



SUNDARAM-CLAYTON LIMITED

(Incorporated on May 24, 1962 in the Republic of India with limited liability with Company Identification Number L35999TN1962PLC004792 under the Companies Act, 1956)

Issue of up to 12,64,501 equity shares of face value ₹ 5 each (the “**Equity Shares**”) of Sundaram-Clayton Limited (the “**Company**”), at an Issue Price (as defined hereinafter) of ₹ [●], aggregating to ₹ [●] crore (the “**Issue**”). Our Company may offer a discount of up to 5% to the Issue Price in terms of the Chapter VIII of the SEBI ICDR Regulations (as defined hereinafter) if the Issue is being made to less than 10 investors in terms of the SEBI Letter (as defined hereinafter).

THIS ISSUE AND THE DISTRIBUTION OF THIS RED HERRING PROSPECTUS (THE “RED HERRING PROSPECTUS”) IS BEING MADE IN RELIANCE ON CHAPTER VIII-A OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED (THE “SEBI ICDR REGULATIONS”). THIS RED HERRING PROSPECTUS DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO ANY PERSON OR CLASS OF INVESTORS OTHER THAN QUALIFIED INSTITUTIONAL BUYERS (“QIBS”) WITHIN OR OUTSIDE INDIA.

ISSUE ONLY TO QUALIFIED INSTITUTIONAL BUYERS

The Issue is being made through the Institutional Placement Programme, wherein at least 25% of the aggregate number of Equity Shares to be Allotted in the Issue shall be Allocated and Allotted to Mutual Funds (as defined hereinafter) and Insurance Companies (as defined hereinafter), subject to valid ASBA Applications (as defined hereinafter) being received at or above the Issue Price, provided that if this portion or any part thereof to be Allotted to Mutual Funds and Insurance Companies remains unsubscribed, such minimum portion or part thereof may be Allotted to other QIBs. QIBs may participate in this Issue only through an application supported by blocked amount (“**ASBA**”) providing details about the ASBA Account (as defined hereinafter) which will be blocked by the Self Certified Syndicate Bank. For details, see “Issue Procedure”.

This Red Herring Prospectus has not been reviewed or approved by SEBI, the Reserve Bank of India (“**RBI**”), the National Stock Exchange of India Limited (the “**NSE**”), the BSE Limited (the “**BSE**”), the Madras Stock Exchange Limited (the “**MSE**”, and together with the NSE and BSE, the “**Stock Exchanges**”) and is intended only for use by QIBs. A copy of this Red Herring Prospectus has been delivered to the Stock Exchanges and, SEBI and for registration to the Registrar of Companies, Chennai, Tamil Nadu (the “**RoC**”). Copies of the Prospectus (as defined hereinafter) is expected to be filed with the Stock Exchanges, SEBI and the RoC. This Red Herring Prospectus will only be circulated or distributed to QIBs, and will not constitute an offer to any other class of investors in India or any other jurisdiction. The Equity Shares offered in the Issue have not been recommended or approved by SEBI, and SEBI does not guarantee the accuracy or adequacy of this Red Herring Prospectus.

The Equity Shares of the Company are listed on the Stock Exchanges and traded on the NSE and BSE. The Equity Shares offered in the Issue are securities of the Company of the same class and in all respects uniform as the Equity Shares listed on the Stock Exchanges and traded on the NSE and BSE. In-principle approvals under Clause 24(a) of the Equity Listing Agreement for listing of the Equity Shares offered in the Issue have been received from the Stock Exchanges. Applications will be made to the Stock Exchanges for obtaining listing and trading approvals for the Equity Shares offered through this Red Herring Prospectus. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares offered in the Issue to trading on the Stock Exchanges should not be taken as an indication of the merits of the business of the Company or such Equity Shares.

INVESTMENTS IN EQUITY SHARES INVOLVE A DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THIS ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ “RISK FACTORS” IN THIS RED HERRING PROSPECTUS AND THE PROSPECTUS EXPECTED TO BE PREPARED IN CONNECTION WITH THE ISSUE BEFORE MAKING AN INVESTMENT DECISION IN THIS ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES BEING ISSUED PURSUANT TO THIS RED HERRING PROSPECTUS AND PROSPECTUS EXPECTED TO BE PREPARED IN CONNECTION WITH THIS ISSUE.

Invitations, offers and issuances of Equity Shares offered in the Issue shall only be made pursuant to this Red Herring Prospectus together with the SEBI Letter (as defined hereinafter), ASBA Applications and Confirmation of Allocation Notes. Please see “Issue Procedure”. The distribution of this Red Herring Prospectus or the disclosure of its contents without the prior consent of the Company to any person other than QIBs and persons retained by QIBs to advise them with respect to their subscription of the Equity Shares offered in the Issue is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Red Herring Prospectus, agrees to observe the foregoing restrictions and make no copies of this Red Herring Prospectus or any documents referred to in this Red Herring Prospectus.

The information on the website of the Company or any website directly or indirectly linked to the website of the Company, other than this Red Herring Prospectus, does not form part of this Red Herring Prospectus and prospective investors should not rely on such information contained in, or available through, any such website.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”), and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold only to QIBs outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act (“Regulation S”) and the applicable laws of each jurisdiction where such offers and sales occur. The Equity Shares are not transferable except in accordance with the restrictions described under “Purchaser Representations and Transfer Restrictions” of this Red Herring Prospectus. For further information, please see “Selling Restrictions” and “Purchaser Representations and Transfer Restrictions”.

BOOK RUNNING LEAD MANAGERS		REGISTRAR TO THE ISSUE
		
Axis Capital Limited 1st Floor, Axis House, C-2 Wadia International Centre P.B. Marg, Worli, Mumbai- 400025 Tel: +91 22 4325 3101 Fax: +91 22 4325 3000 Email: scl.ipp@axiscap.in Website: www.axiscapital.co.in Contact Person: Ms. Simran Gadh	SBI Capital Markets Limited 202, Maker Tower ‘E’ Cuffe Parade Mumbai 400 005 Tel: +91 22 2217 8300 Fax: +91 22 2218 8332 Email: scl.ipp@sbicaps.com Website: www.sbicaps.com Contact Person: Ms. Shikha Agarwal	Link Intime India Private Limited C-13, Pannalal Silk Mills Compound L.B.S. Marg, Bhandup (West) Mumbai 400 078 Tel: +91 22 2596 7878 Fax: +91 22 2596 0329 Email: scl.ipp@linkintime.co.in Website: www.linkintime.co.in Contact Person: Sachin Achar
ISSUE PROGRAMME *		
ISSUE OPENS ON	[●]	ISSUE CLOSES ON
		[●]

* Details of the Issue programme shall be disclosed in the Floor Price/Price Band Announcement to be issued at least one day prior to the Issue Opening Date. Investors should refer to the pre-Issue advertisement and the Floor Price/Price Band Announcement for further details. Investors are advised to read the above mentioned announcements together with this Red Herring Prospectus.

The information in this Red Herring Prospectus is not complete and may be changed. The Issue is meant only for Eligible QIBs and is not an offer to any other class of investors to purchase or subscribe to the Equity Shares. This Red Herring Prospectus is not soliciting an offer to subscribe to or buy Equity Shares in any jurisdiction where such offer or subscription is not permitted. It is being issued for the sole purpose of information or discussion relating to the Equity Shares that may be Allotted through the Prospectus.

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NOTICE TO INVESTORS

The Company has furnished and accepts full responsibility for all of the information contained in this Red Herring Prospectus and having made all reasonable enquiries confirms that this Red Herring Prospectus contains all information with respect to the Company and the Equity Shares offered in the Issue that is material in the context of the Issue. The statements contained in this Red Herring Prospectus relating to the Company and the Equity Shares are, in every material respect, true and accurate and not misleading. The opinions and intentions expressed in this Red Herring Prospectus with regard to the Company and the Equity Shares are honestly held, have been reached after considering all relevant circumstances, are based on information presently available to the Company and are based on reasonable assumptions. There are no other facts in relation to the Company and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Red Herring Prospectus misleading in any material respect. Further, all reasonable enquiries as is customary to such offerings have been made by the Company to ascertain such facts and to verify the accuracy of all such information and statements.

No person is authorised to give any information or to make any representation not contained in this Red Herring Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Company or Axis Capital Limited and SBI Capital Markets Limited (the “**Book Running Lead Managers**”). The delivery of this Red Herring Prospectus at any time does not imply that the information contained in it is correct as of any time subsequent to its date.

The Equity Shares have not been approved, disapproved or recommended by any regulatory authority in any jurisdiction. No authority has passed on or endorsed the merits of this Issue or the accuracy or adequacy of this Red Herring Prospectus.

The Equity Shares have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold only to QIBs outside the United States in offshore transactions in compliance with Regulation S and the applicable laws of each jurisdiction where such offers and sales occur. The Equity Shares offered in the Issue are transferable only in accordance with the restrictions described in “Purchaser Representations and Transfer Restrictions”. All purchasers will be required to make the applicable representations set forth in “Purchaser Representations and Transfer Restrictions”.

The distribution of this Red Herring Prospectus and the Issue may be restricted by law in certain countries or jurisdictions. As such, this Red Herring Prospectus does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised, or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by the Company or the Book Running Lead Managers which would permit an offering of the Equity Shares offered in the Issue or distribution of this Red Herring Prospectus in any country or jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares to be issued pursuant to the Issue may not be offered or sold, directly or indirectly, and neither this Red Herring Prospectus nor any Issue materials in connection with the Equity Shares offered in the Issue may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

This Red Herring Prospectus has been filed with SEBI and the Stock Exchanges and delivered to the RoC for registration, and has been displayed on the websites of the Stock Exchanges and the Company stating that it is in connection with the Institutional Placement Programme and that the offer is being made only to QIBs as required under applicable law.

In making an investment decision, investors must rely on their own examination of the Company and the terms of the Issue, including the merits and risks involved. Investors should not construe the contents of this Red Herring

Prospectus as legal, tax, accounting or investment advice. Investors should consult their own counsel and advisors as to business, legal, tax, accounting and related matters concerning the Issue. In addition, none of the Company or the Book Running Lead Managers are making any representation to any offeree or subscriber of the Equity Shares offered in the Issue regarding the legality of an investment in such Equity Shares by such subscriber or purchaser under applicable laws or regulations.

Each QIB subscribing to the Equity Shares offered in the Issue is deemed to have acknowledged, represented and agreed that it is eligible to invest in India and in the Company under Indian law, including Chapter VIII-A of the SEBI ICDR Regulations, and is not prohibited by SEBI or any other statutory authority from buying, subscribing to, selling or dealing in securities.

The information on the Company's website, except this Red Herring Prospectus, or the website of each of the Book Running Lead Managers does not constitute nor form part of this Red Herring Prospectus. Prospective investors should not rely on the information contained in, or available through such websites, except this Red Herring Prospectus. This Red Herring Prospectus contains summaries of terms of certain documents, which are qualified in their entirety by the terms and conditions of such documents.

