.31	389.26	121.21	(277.28)	(119.43)	(182.35)	(83.04)
Other comprehensive income	(27.68)	(64.31)	3.25	1.05	5.80	29.22	(0.90)	(3.17)	47.86	19.12
Total comprehensive income	1,463.35	829.25	18.75	3.36	395.06	150.43	(278.18)	(122.60)	(134.49)	(63.92)
Profit allocated to NCI	741.64	412.47	7.71	1.67	211.80	85.11	(137.92)	(60.98)	(19.32)	(16.01)
Dividends paid to NCI	118.17	88.62	–	–	–	–	–	–	–	–

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-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
Cash flow from operating activities	1,992.86	1,497.57	63.95	36.86	(5,708.07)	(2,572.49)	(377.55)	(137.00)	(154.18)	(83.00)
Cash flow from investing activities	(2,311.80)	(2,141.04)	(14.27)	2.37	(23.36)	(18.18)	(103.68)	(100.49)	(58.80)	(19.00)
Cash flow from financing activities	224.54	113.24	(36.78)	(45.08)	6,309.36	3,042.04	470.63	232.65	192.29	123.52
Net increase/ (decrease) in cash and cash equivalents	(94.40)	(530.23)	12.90	(5.85)	577.93	451.37	(10.60)	(4.84)	(20.69)	21.52

#### c) Interests in associates and joint ventures

##### Individually immaterial associates

The group has interests in 7 individually immaterial associates that are accounted using equity method.

Particulars	31-Mar-23	31-Mar-22
Aggregate carrying amount of individually immaterial associates	413.10	370.83

Particulars	31-Mar-23	31-Mar-22
Share of profits from associates	(39.73)	3.45
Other Comprehensive Income	(2.69)	(0.25)
Total Comprehensive Income	(42.42)	3.20

## Sundaram-Clayton Limited

### Consolidated Financial Statements of Sundaram-Clayton Limited

#### Notes to Financial Statements - (continued)

#### 43 ADDITIONAL INFORMATION ON NET ASSETS AND SHARE OF PROFITS AS AT 31<sup>st</sup> MARCH 2023

Name of the entity	Net Assets (Total Assets - Total Liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount ₹ 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
<b>Parent</b>								
Sundaram-Clayton Limited, Chennai	21.92%	710.52	42.04%	273.10	6.46%	3.38	39.39%	276.48
<b>Subsidiaries - Indian</b>								
TVS Motor Company Limited, Chennai	186.60%	6,047.84	229.51%	1,491.03	-52.95%	(27.68)	208.47%	1,463.35
TVS Credit Services Limited, Chennai	85.19%	2,760.86	59.92%	389.26	11.09%	5.80	56.28%	395.06
TVS Motor Services Limited, Chennai	4.96%	160.74	-0.35%	(2.25)	-	-	-0.32%	(2.25)
Sundaram Auto Components Limited, Chennai	13.53%	438.36	2.39%	15.50	6.22%	3.25	2.67%	18.75
TVS Housing Limited, Chennai	0.03%	0.90	0.00%	0.02	-	-	-	0.02
Intellicar Telematics Private Limited, Bengaluru	-	-	0.50%	3.24	-	-	0.46%	3.24
TVS Electric Mobility Limited, Chennai	0.03%	1.00	-	-	-	-	-	-
<b>Subsidiaries - Foreign</b>								
Sundaram-Clayton (USA) Limited, Illinois	-	0.03	-	-	-	-	-	-
TVS Motor (Singapore) Pte Limited, Singapore	60.33%	1,955.40	-3.70%	(24.05)	23.03%	12.04	-1.71%	(12.01)
TVS Motor Company Europe B.V., Amsterdam	-0.02%	(0.63)	-0.10%	(0.64)	14.12%	7.38	0.96%	6.74
PT. TVS Motor Company Indonesia, Jakarta	8.32%	269.70	6.14%	39.87	21.04%	11.00	7.25%	50.87
Sundaram Holding USA Inc., Delaware, USA	15.41%	499.47	-28.07%	(182.35)	91.55%	47.86	-19.16%	(134.49)
The Norton Motorcycle Co Limited, UK	8.12%	263.29	-42.68%	(277.28)	-1.72%	(0.90)	-39.63%	(278.18)
TVS Digital Pte Limited, Singapore	1.97%	63.72	-6.19%	(40.19)	-	-	-5.73%	(40.19)
GO AG, Zurich	-1.50%	(48.74)	-8.44%	(54.85)	-2.03%	(1.06)	-7.97%	(55.91)
Swiss E- Mobility (Group) Holding AG, Switzerland	1.75%	56.74	-14.15%	(91.94)	12.82%	6.70	-12.14%	(85.24)
EBCO Limited, UK	-0.33%	(10.65)	-0.90%	(5.84)	-0.78%	(0.41)	-0.89%	(6.25)
Celerity Motor GmbH, Germany	-0.08%	(2.47)	-0.46%	(2.98)	0.55%	0.29	-0.38%	(2.69)
Sundaram - Clayton GmbH, Germany	-0.01%	(0.32)	-0.08%	(0.55)	-	-	-0.08%	(0.55)
<b>Sub-total</b>		<b>13,165.76</b>		<b>1,529.10</b>		<b>67.65</b>		<b>1,596.75</b>
Non Controlling Interest in all subsidiaries	86.52%	2,804.16	-105.21%	(683.52)	25.96%	13.57	-95.44%	(669.95)
<b>Sub-total</b>		<b>10,361.60</b>		<b>2,212.62</b>		<b>54.07</b>		<b>2,266.69</b>