REPRESENTATIONS BY INVESTORS

By subscribing to any Equity Shares offered in the Issue, you are deemed to have represented, warranted, acknowledged and agreed to the Company and the Book Running Lead Managers, as follows:

- You are a “QIB” having a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares offered in the Issue that are Allotted to you in accordance with Chapter VIII-A of the SEBI ICDR Regulations;
- You are eligible to invest in India under applicable law, including the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI, RBI or any other regulatory authority from buying, selling or dealing in securities;
- If you are not a resident of India but are an QIB, you are a FII (hereinafter defined) (including a sub-account other than a sub-account which is a foreign corporate or a foreign individual), having a valid and existing registration with SEBI under the applicable laws in India and are eligible to invest in India under applicable law, including the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI or any other regulatory authority, from buying, selling or dealing in securities. You are investing in the Issue under the Portfolio Investment Scheme and will make all necessary filings with appropriate regulatory authorities, including RBI, as required, pursuant to applicable laws;
- If you are Allotted Equity Shares pursuant to the Issue, you shall not, for a period of one year from the date of Allotment, sell such Equity Shares so acquired except on the Stock Exchanges;
- You are aware that this Red Herring Prospectus has not been reviewed, verified or affirmed by SEBI, RBI, the Stock Exchanges or any other regulatory or listing authority, other than the RoC, and is intended only for use by the QIBs;
- You are entitled to subscribe for the Equity Shares offered in the Issue under the laws of all relevant jurisdictions that apply to you and you have necessary capacity, have obtained all necessary consents, governmental or otherwise, and authorisations and complied with all necessary formalities, to enable you to commit to participation in the Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorisations to agree to the terms set out or referred to in this Red Herring Prospectus), and will honour such obligations;
- You confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by the Company or its agents (the “**Company Presentations**”) with regard to the Company or the Issue; or (ii) if you have participated in or attended any Company Presentations: (a) you understand and acknowledge that the Book Running Lead Managers may not have knowledge of the statements that the Company or its agents may have made at such Company Presentations and are therefore unable to determine whether the information provided to you at such Company Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that the Book Running Lead Managers have advised you not to rely in any way on any information that was provided to you at any such Company Presentations, and (b) you confirm that, to the best of your knowledge, you have not been provided any material or price sensitive information relating to the Company and the Issue that was not made publicly available by the Company;
- Neither the Company nor the Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates are making any

recommendations to you or advising you regarding the suitability of any transactions it may enter into in connection with the Issue and your participation in the Issue is on the basis that you are not, and will not, up to the Allotment of the Equity Shares offered in the Issue, be a client of the Book Running Lead Managers. Neither the Book Running Lead Managers nor any of their shareholders, directors, officers, employees, counsel, representatives, agents or affiliates have any duties or responsibilities to you for providing the protection afforded to its or their clients or customers or for providing advice in relation to the Issue and are not in any way acting in any fiduciary capacity;

- All statements other than statements of historical facts included in this Red Herring Prospectus, including those regarding the Company's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to the Company's business), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and environment in which the Company will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as of the date of this Red Herring Prospectus;
- You are aware of and understand that the Equity Shares to be issued pursuant to the Issue are being offered only to QIBs and are not being offered to the general public and the Allocation and Allotment shall be in accordance with the SEBI Letter, Basis of Allocation, Allotment Criteria and the CAN. See "Issue Procedure";
- You have made, or been deemed to have made, as applicable, the representations and warranties set forth in "**Purchaser Representations and Transfer Restrictions**" and "**Selling Restrictions**";
- You have read this Red Herring Prospectus in its entirety, including in particular, the "**Risk Factors**";
- In making your investment decision, you have (i) relied on your own examination of the Company and the terms of the Issue, including the merits and risks involved, (ii) made your own assessment of the Company on a consolidated basis, the Equity Shares offered in the Issue and the terms of the Issue based solely on the information contained in the Red Herring Prospectus and publicly available information about the Company and no other disclosure or representation by us or any other party, (iii) consulted your own independent counsel and advisors or otherwise have satisfied yourself concerning, the effects of local laws, (iv) received all information that you believe is necessary or appropriate in order to make an investment decision in respect of the Company and the Equity Shares offered in the Issue and (v) relied upon your own investigation and resources in deciding to invest in the Issue;
- Neither the Book Running Lead Managers nor any of their shareholders, directors, officers, employees, counsel, representatives, agents or affiliates, have provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity Shares offered in the Issue (including the Issue and the use of proceeds from such Equity Shares). You will obtain your own independent tax advice and will not rely on the Book Running Lead Managers or any of their shareholders, directors, officers, employees, counsel, representatives, agents or affiliates, when evaluating the tax consequences in relation to the Equity Shares offered in the Issue (including, in relation to the Issue and the use of proceeds from the Equity Shares offered in the Issue). You waive, and agree not to assert any claim against, any of the Company, the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates, with respect to the tax aspects of the Equity Shares offered in the Issue or as a result of any tax audits by tax authorities, wherever situated;
- You are a sophisticated investor who is seeking to subscribe to the Equity Shares offered in the Issue for your own investment and not with intent to distribute such Equity Shares and have such knowledge and

experience in financial, business and investments as to be capable of evaluating the merits and risks of the investment in the Equity Shares offered in the Issue. You and any accounts for which you are subscribing to the Equity Shares offered in the Issue (i) are each able to bear the economic risk of the investment in the Equity Shares to be issued pursuant to the Issue, (ii) are able to sustain a complete loss on the investment in the Equity Shares to be issued pursuant to the Issue, (iii) have no need for liquidity with respect to the investment in the Equity Shares offered in the Issue, (iv) have sufficient knowledge, sophistication and experience in financial and business matters so as to be capable of evaluating the merits and risk of subscribing to the Equity Shares offered in the Issue, and (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares offered in the Issue. You acknowledge that an investment in the Equity Shares offered in the Issue involves a high degree of risk and that such Equity Shares are, therefore, a speculative investment. You are seeking to subscribe to the Equity Shares offered in this Issue for your own investment and not with a view to resale or distribution;

- If you are acquiring the Equity Shares offered in the Issue, for one or more managed accounts, you represent and warrant that you are authorised in writing, by each such managed account to acquire such Equity Shares for each managed account and make the representations, warranties, acknowledgements and agreements herein for and on behalf of each such account, reading the reference to 'you' to include such accounts;
- You are neither a Promoter (hereinafter defined) nor a person related to the Promoters, either directly or indirectly, and your ASBA Application does not directly or indirectly represent the Promoters or the Promoter Group (hereinafter defined) or persons related to the Promoters. For the purposes of this representation you will be deemed to be related to the Promoters if you have any rights under any shareholders' agreement or voting agreement entered into with the Promoters or persons related to the Promoters, any veto rights or any right to appoint any nominee director on the Board, other than the rights, if any, acquired in the capacity of a lender not holding any Equity Shares;
- You have no right to withdraw your ASBA Application or revise downward the price per Equity Share or the number of Equity Shares mentioned in your ASBA Application;
- You are eligible to apply for and hold the Equity Shares offered in the Issue, which are Allotted to you together with any Equity Shares held by you prior to the Issue. You confirm that your aggregate holding after the Allotment of the Equity Shares offered in the Issue shall not exceed the level permissible as per any applicable regulations;
- The ASBA Application submitted by you would not result in triggering a tender offer under the Takeover Regulations (hereinafter defined);
- You, together with other QIBs that belong to the same group as you or are under common control with you, shall not be Allotted Equity Shares in excess of 25% of the aggregate number of Equity Shares Allotted in the Issue or in excess of 50% of the aggregate number of Equity Shares Allotted in the Issue if the Allotment is being done in terms of the SEBI Letter. See "Issue Procedure –SEBI Letter". For the purposes of this representation:
 - a. The expression 'belong to the same group' shall have the same meaning as 'companies under the same group' as provided in sub-section (11) of Section 372 of the Companies Act (hereinafter defined); and
 - b. The expression 'control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the Takeover Regulations;

For meaning of the terms 'companies under the same group' under sub-section (11) of Section 372 of the

Companies Act and 'control' under Regulation 2(1)(e) of the Takeover Regulations, see "Issue Procedure".

- You shall not undertake any trade in the Equity Shares issued pursuant to the Issue and credited to your Depository Participant account until such time that the final listing and trading approvals for such Equity Shares are issued by the Stock Exchanges;
- You are aware that (i) applications for in-principle approval in terms of Clause 24(a) of the Equity Listing Agreement for listing and admission of the Equity Shares offered in the Issue and for trading on the Stock Exchanges were made and approval has been received from each of the Stock Exchanges, and (ii) the application for the final listing and trading approval will be made after Allotment of the Equity Shares in the Issue. There can be no assurance that the final approvals for listing of the Equity Shares issued pursuant to the Issue will be obtained in time or at all. The Company shall not be responsible for any delay or non-receipt of such final approvals or any loss arising from such delay or non-receipt;
- By participating in the Issue, you confirm that you have neither received nor relied on any other information, representation, warranty or statement made by, or on behalf of, the Book Running Lead Managers or the Company or any of their respective affiliates or any other person acting on their behalf and neither the Book Running Lead Managers nor the Company nor any of their respective affiliates or other person acting on their behalf will be liable for your decision to participate in the Issue based on any other information, representation, warranty or statement that you may have obtained or received;
- You confirm that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares offered in the Issue is contained in this Red Herring Prospectus, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares offered in the Issue and neither the Book Running Lead Managers nor the Company will be liable for your decision to accept an invitation to participate in the Issue based on any other information, representation, warranty or statement that you may have obtained or received;
- The Book Running Lead Managers do not have any obligation to purchase or acquire all or any part of the Equity Shares subscribed for by you or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including non-performance by the Company of any of its obligations or any breach of any representations and warranties by the Company, whether to you or otherwise;
- You understand that the Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and accordingly, may not be offered or sold within the United States, except in reliance on an exemption from the registration requirements of the U.S. Securities Act;
- You are not within the United States and, you are acquiring the Equity Shares offered in the Issue in an offshore transaction meeting the requirements of Rule 905 or Rule 904 of Regulation S;
- You agree that any dispute arising in connection with the Issue will be governed by and construed in accordance with the laws of Republic of India, and the courts in Chennai, India shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Issue, this Red Herring Prospectus and the Prospectus expected to be prepared in connection with the Issue;
- Each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment, listing and trading of the Equity Shares issued pursuant to the Issue on the Stock Exchanges;
- You agree to indemnify and hold the Company, the Book Running Lead Managers and their respective

affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach or alleged breach of the foregoing representations, warranties, acknowledgements and undertakings made by you in this Red Herring Prospectus. You agree that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares issued pursuant to the Issue by, or on behalf of, the managed accounts;

- You agree to abide by the Basis of Allocation provided in this Red Herring Prospectus, and the Allocation done in accordance with the Basis of Allocation as overseen by the Stock Exchanges;
- You agree to provide additional documents as may be required by the Company and the Syndicate for finalisation of the Basis of Allocation along with the Stock Exchanges. The Company, the Book Running Lead Managers and their affiliates may rely on the accuracy of such documents provided by you; and
- The Company, the Book Running Lead Managers, their respective affiliates and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings which are given to the Book Running Lead Managers on their own behalf and on behalf of the Company and are irrevocable.

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15A(1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 (the “**FII Regulations**”), a FII may issue or otherwise deal in offshore derivative instruments such as participatory notes, equity-linked notes or any other similar instruments issued overseas against underlying securities, listed or proposed to be listed on any recognized stock exchange in India, such as the Equity Shares offered in the Issue (all such offshore derivative instruments are referred to herein as “**P-Notes**”), for which they may receive compensation from the purchasers of such instruments. P-Notes may be issued only in favour of those entities which are regulated by any appropriate foreign regulatory authority subject to compliance with applicable ‘know your client’ requirements. A FII shall also ensure that no further issue or transfer of any instrument referred to above is made by or on behalf of it to any person other than such entities regulated by an appropriate foreign regulatory authority. No sub-account of a FII is permitted to directly or indirectly issue P-Notes. P-Notes have not been and are not being offered, issued or sold pursuant to this Red Herring Prospectus. This Red Herring Prospectus does not contain any information concerning P-Notes or the issuer(s) of any P-notes, including any information regarding any risks relating thereto.

Any P-Notes that may be issued are not securities of the Company and do not constitute any obligation of, claims on or interests in the Company or the Book Running Lead Managers. The Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to the P-Notes. Any P-Notes that may be offered are issued by, and are the sole obligations of, third parties that are unrelated to the Company or the Book Running Lead Managers. The Company and the Book Running Lead Managers do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with the P-Notes. Any P-Notes that may be issued are not securities of the Book Running Lead Managers and do not constitute any obligations of or claims on the Book Running Lead Managers. Affiliates of the Book Running Lead Managers that are registered as FIIs may purchase, to the extent permissible under law, the Equity Shares offered in the Issue, and may issue P-Notes in respect thereof.

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosures as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

DISCLAIMER CLAUSE

As required, a copy of this Red Herring Prospectus has been delivered to each of the Stock Exchanges and SEBI and for registration to the RoC. The Stock Exchanges, SEBI and the RoC do not in any manner:

- (1) warrant, certify or endorse the correctness or completeness of the contents of this Red Herring Prospectus;
- (2) warrant that the Equity Shares issued pursuant to the Issue will be listed or the Equity Shares will continue to be listed on the Stock Exchanges; or
- (3) take any responsibility for the financial or other soundness of the Company, its Promoters, its management or any scheme or project of the Company.