## Sundaram-Clayton Limited

### Consolidated Financial Statements of Sundaram-Clayton Limited

#### Notes to Financial Statements - (continued)

(Rupees in crores)

#### 43 ADDITIONAL INFORMATION ON NET ASSETS AND SHARE OF PROFITS AS AT 31ST MARCH 2023 - (continued)

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
<b>Add: Associates</b>								
(Investment as per the equity method)								
Sundram Non-Conventional Energy Systems Limited, Chennai	0.03%	0.94	0.13%	0.85	-	-	0.12%	0.85
TVS Training and Services Limited, Chennai	0.11%	3.63	0.02%	0.15	-	-	0.02%	0.15
Emerald Haven Realty Limited, Chennai	2.68%	86.93	-4.48%	(29.12)	-3.42%	(1.79)	-4.40%	(30.91)
Tagbox Solutions Private Limited, Bengaluru	0.32%	10.41	-0.15%	(0.95)	-	-	-0.14%	(0.95)
Tagbox PTE Limited, Singapore	0.44%	14.22	-0.03%	(0.19)	-	-	-0.03%	(0.19)
Ultraviolette Automotive Private Limited, Bengaluru	3.62%	117.29	-0.26%	(1.69)	-	-	-0.24%	(1.69)
Predictronics Corp, USA	0.58%	18.89	-0.18%	(1.15)	-	-	-0.16%	(1.15)
Scienaptic Systems Inc., USA	1.66%	53.83	-0.55%	(3.60)	-	-	-0.51%	(3.60)
Altizon Inc., USA	0.72%	23.35	-0.07%	(0.47)	-	-	-0.07%	(0.47)
DriveX Mobility Private Limited, Coimbatore	2.58%	83.61	-0.55%	(3.56)	-	-	-0.51%	(3.56)
<b>Sub-total</b>	<b>332.45%</b>	<b>10,774.70</b>	<b>334.47%</b>	<b>2,172.89</b>	<b>100.01%</b>	<b>52.28</b>	<b>317.01%</b>	<b>2,225.17</b>
Less: Effect of intercompany eliminations	232.45%	7,533.71	234.47%	1,523.24	0.01%	0.01	217.01%	1,523.24
<b>Total - Attributable to owners</b>	<b>100%</b>	<b>3,240.99</b>	<b>100%</b>	<b>649.65</b>	<b>100%</b>	<b>52.28</b>	<b>100%</b>	<b>701.93</b>

Note: The above amounts / percentage of net assets and net profit or (loss) in respect of the parent company, its subsidiaries and associates are determined based on the standalone financial statements amounts of the respective entities included in consolidated financial statements before inter-company eliminations / consolidation adjustments.

#### 44 BUSINESS COMBINATION

On 1<sup>st</sup> October 2015, our Subsidiary Sundaram Auto Components Limited (SACL) acquired an automobile seat manufacturing business at Nalagarh, Himachal Pradesh to expand its business

On 7<sup>th</sup> September 2017 TVS Motor Company acquired 16,20,000 (81%) equity shares of M/s. TVS Motor Services Limited, Chennai. This would further strengthen the retail financing for the customers of the Company through its subsidiaries.