It should not for any reason be deemed or construed to mean that the Red Herring Prospectus has been reviewed or approved by the Stock Exchanges or SEBI. Every person who desires to apply for or otherwise acquire any Equity Shares offered in the Issue may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges, SEBI and the RoC whatsoever, by reason of any loss which may be suffered by such person consequent to or in connection with, such subscription/acquisition, whether by reason of anything stated or omitted to be stated herein, or for any other reason whatsoever.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this Red Herring Prospectus, unless the context otherwise indicates or implies, references to ‘you’, ‘your’, ‘offeree’, ‘purchaser’, ‘subscriber’, ‘recipient’, ‘investors’, ‘prospective investors’ and ‘potential investor’ are to the prospective investors in the Issue, references to ‘the Company’, ‘our’ or ‘our Company’ are to Sundaram-Clayton Limited, and references to ‘we’ or ‘us’ are to Sundaram-Clayton Limited, its Subsidiaries and Associates on a consolidated basis unless otherwise specified.

In this Red Herring Prospectus, all references to “Indian Rupees” “₹” and “Rs.” are to Indian Rupees and all references to “U.S. dollars”, “USD” and “U.S.\$” are to United States dollars. All references herein to the “U.S.” or the “United States” are to the United States of America and its territories and possessions and all references to “India” are to the Republic of India and its territories and possessions.

The financial year of the Company commences on April 1 of each calendar year and ends on March 31 of the succeeding calendar year, so, unless otherwise specified or if the context requires otherwise all references to a particular financial year or fiscal year are to the twelve month period ended on March 31 of that year.

The Company publishes its consolidated and unconsolidated financial statements in Indian Rupees. The Company’s audited consolidated summary financial statements included herein have been prepared in accordance with Indian GAAP and the Companies Act. Indian GAAP differs in certain significant respects from International Financial Reporting Standards (“IFRS”) and U.S. GAAP, and accordingly, the degree to which the financial statements prepared in accordance with Indian GAAP included in the Red Herring Prospectus will provide meaningful information is entirely dependent on the reader’s familiarity with the respective accounting policies. The Company does not provide a reconciliation of its financial statements to IFRS or U.S. GAAP financial statements. See “Risk Factors – Risks Relating to India –Significant differences exist between Indian GAAP and other accounting principles, such as US GAAP and IFRS, which may be material to investors’ assessments of our Company’s financial condition. Our failure to successfully adopt IFRS could have a material adverse effect on the price of our Equity Shares”.

The financial statements of the Company, including the audited consolidated summary financial statements of the Company as of and for the years ended March 31, 2013 and 2012 have been prepared in accordance with Indian GAAP, are included in this Red Herring Prospectus and are referred to herein collectively as the “Financial Statements”.

In this Red Herring Prospectus, certain monetary thresholds have been subjected to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

INDUSTRY AND MARKET DATA

Information regarding market position, growth rates and other industry data pertaining to the business of the Company contained in this Red Herring Prospectus consists of estimates based on data reports compiled by government bodies, professional organisations and analysts, data from other external sources and knowledge of the markets in which the Company competes. Unless stated otherwise, the statistical information included in this Red Herring Prospectus relating to the industry in which the Company operates has been reproduced from various trade, industry and government publications and websites.

This data is subject to change and cannot be verified with certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. Neither the Company nor the Book Running Lead Managers have independently verified this data and do not make any representation regarding the accuracy of such data. The Company takes responsibility for accurately reproducing such information but accepts no further responsibility in respect of such information and data. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organisations) to validate market-related analysis and estimates, so the Company has relied on internally developed estimates. Similarly, while the Company believes its internal estimates to be reasonable, such estimates have not been verified by any independent sources and neither the Company nor the Book Running Lead Managers can assure potential investors as to their accuracy.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Red Herring Prospectus that are not statements of historical fact constitute 'forward-looking statements'. Investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'will', 'would', or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of the Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements. All statements regarding the Company's expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to the Company's business strategy, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Red Herring Prospectus that are not historical facts. These forward-looking statements contained in this Red Herring Prospectus (whether made by the Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about the Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from the Company's expectations include, among others:

- our ability to retain our principal customers;
- macroeconomic conditions and trends and conditions in the automotive industry;
- purchasing patterns of our principal customers in relation to our automotive components business;
- general, political, social and economic conditions in India and elsewhere;
- accidents, natural disasters or outbreaks of diseases;
- our ability to manage our growth effectively;
- our ability to finance our business growth and obtain financing on favourable terms;
- our ability to compete effectively, particularly in new markets and businesses;
- increase in raw material costs;
- the continued availability of applicable tax benefits;
- our dependence on our Key Management Personnel and Promoters;
- conflicts of interest with affiliated companies and other related parties;
- the outcome of legal or regulatory proceedings that we are or might become involved in;
- contingent liabilities, environmental problems and uninsured losses;
- government approvals;
- changes in government policies and regulatory actions that apply to or affect our business;
- other factors beyond our control; and
- our ability to manage risks that arise from these factors.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in "Risk Factors", "Industry Overview", "Our Business" and "Management's Discussions and Analysis of Financial Condition and Results of Operations". The forward-looking statements contained in this Red Herring Prospectus are based on the beliefs of management, as well as the assumptions made by, and information currently available to, management of the Company. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Red Herring Prospectus or the respective dates indicated in this Red Herring Prospectus, and the Company undertakes no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of

these risks and uncertainties materialise, or if any of the Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of the Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to the Company are expressly qualified in their entirety by reference to these cautionary statements.

ENFORCEMENT OF CIVIL LIABILITIES

The Company is a public company incorporated with limited liability under the laws of India. All of the Company's Directors are residents of India. All of the key managerial personnel named here are residents of India and all the assets of the Company are located in India. As a result, it may be difficult for investors outside India to effect service of process upon the Company or such persons in India, or to enforce judgments obtained against such parties outside India.

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Code of Civil Procedure, 1908 (the "**Civil Procedure Code**"), on a statutory basis. Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon by the same parties or between parties under whom they or any of them claim to be litigating under the same title, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognize the law of India in cases in which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and (vi) where the judgment sustains a claim founded on a breach of any law in force in India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. However, Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any country or territory outside India which the Government of India (the "**GoI**" or the "**Government**") has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by an appropriate court in India. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards.

Each of the United Kingdom, Singapore and Hong Kong has been declared by the GoI to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code, but the United States of America has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit has to be filed in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy in India. Further, any judgment or award in a foreign currency would be converted into Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from RBI to repatriate outside India any amount recovered pursuant to such award, and any such amount may be subject to income tax in accordance with applicable laws.

EXCHANGE RATE INFORMATION

The functional currency of the Company and its subsidiaries located in India is the Indian Rupee. The Indonesian rupiah is the functional currency of PT. TVS Motor Company Indonesia and the euro is the functional currency of TVS Motor Company (Europe) B. V. The functional currency of TVS Motor (Singapore) Pte Limited is Singapore dollar and the renminbi is the functional currency of Sundaram Business Development Consulting (Shanghai) Co. Limited. The U.S. dollar is the functional currency of Sundaram-Clayton (USA) Limited. The presentation currency of our Consolidated Financial Statements included in this Red Herring Prospectus is the Indian Rupee. See the Notes to our Consolidated Financial Statements included elsewhere in this Red Herring Prospectus for a description of the methodology we use to translate our financial position and results of operation from the US dollars and other currencies to Rupee.

Fluctuations in the exchange rate between the Rupee and foreign currencies will affect the foreign currency equivalent of the Rupee price of the Equity Shares on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currencies of any cash dividends paid in Rupees on the Equity Shares.

The following table sets forth information concerning exchange rates between the Rupee and the U.S. dollar for the periods indicated. Exchange rates are based on the reference rates released by RBI, which are available on the website of RBI. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all. On May 10, 2013, the exchange rate (RBI reference rate) was ₹ 54.54 to U.S.\$1.00 (Source: www.rbi.org.in).

	Period End ⁽²⁾	Average ⁽¹⁾	High	Low
Financial Year:	(₹ Per U.S.\$1.00)			
2013	54.39	54.45	57.22	50.56
2012	51.16	47.95	54.24	43.95

(1) Average of the official rate for each working day of the relevant period.

(2) Rate on the last working day of the period end.

(Source : www.rbi.org.in)

DEFINITIONS AND ABBREVIATIONS

This Red Herring Prospectus uses the definitions and abbreviations set forth below which, unless otherwise specified, you should consider when reading the information contained herein. References to any legislation, act, regulation or statutory provision in this Red Herring Prospectus shall be construed as reference to such term as amended, modified or re-enacted from time to time.

Company and Industry Related Terms

Term	Description
the Company or our Company or “Our”	Sundaram-Clayton Limited, a public limited company incorporated under the Companies Act and having its registered and corporate office at Jayalakshmi Estates, No. 29 (Old 8), Haddows Road, Chennai – 600 006
AIL	Anusha Investments Limited
Articles of Association or Articles	The Articles of Association of the Company, as amended from time to time
Associates	1. TVS Training and Services Limited 2. Sundram Non-conventional Energy Systems Limited 3. TVS Wind Power Limited 4. Emerald Haven Realty Limited
Auditor	The statutory auditor of the Company, M/s Sundaram & Srinivasan, Chartered Accountants
Board or Board of Directors	The board of directors of the Company or a committee thereof
Directors	Directors on the Board, as may be appointed from time to time
DSIR	Department of Scientific and Industrial Research, Government of India
Equity Shares	Equity shares of face value of ₹ 5 each of the Company
EGM	Extra ordinary general meeting
HCV	Heavy Commercial Vehicle
LCV	Light Commercial Vehicle
Memorandum of Association or Memorandum	The Memorandum of Association of the Company, as amended from time to time
OEM	Original Equipment Manufacturer
Promoters	1. T V Sundram Iyengar & Sons Limited
Promoter Group	2. Sundaram Industries Limited 3. Southern Roadways Limited 4. Sundaram Finance Limited
Registered Office	Jayalakshmi Estates, No. 29 (Old 8), Haddows Road, Chennai – 600 006
Rupee/INR/₹	The legal currency of the Republic of India
SIL	Sundaram Investment Limited
Subsidiaries	1. TVS Motor Company Limited 2. Sundaram Auto Components Limited 3. PT TVS Motor Company Indonesia 4. TVS Motor Company (Europe) B.V 5. TVS Motor (Singapore) Pte Limited

	6. TVS Housing Limited 7. TVS Energy Limited 8. TVS Wind Energy Limited 9. TVS Wind Power Limited 10. Sundaram Business Development Consulting (Shanghai) Co Ltd 11. Sundaram-Clayton (USA) Limited
U.S. dollars/ US\$/ USD	The legal currency of the United States
“We” or “us”	Sundaram-Clayton Limited, its Subsidiaries and Associates

Issue Related Terms

Term	Description
Allocation or Allocated	Allocation of the Equity Shares offered in the Issue following the determination of the Issue Price to Applicants on the basis of the ASBA Applications submitted by them and in accordance with the Allotment Criteria
Allotment or Allotted or Allot	Unless the context otherwise requires, the issue and allotment of the Equity Shares pursuant to the Issue
Allottees	QIBs to whom the Equity Shares are Allotted pursuant to the Issue
Allotment Criteria	The method as finalised by the Company based on which the Equity Shares offered in the Issue will be Allocated and Allotted to successful Applicants, in this case being the proportionate method
Applicant	An QIB that submits an ASBA Application in accordance with the provisions of this Red Herring Prospectus
Application Amount	The highest value indicated by the Applicant in the ASBA Application to subscribe for the Equity Shares applied for in the ASBA Application
ASBA	Application supported by blocked amount
ASBA Account	An account maintained with the SCSB by the Applicant and specified in the ASBA Application for blocking the Application Amount
ASBA Application	An application by an Applicant, whether physical or electronic, offering to subscribe for the Equity Shares in the Issue at any price at or above the Floor Price or within the Price Band, as the case may be, including any revisions thereof, pursuant to the terms of this Red Herring Prospectus and which shall also be an authorisation to an SCSB to block the Application Amount in the ASBA Account maintained with such SCSB. The ASBA Application will also be considered as the application for Allotment for the purposes of this Red Herring Prospectus and the Prospectus. The price per Equity Share and the number of Equity Shares applied for under an ASBA Application may only be revised upwards and any downward revision in price per Equity Share and/or the number of Equity Shares applied for under an ASBA Application or withdrawal of the ASBA Application is not permitted
Basis of Allocation	The basis on which Equity Shares offered in the Issue will be Allocated to successful Applicants in the Issue including in terms of the SEBI Letter, if applicable and the CAN will be dispatched, as described in “Issue Procedure”
Book Running Lead Managers or BRLMs	Axis Capital Limited and SBI Capital Markets Limited
CAN or Confirmation of Allocation Note	Note, advice or intimation sent to the Applicants who have been Allocated Equity Shares offered in the Issue, confirming the Allocation of Equity Shares to such Applicants after the determination of the Issue Price in terms of the Basis of Allocation approved by the Stock Exchanges, and shall constitute a valid, binding and irrevocable agreement on part of the Applicant to subscribe to the Equity Shares Allocated to such Applicant at the Issue Price
Cap Price	The higher end of the Price Band, if any, announced by the Company, above which the Issue

Term	Description
	Price will not be finalised and above which no ASBA Applications will be accepted
Axis Capital	Axis Capital Limited
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Applications and a list of which is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/RecognisedIntermediaries
Designated Date	The date on which funds blocked by the SCSBs are transferred from the ASBA Accounts of the successful Applicants to the Public Issue Account or unblocked, as the case may be, after the Prospectus is filed with the RoC
Floor Price	The price below which the Issue Price will not be finalised and the Equity Shares offered in the Issue shall not be Allotted. The Floor Price will be decided by the Company in consultation with the Book Running Lead Managers in accordance with SEBI Letter, if applicable, and shall be announced at least one day prior to the Issue Opening Date. Any ASBA Application made at a price per Equity Share below the Floor Price will be rejected
Floor Price / Price Band Announcement	The announcement of either the Floor Price or the Price Band, made by the Company at least one day prior to the Issue Opening Date
Institutional Placement Programme or IPP	Institutional placement programme in which offer, allocation and allotment of equity shares is made under Chapter VIII-A of the SEBI ICDR Regulations
Issue	The offer and issuance of up to 12,64,501 Equity Shares to QIBs, pursuant to Chapter VIII-A of the SEBI ICDR Regulations and in accordance with the SEBI Letter
Issue and Placement Agreement	The issue and placement agreement dated May 27, 2013 amongst the Company and the Book Running Lead Managers in relation to the Issue
Issue Closing Date	The last date up to which the ASBA Applications shall be accepted, which date shall be announced along with the Floor Price/Price Band Announcement
Issue Opening Date	The date on which the Designated Branches and the members of the Syndicate will start accepting the ASBA Applications, which date shall be announced along with the Floor Price/Price Band Announcement
Issue Period	The period between the Issue Opening Date and Issue Closing Date, inclusive of both dates during which QIBs can submit their ASBA Applications to the SCSBs and the members of the Syndicate (in the Specified City)
Issue Price	The price at which the Equity Shares offered in the Issue will be Allotted to the successful Applicants, and indicated in the CAN, which shall be equal to or greater than the Floor Price, or within the Price Band, as the case may be, and in accordance with SEBI Letter, if applicable. Our Company may offer a discount of up to 5% to the Issue Price in terms of the Chapter VIII of the SEBI ICDR Regulations if the Issue is being made to less than 10 investors in terms of the SEBI Letter.
Issue Size	The aggregate size of the Issue, comprising of up to 12,64,501 Equity Shares, Allotted at the Issue Price
Price Band	Price band, if any, announced by the Company for the Issue, of a minimum price (Floor Price) and a maximum price (Cap Price), which will be decided by the Company in consultation with the Book Running Lead Managers in accordance with SEBI Letter, if applicable, and which shall be announced at least one day prior to the Issue Opening Date
Pricing Date	The date on which the Company in consultation with the Book Running Lead Managers finalises the Issue Price
Prospectus	The prospectus to be filed with the RoC in accordance with the provisions of the Companies Act, containing, <i>inter alia</i> , the Issue Size, the Issue Price and certain other information as required under applicable law
Public Issue Account	The account opened with the Public Issue Account Bank in terms of Section 73 of the Companies Act to receive monies from the ASBA Accounts on the Designated Date
Public Issue Account	Public issue account agreement dated May 27, 2013 among the Company, the BRLMs, the

Term	Description
Agreement	Registrar to the Issue and the Public Issue Account Bank
Public Issue Account Bank	The bank which is a clearing member and registered with SEBI as a banker to the issue with whom the Public Issue Account will be opened and in this case being State Bank of India
QIB or Qualified Institutional Buyer	A qualified institutional buyer as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations
Red Herring Prospectus	This red herring prospectus issued in accordance with the provisions of the Companies Act which does not have complete particulars of the price at which the Equity Shares are offered in the Issue and the size of the Issue. The Red Herring Prospectus will be filed with the RoC at least three days before the Issue Opening Date and will become the Prospectus upon filing with the RoC after the Pricing Date
Registrar to the Issue	Link Intime India Private Limited having its office at C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400 078
Revision Form	The form used by the Applicants, to modify the number of Equity Shares applied for or the price per Equity Share in any of their ASBA Applications or any previous Revision Form(s). Applicants are not allowed to revise downward the price per Equity Share or the number of Equity Shares applied.
SBICAP	SBI Capital Markets Limited
SEBI Letter	The approval issued by SEBI pursuant to its letter dated March 12, 2013 for relaxation of the requirements of minimum number of investors as prescribed under Chapter VIII-A of the SEBI ICDR Regulations subject to pricing conditions as per Chapter VIII of the SEBI ICDR Regulations. See “Issue Procedure –SEBI Letter”
Self Certified Syndicate Bank(s) or SCSB(s)	A banker to the issue registered with SEBI, which offers the facility of ASBA and a list of which is available at http://www.sebi.gov.in/cms/sebi_data/attachdocs/1330923506730.html
Specified City	Mumbai
Stock Exchanges	The BSE, the NSE and the MSE
Syndicate or members of the Syndicate	The Book Running Lead Managers and Syndicate Member
Syndicate Agreement	The agreement dated May 27, 2013 among the Syndicate and the Company in relation to the Issue
Syndicate ASBA Bidding Centres	Centres in the Specified City where the Applicants can register their ASBA Applications with a member of the Syndicate or their respective sub-syndicate
Syndicate Member	SBICAP Securities Limited
TRS or Transaction Registration Slip	The slip or document issued by a member of the Syndicate or the SCSB (only on demand), as the case may be, to the Applicant as proof of registration of the ASBA Application
Working Day	Any day, other than Saturdays and Sundays, on which commercial banks in Mumbai and Chennai are open for business, provided however, for the purpose of the time period between the Issue Closing Date and listing of the Equity Shares offered pursuant to the Issue on the Stock Exchanges, “Working Days”, shall mean all days excluding Sundays and bank holidays in Mumbai in accordance with the SEBI Circular no. CIR/CFD/DIL/3/2010 dated April 22, 2010

Conventional and General Terms

Term	Description
AS	Accounting Standards issued by ICAI
BSE	BSE Limited
CAGR	Compounded annual growth rate
CDSL	Central Depository Services (India) Limited

Term	Description
Civil Procedure Code	Code of Civil Procedure, 1908, as amended
Client ID	Beneficiary account identity
Companies Act	Companies Act, 1956, as amended
Competition Act	The Competition Act, 2002, as amended
Consolidated FDI Policy	Circular 1 of 2013, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, effective from April 5, 2013
CRISIL	CRISIL Limited
CRR	Cash Reserve Ratio
Depositories	NSDL and CDSL
Depositories Act	Depositories Act, 1996, as amended
Depository Participant or DP	A depository participant as defined under the Depositories Act
DP ID	Depository participant identity
EBITDA	Earnings Before Interest Tax Depreciation and Amortisation
EPS	Earnings per equity share, i.e., net profit after tax attributable to equity shares for a financial year divided by the weighted average number of equity shares during the financial year
Equity Listing Agreement	The equity listing agreement entered by the Company with each of the Stock Exchanges
FEMA	Foreign Exchange Management Act, 1999, as amended, together with rules and regulations thereunder
FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended
FIIs	Foreign institutional investors (as defined under the FII Regulations) registered with SEBI
Financial year or fiscal year or fiscal or FY	Period of 12 months ended March 31 of that particular year
FVCI or foreign venture capital investors	Foreign venture capital investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI
GDP	Gross Domestic Product
GoI or Government	Government of India
Gms	Grams
Gratuity Act	Payment of Gratuity Act, 1972
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
I.T. Act	Income Tax Act, 1961, as amended
IMF	International Monetary Fund
Indian GAAP	Generally Accepted Accounting Principles in India
Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended
Insurance Company	An insurance company registered with the Insurance Regulatory and Development Authority in India

Term	Description
Kgs	Kilo Grams
MAT	Minimum Alternate Tax
MCA	Ministry of Corporate Affairs
MoU	Memorandum of Understanding
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
MSE	Madras Stock Exchange Limited
NCR	National Capital Region
Non-Resident	A person resident outside India, as defined under the FEMA and includes a Non-Resident Indian
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
PAN	Permanent Account Number allotted under the I.T. Act
Portfolio Investment Scheme	The portfolio investment scheme of RBI specified in Schedule 2 of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended
RBI	Reserve Bank of India
Regulation S	Regulation S under the U.S. Securities Act
R&D	Research and Development
RoC	The Registrar of Companies, Tamil Nadu at Chennai
Rs./ ₹/ Rupee	Indian Rupees
SCRA	Securities Contracts (Regulation) Act, 1956, as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
SEBI	Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
sq. ft.	square feet
Supreme Court	Supreme Court of India
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
TNEB	Tamil Nadu Electricity Board
U.S. GAAP	Generally accepted accounting principles in the United States of America
U.S. Securities Act	The U.S. Securities Act of 1933
VCF(s) or Venture capital funds	Venture capital funds as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the SEBI AIF Regulations, as the case may be

SUMMARY OF THE ISSUE

This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Red Herring Prospectus, including in “**Risk Factors**”, “**Use of Proceeds**”, “**Placement**” and “**Issue Procedure**”.