During the year ended March 31, 2022 the Company acquired majority stake in two E-Mobility companies in Europe 80% of The GO corporation (the GO AG) on 16<sup>th</sup> September 2021 and 75% of Swiss E-Mobility Group (Holding) AG (SEMG) on 27<sup>th</sup> January 2022 to establish its strong presence in e-mobility space.

During the year ended March 31, 2023, our subsidiary TVS Motor (Singapore) Pte. Ltd. acquired majority stake in two E-Mobility companies in Europe to further strengthen its presence in e-personal mobility space.

On 1<sup>st</sup> April 2022, 70 (70%) equity shares of EBCO Limited, UK (The GO AG) were acquired. Further on 12<sup>th</sup> April 2022, (100%) equity shares of Alexand'Ro Edouard'O Passion Vélo Sàrl ("Passion Vélo"), Germany were acquired through its subsidiary Swiss E-Mobility Group (Holding) AG (SEMG).



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

**Notes to Financial Statements - (continued)**

(Rupees in crores)

**44 BUSINESS COMBINATION - (continued)**

Details of the purchase consideration and goodwill are follows:

The assets and liabilities recognised as a results of the acquisition are as follows:

Calculation of goodwill

Particulars	Business acquired by SACL	TVS Motor Services	GO AG	SEMG	EBCO	Passion Velo
Consideration transferred	9.00	1.62	131.46	488.60	11.64	23.96
Non-controlling interest in the acquired entity	–	136.05	(1.12)	55.52	(1.32)	–
Acquisition date fair value of previously held equity interest	–	0.38	–	–	–	–
Less : Net identifiable assets acquired	6.80	(48.06)	71.23	222.07	(4.40)	11.10
Goodwill on consolidation	2.20	186.11	59.11	322.05	14.72	12.86
Goodwill attributable to Minority Interest	–	93.54	29.71	161.86	7.40	–
Goodwill attributable to Parent Company	2.20	92.57	29.40	160.19	7.32	12.86
Goodwill attributable to merger effected prior to Ind AS transition						3.28
Overall Goodwill recognised in the books						307.82

The goodwill is attributable to the expected synergies on acquisition of the financial services business and e-personal mobility business.

Goodwill is tested for impairment on an annual basis and whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business is allocated to the Group's cash generating units (CGU) or groups of CGUs expected to benefit from the synergies arising from the business combination.

Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rate on the basis of carrying amount of each asset in CGU. An impairment loss on goodwill is recognized in net profit in the Consolidated Statement of Profit and Loss and is not reversed in the subsequent period.

Company assessed impairment of goodwill based on the expected earnings growth of the acquired business.

Revenue and profit contribution for year ended March 31, 2023.

The acquired business contributed revenue of ₹ 4.27 crores and profit before tax of ₹ (5.84) crores between acquisition date and March 31, 2023.

R GOPALAN  
Chairman  
DIN: 01624555

Dr. LAKSHMI VENU  
Managing Director  
DIN: 02702020

K GOPALA DESIKAN  
Director & Group  
Chief Financial Officer  
DIN: 00067107

As per our report annexed  
For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
Firm Regn. No. 007761S

V SATHYANARAYANAN  
Partner  
Membership No. 027716  
Bengaluru  
5<sup>th</sup> May 2023