The following is a general summary of the terms of the Issue:

Issuer	Sundaram-Clayton Limited
Issue Size	Up to 12,64,501 Equity Shares Allotted at the Issue Price
Issue Price	The price at which the Equity Shares offered in the Issue will be Allotted to the successful Applicants in terms of the SEBI Letter, if applicable*, Basis of Allocation, Allotment Criteria and the CAN. Our Company may offer a discount of up to 5% to the Issue Price in terms of the Chapter VIII of the SEBI ICDR Regulations if the Issue is being made to less than 10 investors in terms of the SEBI Letter. Please see “Issue Procedure”
Eligible Investors	QIBs
Class of Equity Shares	The Equity Shares offered in the Issue are securities of the Company of the same class and in all respects uniform with the Equity Shares listed and traded on the Stock Exchanges. For details, see “Description of the Equity Shares”
Equity Shares issued and outstanding immediately prior to the Issue	1,89,67,584 Equity Shares
Equity Shares issued and outstanding immediately after the Issue	2,02,32,085 Equity Shares
Price Band	The Price Band, if any, as decided by the Company in consultation with the Book Running Lead Managers, which shall be announced at least one day prior to the Issue Opening Date
Floor Price	The Floor Price, as decided by the Company in consultation with the Book Running Lead Managers in accordance with the SEBI Letter, if applicable, which shall be announced at least one day prior to the Issue Opening Date
Cap Price	The higher end of the Price Band, if any, announced by the Company, above which the Issue Price will not be finalised and above which no ASBA Applications will be accepted
Listing	(i) Applications for in-principle approval, in terms of clause 24(a) of the Equity Listing Agreement, for listing and admission of the Equity Shares offered in the Issue and for trading on the Stock Exchanges, were made and approval has been received from each of the Stock Exchanges; and (ii) the application for the final listing and trading approval will be made after Allotment of the Equity Shares pursuant to the Issue
Lock-up	The Company has agreed that it will not, without the prior written consent of the Book Running Lead Managers, from the date of the Issue and Placement Agreement and for a period of up to 90 days from the Allotment, directly or indirectly: (a) issue, offer, lend, sell, pledge, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Equity Shares, or any securities convertible into or exercisable or exchangeable for the Equity Shares or publicly announce an intention with respect to any of the foregoing; (b) enter

	into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of the Equity Shares or any securities convertible into or exercisable or exchangeable for the Equity Shares; (c) deposit Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares or which carry the right to subscribe for or purchase Equity Shares in depository receipt facilities or enter into any such transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale or deposit of Equity Shares in any depository receipt facility; or (d) announce any intention to enter into any transaction whether any such transaction described in (a) or (b) above is to be settled by delivery of the Equity Shares, or such other securities, in cash or otherwise. The Promoters have agreed that, without the prior written consent of the Book Running Lead Managers, they will not, during the period commencing on the date of the Issue and Placement Agreement and ending 90 days after the date of Allotment (the “Lock-up Period”), directly or indirectly: (a) issue, offer, lend, sell, pledge, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Equity Shares, or any securities convertible into or exercisable or exchangeable for the Equity Shares or publicly announce an intention with respect to any of the foregoing; (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of the Equity Shares or any securities convertible into or exercisable or exchangeable for the Equity Shares; (c) deposit Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares or which carry the right to subscribe for or purchase Equity Shares in depository receipt facilities or enter into any such transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale or deposit of Equity Shares in any depository receipt facility; or (d) announce any intention to enter into any transaction whether any such transaction described in (a) or (b) above is to be settled by delivery of the Equity Shares, or such other securities, in cash or otherwise. The restrictions in the foregoing paragraph shall not apply to (a) any inter-se transfer of Equity Shares between the Promoters and the Promoter Group, provided that the restrictions set forth in the previous paragraph shall continue to apply for the remaining period to the transferee and that such transferee shall be bound by the restrictions in the preceding paragraph until the Lock-up Period set forth herein has expired; and (b) any sale, transfer or disposal of such Equity Shares to the extent such sale, transfer or disposal is mandatorily required for compliance with applicable Indian law, including compliance with minimum public shareholding requirements applicable to the Company.
Transferability Restrictions	The Equity Shares Allotted pursuant to the Issue shall not be sold for a period of one year from the date of Allotment, except on the Stock Exchanges. Please see “Purchaser Representations and Transfer Restrictions”
Closing	The Allotment of the Equity Shares offered pursuant to this Issue is expected to be made on or about [●], 2013
Use of Proceeds	Net proceeds of the Issue (after deduction of fees, commissions and expenses) are expected to total approximately ₹ [●] crore. Please see “Use of Proceeds”
Risk Factors	Please see “Risk Factors” for a discussion of factors you should consider before deciding whether to subscribe for the Equity Shares offered in the Issue.
Ranking	The Equity Shares being issued pursuant to the Issue shall be subject to the provisions

	of the Memorandum and the Articles of Association and shall rank <i>pari passu</i> in all respects with the existing Equity Shares, including rights in respect of voting and dividends. The shareholders will be entitled to participate in dividends and other corporate benefits, if any, declared by the Company after the Allotment of the Equity Shares issued pursuant to the Issue, in compliance with the Companies Act, the Equity Listing Agreement and other applicable laws and regulations.
Security Codes for the Equity Shares	ISIN: INE105A01035 BSE Code: 520056 NSE Code: SUNCLAYLTD MSE Code: Not Applicable

*Pricing-related provisions of Chapter VIII of the SEBI ICDR Regulations will be applicable only if we Allot Equity Shares in the Issue to less than 10 investors, and not if we Allot Equity shares in the Issue to 10 investors or more. For further details, please see “Issue Procedure –SEBI Letter”.

SELECTED FINANCIAL INFORMATION

The following selected financial information is extracted from and should be read in conjunction with, the audited consolidated summary financial statements of the Company as of and for the years ended March 31, 2013 and 2012. You should refer to the section titled "Management's Discussions and Analysis of Financial Condition and Results of Operation", included elsewhere in this Red Herring Prospectus, for further discussion and analysis of the financial statements of the Company. The financial statements of the Company are prepared in accordance with Indian GAAP and have been audited by Sundaram & Srinivasan, Chartered Accountants, where applicable.

The financial information included in this Red Herring Prospectus does not reflect the Company's results of operations, financial position and cash flows for the future and its past operating results are no guarantee of its future operating performance.

SUNDARAM-CLAYTON LIMITED

CONSOLIDATED SUMMARY FINANCIAL STATEMENTS

Consolidated Summary Balance Sheet as at

(Rupees in Crores)

Sl.No	Particulars	Note Number	As at 31-03-2013	As at 31-03-2012
	1	2	3	4
I.	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	I	9.48	9.48
	(b) Reserves and surplus	II	884.68	689.04
2	Share application money pending allotment		-	-
3	Minority Interest		327.55	329.28
4	Non-current liabilities			
	(a) Long-term borrowings	III	975.58	983.62
	(b) Deferred tax liabilities (Net)	IV	98.36	75.19
	(c) Other Long term liabilities	V	24.83	-
	(d) Long-term provisions	VI	74.36	79.41
5	Current liabilities			
	(a) Short-term borrowings	VII	329.45	474.52
	(b) Trade payables		961.75	872.79
	(c) Other current liabilities	VIII	541.61	642.98
	(d) Short-term provisions	IX	55.63	55.57
	Total		4,283.28	4,211.88
II.	ASSETS			
	Non-current assets			
1	(a) Fixed assets			
	(i) Tangible assets	X	1,971.52	1,762.03
	(ii) Intangible assets	X	5.17	6.74
	(iii) Capital work-in-progress	X	48.42	270.39
	(b) Goodwill on consolidation		3.28	2.92
	(c) Non-current investments	XI	409.87	351.24
	(d) Long-term loans and advances	XII	65.29	50.47
	(e) Other non-current assets	XIII	5.71	0.22

Consolidated Summary Balance Sheet as at

(Rupees in Crores)

Sl.No	Particulars	Note Number	As at 31-03-2013	As at 31-03-2012
	1	2	3	4
2	Current assets			
	(a) Current investments	XIV	-	6.43
	(b) Inventories	XV	848.04	872.87
	(c) Trade receivables	XVI	450.71	390.60
	(d) Cash and cash equivalents	XVII	81.80	143.74
	(e) Short-term loans and advances	XVIII	253.21	248.06
	(f) Other current assets	XIX	140.26	106.17
	Total		4,283.28	4,211.88

SUNDARAM-CLAYTON LIMITED
CONSOLIDATED SUMMARY FINANCIAL STATEMENTS

Consolidated summary statement of profit and loss for the year ended

(Rupees in Crores)

Sl.No	Particulars	Note Number	Year ended 31-03-2013	Year ended 31-03-2012
	1	2	3	4
I	Revenue from operations	XX	8,225.79	8,297.16
II	Other income	XXI	27.41	21.05
III	Total Revenue (I + II)		8,253.20	8,318.21
IV	Expenses:			
	Cost of materials consumed	XXII	5,351.37	4,931.39
	Purchases of Stock-in-Trade	XXII	242.78	902.80
	Changes in inventories of finished goods, work-in-process and Stock-in-Trade	XXII	1.13	(33.48)
	Employee benefits expense	XXIII	605.58	558.90
	Finance costs	XXIV	147.72	130.11
	Depreciation and amortization expense		225.90	206.26
	Other expenses	XXV	1,503.03	1,377.73
	Total expenses		8,077.51	8,073.71
V	Profit before exceptional and extraordinary items and tax (III-IV)		175.69	244.50
VI	Exceptional items - Profit on sale of long term investments		-	25.34
	Profit on sale of land		92.78	-
VII	Profit before extraordinary items and tax (V+VI)		268.47	269.84
VIII	Extraordinary items - Profit on sale of division		12.64	-
	Insurance recovery		0.79	-

Consolidated summary statement of profit and loss for the year ended

(Rupees in Crores)

Sl.No	Particulars	Note Number	Year ended 31-03-2013	Year ended 31-03-2012
	1	2	3	4
IX	Profit before tax (VII + VIII)		281.90	269.84
X	Tax expense:			
	(1) Current tax		64.79	77.85
	(2) Deferred tax		22.63	25.84
XI	Profit/(Loss) for the period from continuing operations (IX-X)		194.48	166.15
XII	Profit/(loss) from discontinuing operations (current year – Nil; Last year Rs.45,290)		-	-
XIII	Tax expense of discontinuing operations (current year-Nil; Last year Rs.9,000)		-	-
XIV	Profit/(loss) from Discontinuing operations (after tax) (XII-XIII) (current year-Nil; Last year Rs.36,290)		-	-
XV	Share of Profit/(Loss) of associates		1.31	0.02
XVI	Profit (Loss) for the period (XI + XIV + XV)		195.79	166.17
XVII	Relating to parent company		186.00	108.48
XVIII	Relating to minority shareholders		9.79	57.69
XIX	Earnings per equity share including extraordinary items			
	(1) Basic		98.06	45.21
	(2) Diluted		98.06	45.21
XX	Earnings per equity share excluding extraordinary items			
	(1) Basic		95.04	45.21
	(2) Diluted		95.04	45.21
	Accounting Standards, additional disclosures and notes on accounts	XXVI		

SUNDARAM-CLAYTON LIMITED
CONSOLIDATED SUMMARY FINANCIAL STATEMENTS

Consolidated Summary Cash flow statement for the year ended

(Rupees in Crores)

Particulars	Year ended 31-03-2013	Year ended 31-03-2012
A CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	281.90	269.84
Add: Depreciation and amortisation for the year	225.90	206.26
Amortisation of Foreign Currency Monetary Item		
Translation Difference Account	4.70	4.43
Movement in reserves on account of consolidation	7.81	(5.88)
Loss on sale of fixed assets	0.28	0.19
Profit on sale of fixed assets	(0.48)	(2.04)
Profit on sale of investments	(1.49)	(0.16)
Loss on sale of investments	-	0.63
Other non-operating income	(5.11)	(5.01)
Diminution in value of investments	-	(5.79)
Exceptional (Income)/loss	(92.78)	(25.34)
Extraordinary (Income)/loss	(13.43)	-
Dividend income	(1.79)	(0.89)
Interest income	(18.54)	(12.95)
Interest expenditure	144.69	120.32
	249.76	273.77
Operating profit before working capital changes	531.66	543.61
Adjustments for:		
Trade Receivables	(60.11)	36.07
Inventories	24.83	(89.70)
Short-term loans and advances	(7.43)	(8.86)
Other current assets	(34.09)	(2.21)
Trade payables	88.96	55.12
Other non-current liabilities	24.83	(37.12)

Consolidated Summary Cash flow statement for the year ended

	Particulars	Year ended 31-03-2013	Year ended 31-03-2012
	Other current liabilities (excluding current maturities of long term loans)	(57.60)	58.88
	Short-term provisions	15.01	(5.33)
		(5.60)	6.85
	Cash generated from operations	526.06	550.46
	Direct taxes paid	(66.64)	(68.32)
	Net cash from operating activities A	459.42	482.14
B	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of fixed assets (including capital work-in-progress)	(238.04)	(562.62)
	Sale of fixed assets (net of depreciation)	61.79	41.03
	Profit on sale of fixed assets	0.48	2.04
	Loss on sale of fixed assets	(0.28)	(0.19)
	Long-term loans and advances	(10.74)	32.01
	Other non-current assets	(3.65)	0.45
	Sale/(Purchase) of investments	(51.90)	(51.86)
	Exceptional income/ (loss)	92.78	25.34
	Extraordinary income/ (loss)	13.43	-
	Profit on sale of investments	1.49	0.16
	Loss on sale of investments	-	(0.63)
	Movement in reserves on account of scheme	-	8.70
	Interest received	18.54	12.95
	Dividend received	1.79	0.89
	Net Cash from/(used in) investing activities B	(114.31)	(491.73)

Consolidated Summary Cash flow statement for the year ended

Particulars		Year ended 31-03-2013	Year ended 31-03-2012
C CASH FLOW FROM FINANCING ACTIVITIES			
Borrowings:			
Long-term loans availed/(repaid)		(52.76)	46.46
Short-term loans availed/ (repaid)		(132.86)	109.97
Long-term provisions		(5.05)	6.12
Other non-operating income		5.11	5.01
Interest paid		(144.69)	(120.32)
Dividend and dividend tax paid		(64.59)	(34.10)
Government grant		-	0.17
Net cash from financing activities	C	(394.84)	13.31
D NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS A+B+C		(49.73)	3.72
Cash and cash equivalents at the beginning of the year			
Cash & bank		143.74	123.69
Cash credit balance		(263.87)	(247.54)
		(120.13)	(123.85)
Cash and cash equivalents at the end of the year			
Cash & bank		81.80	143.74
Cash credit balance		(251.66)	(263.87)
		(169.86)	(120.13)

RISK FACTORS

An investment in equity shares involves a high degree of risk. Prospective investors should consider carefully, amongst other things, the risks set forth below and other information contained in this Red Herring Prospectus before making an investment decision with respect to our Equity Shares.