Place : Chennai  
Date : 5<sup>th</sup> May 2023

VIVEK S JOSHI  
President & CEO

R RAJA PRAKASH  
Company Secretary

# Sundaram-Clayton Limited

## 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	TVS Credit Services Limited	Harita Two-Wheeler Mall Private Limited	Harita ARC Private Limited	TVS Housing Finance Private Limited	TVS Electric Mobility Limited
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1.	Date on which subsidiary was acquired	15-11-2001	07-09-2017	01-04-2003	21-06-2010	07-09-2017	07-09-2017	07-09-2017	07-09-2017	08-09-2017	13-12-2021
2.	Reporting period	01-04-2022 to 31-03-2023									
3.	Reporting currency	Indian Rupees									
	Closing Exchange rate	Not applicable									
4.	Share capital	47.51	0.0025	44.57	0.05	149.63	228.23	-	-	12.00	1.00
5.	Reserves & Surplus	6,000.33	(0.01)	393.79	0.85	11.11	2,529.89	(0.01)	(0.01)	2.76	-
6.	Total assets	13,992.38	0.0024	724.31	2.39	218.11	22,749.91	-	-	14.95	1.00
7.	Total Liabilities	7,944.54	0.0112	285.95	1.49	57.37	19,991.80	0.01	0.01	0.19	-
8.	Investments	5,491.95	-	312.76	-	19.49	12.01	-	-	-	-
9.	Turnover	26,378.09	-	776.77	0.07	-	4,156.35	-	-	-	-
10.	Profit before taxation	2,003.37	(0.0012)	24.08	0.03	(3.06)	511.28	-	-	0.73	-
11.	Provision for taxation	512.34	-	8.58	0.01	(0.81)	122.61	-	-	0.18	-
12.	Profit after taxation	1,491.03	(0.0012)	15.50	0.02	(2.25)	388.67	-	-	0.55	-
13.	Proposed Dividend	-	-	-	-	-	-	-	-	-	-
14.	% of shareholding	50.26	100	50.26 <sup>#</sup>	50.26 <sup>#</sup>	50.26 <sup>#</sup>	45.59 <sup>#</sup>	45.59 <sup>#</sup>	45.59 <sup>#</sup>	45.59 <sup>#</sup>	50.26 <sup>#</sup>

<sup>#</sup> 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	The GO AG, Switzerland *	Swiss E-Mobility Group (Holding) AG, Switzerland *	TVS Digital Pte Limited, Singapore	EBCO Ltd	Celerity Motor GmbH*	Sundaram Clayton GmbH
		(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
1.	Date on which subsidiary was acquired	15-06-2012	05-09-2005	21-07-2005	21-10-2005	09-09-2015	03-04-2020	16-09-2021	27-01-2022	24-05-2021	01-04-2022	06-12-2022	08-02-2023
2.	Reporting period	01-4-2022 to 31-03-2023										06-12-2022 to 31-03-2023	08-02-2023 to 31-03-2023
3.	Reporting currency	USD	IDR	USD	SGD	USD	GBP	CHF	CHF	SGD	GBP	EUR	EUR
	Closing Exchange rate	INR 82.17/USD	INR 0.55 / IDR 100	INR 82.17/USD	INR 61.79/SGD	INR 82.17/USD	INR 101.65/GBP	INR 89.58/CHF	INR 89.58/CHF	INR 61.79/SGD	INR 101.65/GBP	INR 89.44/EUR	INR 89.44/EUR
4.	Share capital	0.0008	906.08	126.52	2,134.10	685.02	725.65	1.05	1.23	138.78	<sup>^</sup>	0.22	0.23
5.	Reserves & Surplus	0.0268	(636.38)	(127.15)	(178.70)	(185.55)	(462.36)	(49.79)	55.51	(75.06)	(10.65)	(2.69)	(0.55)
6.	Total assets	0.12	996.64	0.10	2,630.56	991.08	603.78	86.71	687.73	141.32	12.11	31.52	0.31
7.	Total Liabilities	0.10	726.94	0.73	675.16	491.61	340.49	135.45	630.99	77.60	22.76	33.99	0.63
8.	Investments	-	-	-	1880.04	-	-	-	-	127.93	-	-	-
9.	Turnover	0.0535	839.70	-	55.95	112.81	0.01	40.04	515.12	3.46	4.27	-	-
10.	Profit before taxation	0.004	39.14	(0.64)	(24.05)	(182.35)	(280.47)	(54.82)	(99.52)	(40.19)	(5.84)	(2.98)	(0.55)
11.	Provision for taxation	-	(0.73)	-	-	-	(3.19)	0.03	(7.58)	-	-	-	-
12.	Profit after taxation	0.004	39.87	(0.64)	(24.05)	(182.35)	(277.28)	(54.85)	(91.94)	(40.19)	(5.84)	(2.98)	(0.55)
13.	Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-
14.	% of shareholding	100	50.26 <sup>#</sup>	50.26 <sup>#</sup>	50.26 <sup>#</sup>	100	50.26 <sup>#</sup>	41.16 <sup>#</sup>	37.70 <sup>#</sup>	50.26 <sup>#</sup>	50.26 <sup>#</sup>	50.26 <sup>#</sup>	100

\* Unaudited financial statement. <sup>#</sup> Held through subsidiary <sup>^</sup> Share Capital of USD 100

Notes: 1. Sundaram Holding USA Inc. include the consolidation of its subsidiaries viz, Green Hills Land Holding LLC, Component Equipment Leasing LLC, Sundaram-Clayton USA LLC (Formerly known as Workspace Project LLC) and Premier Land Holding LLC, all located at South Carolina, USA. (2) The GO AG, Switzerland include the consolidation of its subsidiary viz, EGO Movement Stuttgart, GmbH (3) Swiss E-Mobility Group include the consolidation of its subsidiaries viz, Swiss E-Mobility Group (Schweiz) AG Switzerland, Zurich and Colag E-Mobility GmbH, Germany, Nuremberg.

## Sundaram-Clayton Limited

### Consolidated Financial Statements of Sundaram-Clayton Limited

Notes - (continued)

2. Subsidiaries which are yet to commence operations: (1) Harita Two Wheeler Mall Private Ltd, (2) Harita ARC Private Ltd, (3) TVS Housing Finance Private Ltd, (4) TVS Electric Mobility Ltd and (5) Sundaram-Clayton DCD Limited.

3. Subsidiaries which have been liquidated or sold during the year - (1) Intellicar Telematics Private Limited and its subsidiary Intellicar Singapore Pte. Limited, Singapore.,

#### Part "B": Associates

#### Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies

(Rupees in crores)

S. No.	Name of Associate	Emerald Haven Realty Limited	DriveX Mobility Pvt Ltd	Tagbox Solutions Private Limited *	Ultraviolette Automotive Private Limited *	Predictronics Corp*	Tagbox Pte Limited*	Altizon Inc*	Scienaptic Systems Inc*	Sundaram Non-Conventional Energy Systems Limited	TVS Training and Services Limited
1.	Latest audited Balance Sheet Date	31-03-2023	31-03-2023	31-03-2022	31-03-2022	31-03-2020	31-03-2022	**	**	31-03-2023	31-03-2023
2.	Date on which the Associate was acquired	26-03-2012	15-10-2022	08-05-2019	09-08-2018	17-08-2019	08-05-2019	08-05-2019	28-09-2021	24-03-1995	20-02-2013
3.	Shares of Associate held by the company on the year end										
	(i) No. of shares	11,12,19,512	9,766	4,29,693	27,166	24,827	2,43,243	8,06,429	28,05,357	1,17,650	19,06,709
	(ii) Amount of investment in Associates / Joint Venture	111.22	87.17	11.18	121.00	22.36	15.42	25.34	64.81	0.12	1.90
	(ii) Extent of holding %	21.88 <sup>#</sup>	24.25 <sup>#</sup>	21.19 <sup>#</sup>	15.75 <sup>#</sup>	11.81 <sup>#</sup>	21.19 <sup>#</sup>	10.05 <sup>#</sup>	10.92 <sup>#</sup>	23.53	21.70
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									
6.	Net worth attributable to Shareholding as per latest audited Balance Sheet	86.93 <sup>\$</sup>	83.61 <sup>\$</sup>	10.41 <sup>\$</sup>	117.29 <sup>\$</sup>	18.89 <sup>\$</sup>	14.22 <sup>\$</sup>	23.35 <sup>\$</sup>	53.83 <sup>\$</sup>	0.94	3.63
6.	Profit / (Loss) for the year:										
	(i) Considered in consolidation	(29.12)	(3.56)	(0.95)	(1.69)	(1.15)	(0.19)	(0.47)	(3.60)	0.85	0.15
	(ii) Not considered in consolidation	Not Applicable									

<sup>#</sup> Held through subsidiary

<sup>\$</sup> Attributable to subsidiary shareholding

\*Unaudited financial statements upto 31.03.2023 has been consolidated.

\*\* Audit of financial statements are not mandated by the regulations of the respective country in which the Company is incorporated

Note: 1. Associates which have been liquidated or sold during the year - Nil.

R GOPALAN  
Chairman  
DIN: 01624555

Dr. LAKSHMI VENU  
Managing Director  
DIN: 02702020

K GOPALA DESIKAN  
Director & Group  
Chief Financial Officer  
DIN: 00067107

As per our report annexed  
For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
Firm Regn. No. 007761S

V SATHYANARAYANAN  
Partner

Membership No. 027716  
Bengaluru  
5<sup>th</sup> May 2023

Place : Chennai  
Date : 5<sup>th</sup> May 2023

VIVEK S JOSHI  
President & CEO

R RAJA PRAKASH  
Company Secretary