If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, results of operations, prospects or financial condition could suffer, the price of our Equity Shares could decline, and all or part of your investment may be lost. Unless otherwise stated, we are not in a position to specify or quantify the financial or other risks mentioned herein.

Prospective investors should note that the risks mentioned below are not the only risks that we face but are the risks we consider material. There may be additional risks that we consider immaterial or of which we are currently unaware, and any of these risks could have similar effects to those described in this section.

This Red Herring Prospectus contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Red Herring Prospectus.

Internal Risk Factors

- There is outstanding litigation against our Company, our Subsidiaries, which if determined adversely, could affect our business and results of operations.***

Our Company, and our Subsidiaries, are defendants in certain legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. The amounts claimed in these proceedings have been disclosed to the extent ascertainable as of May 10, 2013 and include amounts claimed jointly and severally from us and other parties. Should any new developments arise, such as any change in applicable Indian law or any rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements that could increase expenses and current liabilities. Any adverse decision may have an adverse effect on our business, results of operations and financial condition.

Litigation involving our Company

Nature of litigation	Number of outstanding litigations	Aggregate approximate amount involved (in ₹ crore)
Income Tax matters	17	19.46
Central Excise matters	3	9.82
Service Tax matters	12	4.32
Property Tax/Urban Land Tax	3	1.08

For details of disputed and contested tax demands, along with the disclosures of amount, period for which such demands or claims are outstanding, financial implications and the status of the case, see the section "Legal Proceedings"

Litigation involving Subsidiaries

Name of the Subsidiary	Nature of litigation	Number of outstanding litigations	Aggregate approximate amount involved (in ₹ crore)
TVS Motor Company Limited	Income Tax matters	13	202.03
	Central Excise matters	10	68.47

Name of the Subsidiary	Nature of litigation	Number of outstanding litigations	Aggregate approximate amount involved (in ₹ crore)
	Customs Duty matters	2	1.93
	Service Tax matters	9	5.46
	Cenvat Credit	10	9.14
	Other Indirect Tax Matters	4	12.6
	Consumer Cases	122	1.20
Sundaram Auto Components Limited	Indirect and Direct Tax Matters	12	0.49
PT.TVS Motor Company Indonesia	Indirect and Direct Tax Matters	5	25.65
TVS Energy Limited	Land Related Matters	16	Not quantifiable
TVS Wind Energy Limited	Land Related Matters	10	Not quantifiable
TVS Wind Power Limited	Land Related Matters	7	Not quantifiable

Litigation involving Directors

NIL

For further details on the outstanding litigation against our Company and our Subsidiaries, see “Legal Proceedings”

2. *The loss of major customers or a significant reduction in purchases by them could adversely affect our business, results of operations and financial condition.*

Our Company’s top five customers represents a significant portion of our revenue for the year ended March 31, 2013 and 2012. Although we have purchase agreements with these customers, continued failure to meet customer requirements could lead to penalties, damages and cancellation/ non-renewal of purchase orders which may result in the loss of any of these customers or a significant reduction in demand and this could have an adverse effect on our business, results of operations and financial condition.

In addition, as a consequence of our reliance on these customers, any adverse change in their financial condition may also have an adverse effect on our business.

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

The success of our business depends largely on our ability to effectively implement our business strategies. Successful execution of our business strategies in the past may not be of assurance that we will be able to execute our strategies on time and within the estimated budget, or that we will meet the expectations of targeted customer. We expect our strategies to place significant demands on our management and other resources and require us to continue developing and improving our operational, financial and other internal efficiencies. Our inability to effectively manage our business and strategies could have an adverse effect on our business, financial condition, profitability and future prospects.

In order to achieve future growth, we need to effectively manage our product portfolio and customer base, accurately assess new markets, attract new customers, obtain sufficient financing for our expected capital expenditures, contain our input cost and fixed costs, maintain sufficient operational and financial controls and make additional capital investments to take advantage of anticipated market conditions. We may not be able to achieve growth in revenues and profits or maintain such rate of growth in the future. If we are unable to execute our strategies effectively, our business and financial results will be adversely affected. See section titled

“Our Business”.

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

Consistent with the automotive component industry practice, we do not have long-term agreements with major customers and we rely on purchase orders/EDI (Electronic Data Interchange) to govern the volume and other terms of our sales of products. However, purchase orders may be amended or cancelled prior to finalisation, and should such an amendment or cancellation take place, we may be unable to seek compensation for any surplus unpurchased products that we manufacture. Further, in cases where we have contracts with customers, such contracts do not bind our customers to provide us with a specific volume of business and can be terminated by our customers with or without cause and without compensation. Consequently, there is no commitment on the part of the customer to continue to pass on new purchase orders to us and as a result, our sales from period to period may fluctuate significantly as a result of changes in our customers' vendor preferences.

Additionally, our customers have set high standards for product quality as well as delivery schedules. Any failure to meet our customers' expectation could result in the cancellation or non-renewal of contracts. There are also a number of factors other than our performance that are beyond our control and that could cause the loss of a customer. Customers may demand price reductions, set-off any payment obligations, require indemnification for themselves, change their outsourcing strategy by moving more work in-house, or replace their existing products with alternative products, any of which may have an adverse effect on our business, results of operations and financial condition.

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

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

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

We are highly dependent on our management team and certain key personnel, and the loss of any key member may adversely affect our business performance.

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

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

There has been recent economic slowdown. For the year ended March 31, 2013, our Company had ₹1,056.68 crore of total revenue, as compared to ₹ 827.89 crore for the year ended March 31, 2011. In the year 2011, our Company had three manufacturing facilities and two research and development centres in India. Currently the Company has four manufacturing facilities and two research and development centres in India. Our Company may not be able to sustain past growth, due to a variety of reasons including a decline in the demand in automobile industry, increased price competition, non-availability or scarcity of raw materials, lack of management and/or labour availability or a general slowdown in the economy. A failure to sustain our growth may have an adverse effect on our business, results of operations and financial condition.

Our Company is embarking on a growth strategy which involves expansion and diversification of our current business. Such a growth strategy will place significant demands on our management as well as our financial, accounting and operating systems. If we are unable to increase our production capacity, we may not be able to successfully execute our growth strategy. Further, as we scale-up and diversify our operations, we may not be able to execute our operations efficiently, which may result in delays, increased costs and lower quality products. We cannot assure you that our future performance or growth strategy will be successful. Our failure to manage our growth effectively may have an adverse effect on our business, results of operations, financial condition, profitability and future prospects.

8. *Our subsidiaries have and may incur losses which may have adversely affect our reputation or business as a result of such losses.*

Our subsidiary PT.TVS Motor Company, Indonesia has incurred losses during the year ended March 31, 2012. There is no assurance that this or any other of the Subsidiaries shall not incur losses in the present or future periods or that there will not be an adverse effect on the Company's reputation or business as a result of such losses.

9. *The performance of our subsidiary, TVS Motor Company Limited can significantly impact our consolidated financial results of operations*

Our subsidiary, TVS Motor Company Limited contributed 84.94 % of our consolidated total revenue for the year ended March 31, 2013. Hence the business prospects and financial performance of our subsidiary can significantly affect our financial operations as well. Any loss in market share, lack of growth in the segment in which our subsidiary TVS Motor Company Limited operates primarily due to weak macroeconomic growth that may not propel sales, increased competition, pressure on margins and loss of key personnel amongst other things may adversely affect our consolidated financial results of operations.

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

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

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

Our Company believes that any expansion or addition of new capacity by the die casting manufacturers would result in increased competition which may put pressure on pricing or affect the share of business having adverse effect on our business, results of operations and financial condition.

The OEM customers across the world are continuing their pressure on price reduction from their suppliers and our Company also has to give annual price reductions. Further, though the customers' purchase agreements with the Company provide for periodic price adjustments indexed to the international prices of aluminium, our Company

cannot guarantee that this will not impact our sales, profitability, business, results of operations and financial condition.

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

Our Company has entered into transactions with several related parties, including our Promoters, Directors and Subsidiaries, which were conducted in compliance with applicable laws and on arm's length basis. Furthermore, it is likely that our Company will enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations. The transactions that the Company has entered into and any future transactions with our related parties have involved or could potentially involve conflicts of interest.

- 13. We have contingent liabilities that have not been provided for in our financial statements, which if so materialises, may adversely impact our financial condition.**

Our contingent liabilities not provided for as of March 31, 2013 based on our audited consolidated financial statements included the following:

Particulars	As at year ended March 31, 2013 (₹ crore)
Contingent liability not provided for	
(a) On counter guarantees given to bankers	25.35
(b) On letters of credit opened with bankers	172.59
(c) On partly paid shares	-
(d) Estimated amount of contracts remaining to be executed on capital account	78.47
(e) On guarantees furnished on behalf of loans granted to employees	1.26
(f) On account of future export obligations (on account of import of capital goods under Export Promotion Capital Goods Scheme)	241.90
(g) On bills of exchange discounted	75.66
(h) Commitment for Capital contribution to TVS Shriram Growth Fund scheme of TVS Capital Funds.	6.38
(i) Obligation arising out of agreements facilitating credit to a company	25.00
(j) Others	-

- 14. Our failure to upgrade manufacturing processes and technological capability with evolving trends in die casting industry and inability to meet our customers' preferences may adversely affect our business, results of operations and financial condition.**

Our Company may be unable to anticipate changes in technology and regulatory standards and to successfully develop and introduce new and enhanced manufacturing process on a timely basis. This may impact our operations and our ability to meet our customers commitments. Further, there can be no assurance that the Company will be able to secure the necessary technological knowledge, through technical assistance agreements or otherwise, which will allow the Company to upgrade our manufacturing process.

Moreover, our Company cannot assure you that the Company will be able to achieve the technological advancements that may be necessary for it to remain competitive or that certain of our processes will not become obsolete. Our Company is also subject to the risks generally associated with new product development, delays in product development and failure of products due to manufacturing defects.

To compete effectively in the industry, our Company must be able to develop and produce new castings to meet our customers' demand in a timely manner. Our Company cannot assure you, that it will be able to install and commission the equipment needed for new product programs in time for the start of production, or that the transitioning of our manufacturing facilities and resources to full production under new product programs will not impact production rates or other operational efficiency measures at our facilities. In addition, we cannot assure you that our customers will execute on schedule the launch of their new product programs, for which we might

supply products. Our failure to successfully develop and produce new castings, or failure by our customers to successfully launch new product programs, could adversely affect our business, results of operations, financial condition.

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

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

16. *Our failure to compete effectively in the highly competitive aluminium die casting industry could result in the loss of customers, which could have an adverse effect on our business, results of operations, financial condition and future prospects.*

Our Company competes with global competitors to retain our existing business as well as winning new business for the new and redesigned existing vehicle platforms of our customers. Our failure to obtain new business or to retain or increase our existing business could adversely affect our financial results. In addition, the Company may incur significant expense in preparing to meet anticipated customer requirements which may not be recovered.

Our Company faces increased competition across our product portfolio and competition from well-established, international producers of aluminium die casting manufacturers.

There is no assurance that the Company will remain competitive with respect to technology, design and quality. Some of our competitors may have certain advantages, including greater financial resources, technology, research and development capability, greater market penetration and operations in diversified geographies and product portfolios, which may allow our competitors to better respond to customer demands. Accordingly, the Company may not be able to compete effectively with our competitors, which may have an adverse impact on our business, results of operations, financial condition and future prospects.

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

Our Company is required to comply with central, state and local laws in India, as well as laws and regulations in other jurisdictions where the Company operate governing the protection of the environment and occupational health and safety, including laws regulating the generation, storage, handling, use and transportation of waste materials, the emission and discharge of waste materials into soil, air or water, and the health and safety of employees. Our Company is also required to obtain and comply with environmental permits for certain of our operations. If the Company violate or fail to comply with these requirements, it could be fined or otherwise sanctioned by the relevant regulator. In some instances, such a fine or sanction could adversely affect our business, reputation, financial condition or results of operations. In addition, these requirements may become more stringent over time and there can be no assurance that the Company will not incur significant environmental costs or liabilities in the future.

If the Company fail to obtain or renew any of these approvals or licenses, in a timely manner, our operations may be adversely affected. Furthermore, our government approvals and licenses are subject to numerous conditions, some of which are onerous and require us to make substantial compliance-related expenditure. If the Company fail to comply or a regulator claims that the Company has not complied with these conditions, our

business, prospects, financial condition and results of operations may be adversely affected.

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

Our Company is dependent upon a limited number of suppliers for our major raw materials. Discontinuation of production by these suppliers or a failure of these suppliers to adhere to the delivery schedule or the required quality could hamper our production schedule. This dependence may also adversely affect the availability of key raw materials at reasonable prices thus affecting our margins and may have an adverse effect on our business, results of operations and financial condition. There can be no assurance that strong demand, capacity limitations or other problems experienced by our suppliers will not result in occasional shortages or delays in their supply of raw materials. If the Company was to experience a significant or prolonged shortage of raw materials from any of our suppliers, and the Company cannot procure the raw materials from other sources, our Company would be unable to meet our production schedules and to ship such products to our customers on time, which would adversely affect our sales, margins and customer relations. In the absence of long-term supply contracts, the Company cannot assure you that a particular supplier will continue to supply our products in the future. Any change in the supplying pattern of our raw materials can adversely affect our business and profits.

Further, the automotive industry experiences volatility with respect to raw materials prices. Historically, as a practice, the Company has passed on the increase in cost of raw materials onto our customers. However, our cash flows may still be adversely affected because of any gap in time between the date of procurement of those primary raw materials and date on which the Company can reset the component prices for our customers, to account for the increase in the prices of such raw materials. Our need to maintain a continued supply of raw materials may make it difficult to resist price increases and surcharges imposed by our suppliers, which may have an adverse effect on our business and results of operations.

19. *Our Promoter will continue to retain majority shareholding in the Company after the Issue, which will allow them to exercise significant influence over us.*

After the completion of the Issue, our Promoters will hold approximately 75% of our outstanding Equity Shares. Accordingly, our Promoter will continue to exercise significant influence over our business and all matters requiring shareholders' approval, including the composition of our Board of Directors, the adoption of amendments to our certificate of incorporation, the approval of mergers, strategic acquisitions or joint ventures or the sales of substantially all of our assets, and the policies for dividends, lending, investments and capital expenditures. This concentration of ownership may also delay, defer or even prevent a change in control of our Company and may make some transactions more difficult or impossible without the support of our Promoters. The interests of our Promoters, as our Company's controlling shareholder, could conflict with our Company's interests, your interests or the interests of our other shareholders. There is no assurance that our Promoters will act to resolve any conflicts of interest in our Company's or your favour.

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

Our Company relies on third parties for the supply of our raw materials and for deliveries of finished and unfinished products to our domestic and overseas customers as well as between production facilities. Transportation strikes have in the past and could in the future have an adverse effect on our supplies and deliveries to and from particular plants on a timely and cost efficient basis. An increase in freight costs or the unavailability of adequate port and shipping infrastructure for transportation of our products to our markets may have an adverse effect on our business and results of operations.

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

Our Company produces castings based on customer's specification and as such it does not own the product design. Therefore the Company is responsible for material quality and workmanship. However, the Company

face an inherent business risk of exposure to product liability or recall claims, especially in respect of our foreign operations, in the event that our products fail to perform as expected or such failure results, or are alleged to result, in bodily injury or property damage or both. Our Company cannot assure you that it will not experience any material product liability losses in the future or that it will not incur significant costs to defend any such claims.

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

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

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

Our business is capital intensive as the Company have expanded and upgraded our existing production facilities. Although our Company do intend to incur certain capital expenditures, the actual amount and timing of our future capital requirements may differ from estimates as a result of, among other factors, unforeseen delays or cost overruns, unanticipated expenses, regulatory changes, economic conditions, engineering design changes, weather related delays, technological changes and additional market developments and new opportunities in the casting industry. Our sources of additional financing, where required to meet our capital expenditure plans, may include the incurrence of debt or the issue of equity or debt securities or a combination of both. If the Company decide to raise additional funds through the incurrence of debt, our interest and debt repayment obligations will increase, and could have a significant effect on our profitability and cash flows and we may be subject to additional covenants, which could limit our ability to access cash flows from operations. Any issuance of equity, on the other hand, would result in a dilution of your shareholding.

In many cases, a significant amount of our working capital is required to finance the purchase of materials and the performance of engineering, procurement, manufacturing and other work before payment is received from customers. Our working capital requirements may increase if the payment terms in our agreements include reduced advance payments or longer payment schedules. These factors may result, or have resulted, in increases in the amount of our receivables and short-term borrowings. Continued increases in our working capital requirements may have an adverse effect on our financial condition and results of operations.

23. *Our Company has incurred substantial indebtedness and may require additional financing in the form of debt or equity to meet our requirements. Such financing may not be available to us on acceptable terms or at all, which could have an adverse effect on our financial condition.*

As of March 31, 2013, our Company had ₹ 156.71 crore and ₹ 257.58 crore outstanding in long-term and short-term loans, respectively. Our level of indebtedness has important consequences to us, such as:

- increasing our vulnerability to general adverse economic, industry and competitive conditions;

- limiting our flexibility in planning for, or reacting to, changes in our business and the industry;
- affecting our credit rating;
- limiting our ability to borrow more money both now and in the future; and
- increasing our interest expenditure

In conjunction with our expansion plans, we may require additional financing in the form of debt to meet our requirements. Such financing may not be available to us on acceptable terms or at all. Moreover, any additional debt financing that we incur may place additional restrictions and obligations on our Company, which could have an adverse effect on our financial condition.

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

Despite compliance with requisite safety requirements and standards, our operations are subject to significant hazards, including explosions, fires, mechanical failures and other operational problems; discharges or releases of hazardous substances, chemicals or gases; and other environmental risks.

These hazards can cause personal injury and loss of life, catastrophic damage or destruction of property and equipment as well as environmental damage, which could result in a suspension of operations and the imposition of civil or criminal liabilities which could adversely affect our results of operations, financial condition and reputation. Our Company could also face claims and litigation, in India or overseas, as a result of occupational exposure to hazards at our facilities. If these claims and lawsuits, individually or in the aggregate, are resolved against us, our business, results of operations and financial condition could be adversely affected.

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

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

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

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

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

Our manufacturing facilities are subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of efficiency, obsolescence, labour disputes, natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities. The

assembly lines of our customers rely significantly on the timely delivery of our castings and our ability to provide an uninterrupted supply of our products is critical to our business. In addition, some of our customers impose significant penalties on component manufacturers like us for any stoppage in any assembly line, caused either by delayed delivery of a component or a defect in the components delivered. Our business and financial results may be adversely affected by any disruption of operations of our product lines, including as a result of any of the factors mentioned above.

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

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

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

29. *Discontinuance or non-availability of fiscal benefits enjoyed by us or our inability to comply with related requirements may have an adverse effect on our business and results of operations.*

Our Company currently enjoys certain fiscal benefits on account of policies of the Government of India, including concessions on duty imports and incentives relating to exports. However, in the event of any default in fulfilling the obligations under any of these fiscal benefit schemes, our results of operations may be adversely affected. As the Company seek to export a larger proportion of our products outside of India, any changes in the foreign trade policies of the Government of India have a proportionately greater adverse effect on our results of operations and financial condition.

External Risk Factors

1. *Downward pricing pressure from customers may adversely affect our gross margin, profitability and ability to increase our prices, which in turn may adversely affect our business, results of operations and financial condition.*

Downward pricing pressure from automotive manufacturers is characteristic of the auto component and die-casting industry. Virtually all automakers pursue aggressive but systematic price reduction initiatives and objectives each year with their suppliers, and such actions are expected to continue in the near future, especially in light of the downturn that the automotive industry is currently experiencing. Pursuing cost-cutting measures while maintaining rigorous quality standards may lead to an erosion of our margins, which may have an adverse effect on our business, results of operations and financial condition.

In addition, estimating amounts of such price reductions is subject to risk and uncertainties as any price reduction is the result of negotiations and other factors. Accordingly, suppliers must be able to reduce their operating costs in order to maintain profitability. Such price reductions may affect our sales and profit margins. If the Company is unable to offset customer price reductions in the future through improved operating efficiencies, new manufacturing processes, sourcing alternatives and other cost reduction initiatives, our business, results of operations and financial condition may be adversely affected.

Additionally, our business is very capital intensive, requiring us to maintain a large fixed cost base. Therefore, our profitability is dependent, in part, on our ability to spread fixed production costs over higher production volume. However, our customers generally negotiate for larger discounts in price as the volume of their orders increase. If the Company is unable to generate sufficient production cost savings in the future to offset price reductions or if there is any reduction in consumer demand for vehicles, which will result in decreased sales, our gross margin and profitability may be adversely affected.

Pursuant to our long term agreements with trade unions, wage increases of our unionised employees are linked to productivity. Further, historically, wage costs in the Indian automotive components industry have been significantly lower than wage costs in developed countries for comparable skilled technical personnel. However, in the long term, wage increases in India may make us less competitive unless we are able to increase our efficiency and productivity proportionately and we can pass through such costs in the prices that we charge our customers. Any significant increase in our wage costs could have an adverse effect on our business, results of operations and financial condition.

2. *Significant declines in automotive production levels have reduced our sales, and adversely affected our results of operations and financial condition, and the continuation or worsening of industry conditions will have an adverse effect on our business and results of operations.*

Demand for our automotive components is directly related to automotive vehicle production. Automotive sales and production are historically cyclical and exhibit fluctuations from year to year and are subject to many factors beyond our control, including, but not limited to, economic growth rates, consumer confidence, employment levels, fuel prices, interest rates, labour relations issues, technological developments, regulatory requirements and trade agreements. The automobile industry has witnessed substantial changes in recent years, including, among others, continued consolidation, outsourcing, decreasing profit margins in certain sectors, regulatory, shifts in production to low-cost manufacturing centres, and technological changes. In light of the global economic downturn and its reverberating effects, automotive industry conditions, continue to be challenging. The automotive industry is suffering from sharp declines in sales, significant overcapacity, fierce competition, high fixed cost structures and significant employee pension and health care obligations. As a result, several suppliers are facing significant financial distress, including bankruptcy. There is no assurance that we will be able to utilise our capacity fully in the future to increase our production level.

Unfavourable industry conditions have also resulted in financial distress of some at the world's largest automobile manufacturers. Both our foreign and domestic operations have been adversely affected by such conditions. In the domestic market, our customers were also adversely affected by the difficult economic conditions. Notwithstanding the government support provided to the automotive industry, the financial prospects of certain automotive and automotive components companies remain uncertain. In addition, the automotive component industry is sensitive to other factors such as technological changes, cyclicity and unforeseen events, including political instability, recession, inflation, further volatility in fuel prices and other adverse occurrences. Any such event that results in decreased demand in the automotive industry, or increased pressure on automobile manufacturers to develop, implement and maintain in-house auto component facilities, could have an adverse effect on our business, results of operations and financial condition.

3. *The cyclical nature of automotive sales and production can adversely affect our automotive component and die-casting business.*

Our automotive component and die-casting business is directly related to our customers' vehicle sales and production levels across various segments. Automotive sales and production are highly cyclical and depend on general economic conditions and other factors, including consumer spending and preferences as well as changes in interest rate levels, consumer confidence and fuel costs. We attribute this to the global economic downturn that adversely affected our business and industry. Our sales are also affected by inventory levels and production levels of automotive manufacturers. We cannot predict when manufacturers will decide to either build or reduce inventory levels or whether new inventory levels will approximate historical inventory levels. This may result in variability in our sales and financial condition. Uncertainty regarding inventory levels may be exacerbated by favourable consumer financing programs initiated by manufacturers which may accelerate sales that would otherwise occur in future periods. In the past, we have experienced sales declines during the manufacturers' scheduled shutdowns or shutdowns resulting from unforeseen events. As we have high fixed production costs, even relatively modest declines in our customers' production levels and thus, our production volumes, can have a significant adverse impact on our profitability. In addition, recently lower global automotive sales have resulted in substantially all automotive manufacturers lowering vehicle production schedules. There is no assurance that global automotive sales will continue to recover or not decrease further. Continued uncertainty and other unexpected fluctuations could have an adverse effect on our business, results of operations and financial condition.

4. *A slowdown in economic growth in India could cause our business to suffer.*

Our performance and growth are dependent on the health of the Indian economy. For the year ended March 31, 2013, approximately 55% of our total revenue was derived from revenue in India. The economy could be adversely affected by various factors such as political or regulatory action, including adverse changes in liberalisation policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any slowdown in the Indian economy may adversely affect our business and financial performance and the price of our Equity Shares.

5. *Terrorist attacks, communal disturbances, civil unrest and other acts of violence or war involving India and other countries may adversely affect the financial markets and our business.*

Terrorist attacks and other acts of violence or war may negatively affect the Indian markets on which our Equity Shares trade and also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, and adversely affect our business. In addition, any deterioration in relations between India and its neighbouring countries might result in investor concern about stability in the region, which may adversely affect the price of our Equity Shares.

India has also witnessed civil unrest including communal disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic and political events in India may have a negative impact on us. Such incidents may also create a greater perception that investment in Indian companies involves a higher degree of risk and may have an adverse impact on our business and the price of our Equity Shares.

6. *The occurrence of natural or man-made disaster may adversely affect our business results of operations and financial condition.*

The occurrence of natural disasters, including hurricanes, floods, earthquakes, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, may adversely affect our financial condition or results of operations. The potential impact of a natural disaster such as the H5N1 “avian flu” virus, or H1N1, the swine flu virus, on our results of operations and financial position is speculative, and would depend on numerous factors. Although the long-term effect of such diseases cannot currently be predicted, previous occurrences of avian flu and swine flu had an adverse effect on the economies of those countries in which they were most prevalent. In the case of any of such diseases, should the virus mutate and lead to human-to-human transmission of the disease, the consequence for our business could be severe. An outbreak of a communicable disease in India or in the particular region in which we have projects would adversely affect our business and financial conditions and the result of operations. We cannot assure prospective investors that such events will not occur in the future or that our business, results of operations and financial condition will not be adversely affected.

7. *Any downgrading of India’s debt rating by an independent agency may harm our ability to raise financing.*

Any adverse revisions to India’s credit ratings for domestic and international debt by international rating agencies may adversely affect our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our capital expenditure plans, business and financial performance and the price of our Equity Shares.

8. *Changes in trade policies may affect us.*

Any change in policies by the countries, in terms of tariff and non-tariff barriers, from which our suppliers import their raw materials, components and/or countries to which we export our products, may have an adverse effect on our profitability.

9. *If the rate of Indian price inflation increases, our business and results of operations may be adversely affected.*

In the recent past, India has experienced fluctuating wholesale price inflation as compared to historical levels due to the global economic downturn. An increase in inflation in India could cause a rise in the price of raw materials and wages, or any other expenses that we incur. If this trend continues, we may be unable to accurately estimate or control our costs of production and this could have an adverse effect on our business and results of operations.

10. *Currency exchange rate fluctuations could have an adverse effect on our results of operations.*

We have exposure, related to our revenue, expenditure and financing, to currencies other than Indian Rupees. We import various equipment for our facilities for which we make payment in foreign currencies, such as U.S. Dollars, Japanese Yen and Euros.

In addition, we report our consolidated results of operations in Indian Rupees, while our Subsidiaries report their financial results in their respective local currencies. In accordance with “Accounting Standard 21 — Consolidated Financial Statements” issued by Institute of Chartered Accountants of India, at the time of conversion of the financial statements during the consolidation process, line items of the profit and loss account are converted using an average exchange rate for the period or year under consideration except for opening and closing stock, which are converted at the opening and closing exchange rate respectively, and depreciation, which is converted using the exchange rate at the date of purchase of the assets, whereas items of the balance sheet are converted using the closing exchange rate for the period or calendar year under consideration. Exchange rate fluctuations may have an adverse effect on our revenues and financial results as a result of variations at the time of preparation of our consolidated financial statements or otherwise, including if we are unable to match income received in foreign currencies with costs paid in the same currency.

We have a forex policy of hedging, net exposures in foreign currencies to reduce loss on account of foreign exchange fluctuations. However, we cannot guarantee that we will not experience any losses going forward and such losses may continue to have an adverse effect on our business, results of operations and financial condition.

11. *The price of the Equity Shares may be highly volatile after the Issue.*

The price of the Equity Shares on the Indian stock exchanges may fluctuate after this Issue as a result of several factors, including: volatility in the Indian and global securities market; our operations and performance; performance of our competitors and the perception in the market about investments in the automotive / automotive ancillary industry; adverse media reports on us or the Indian automotive / automotive ancillary industry; changes in the estimates of our performance or recommendations by financial analysts; significant developments in India's economic liberalization and deregulation policies; and significant developments in India's fiscal and environmental regulations. There can be no assurance that the prices at which the Equity Shares are initially traded will correspond to the prices at which the Equity Shares will trade in the market subsequently.

12. *Future issuances or sales of the Equity Shares could significantly affect the trading price of the Equity Shares.*

The future issuances of Equity Shares by us or the disposal of Equity Shares by any of the major shareholders or the perception that such issuance or sales may occur may significantly affect the trading price of the Equity Shares. There can be no assurance that we will not issue further Equity Shares or that the shareholders will not dispose of, pledge or otherwise encumber their Equity Shares.

13. *There is no guarantee that the Equity Shares issued pursuant to the Issue will be listed on the BSE, the NSE and the MSE in a timely manner or at all and any trading closures at the BSE and the NSE may adversely affect the trading price of your Company's Equity Shares.*

In accordance with Indian law and practice, permission for listing of the Equity Shares will not be granted until after those Equity Shares have been issued and allotted. In addition, we are required to deliver the Red Herring Prospectus and Prospectus to the Registrar of Companies for registration under the applicable provisions of the Companies Act and the SEBI ICDR Regulations. Approval requires all other relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the BSE, the NSE and the MSE. Any failure or delay in obtaining the approval

would restrict investors' ability to dispose of their Equity Shares.

The regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in Europe and the U.S. The BSE, the NSE and the MSE have in the past experienced problems, including temporary exchange closures, broker defaults, settlements delays and strikes by brokerage firm employees, which, if continuing or recurring, could affect the market price and liquidity of the securities of Indian companies, including the Equity Shares, in both domestic and international markets. A closure of, or trading stoppage on, either of the BSE and NSE could adversely affect the trading price of the Equity Shares.

14. *There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.*

Being a listed company, our Company's equity shares are subject to a daily circuit breaker imposed on listed companies by all stock exchanges in India which does not allow transactions beyond certain volatility in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our Company's circuit breaker is set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The stock exchanges are not required to inform the Company of the percentage limit of the circuit breaker from time to time, and may change it without the Company's knowledge. This circuit breaker would effectively limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares.

15. *You may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.*

Sale of Equity Shares by any holder may give rise to tax liability in India, as discussed in the "Taxation" in this Red Herring Prospectus.

MARKET PRICE INFORMATION

As of the date of this Red Herring Prospectus 1,89,67,584 Equity Shares have been issued and are fully paid up. The Equity Shares are listed on the BSE, the NSE and the MSE. As the Equity Shares are actively traded on the BSE and the NSE, the stock market data has been given separately for each of these stock exchanges. The Equity Shares are not traded on the MSE.

The table set forth below indicates the high and low prices of the Equity Shares and the volume of trading activity for the specified periods. The closing prices of the Equity Shares as on May 10, 2013 on the BSE and the NSE were ₹ 340.50 and ₹ 339.20 per Equity Share, respectively.

The high, low and average market prices of the Equity Shares for the periods indicated, are as below:

BSE									
Year ending March 31,	Date of High	High (₹) ⁽¹⁾	Volume on date of High (No. of Equity Shares) ⁽²⁾	Volume on date of High (In ₹ crore)	Date of Low	Low (₹)	Volume on Date of Low (No. of Equity Shares)	Volume on Date of Low (In ₹ crore)	Average (₹) ⁽³⁾
2013 ⁽⁴⁾ (Post Demerger)	21-Jan-13	399.05	1238	0.5	23-Oct-12	273	24,087	0.63	331.98
2013 ⁽⁴⁾ (Pre Demerger)	16-Jul-12	186.55	16,967	0.32	22-May-12	152.05	2,515	0.04	167.58
2012	19-Jan-12	187.65	27,060	0.51	26-Aug-11	131.5	2,566	0.03	152.03
2011	15-Sep-10	244.5	14,275	0.35	08-Apr-10	115	7,708	0.09	182.29

(Source: www.bseindia.com)

NSE									
Year ending March 31,	Date of High	High (₹) ⁽¹⁾	Volume on date of High (No. of Equity Shares) ⁽²⁾	Volume on date of High (In ₹ crore)	Date of Low	Low (₹)	Volume on Date of Low (No. of Equity Shares)	Volume on Date of Low (In ₹ crore)	Average (₹) ⁽³⁾
2013 ⁽⁴⁾ (Post Demerger)	21-Jan-13	400.4	1,366	0.05	23-Oct-12	243.35	174	0	332.46
2013 ⁽⁴⁾ (Pre Demerger)	16-Jul-12	186.55	14,048	0.26	17-May-12	152.15	1,615	0.02	167.54
2012	19-Jan-11	186.5	34,679	0.65	26-Aug-11	130.8	4,580	0.06	151.79
2011	20-Sep-10	243.8	5,388	0.13	08-Apr-10	115	7,767	0.09	182.34

(Source: www.nseindia.com)

Notes:

- (1) High, low and average prices are of the daily closing prices.
- (2) In case of two days with the same closing price, the date with the higher volume has been considered.
- (3) Average price represents the average of the daily closing prices of each day for each year presented.
- (4) Trading was suspended from September 7, 2012 to October 22, 2012 in view of the Composite Scheme of Arrangement sanctioned by the Hon'ble High Court of Madras vide its order dated August 3, 2012. See "Business—Scheme of Merger and Demerger"
- (5) No trading on MSE.

Monthly high and low prices and trading volumes on the Stock Exchanges for the six months preceding the date of filing of this Red Herring Prospectus:

BSE									
Month	Date	High (₹) ⁽¹⁾	Volume (No. of Equity Shares) ⁽²⁾	Volume on date of High (In ₹ crore)	Date	Low (₹)	Volume (No. of Equity Shares)	Volume on Date of Low (In ₹ crore)	Average (₹) ⁽³⁾

BSE									
Month	Date	High (₹) ⁽¹⁾	Volume (No. of Equity Shares) ⁽²⁾	Volume on date of High (In ₹ crore)	Date	Low (₹)	Volume (No. of Equity Shares)	Volume on Date of Low (In ₹ crore)	Average (₹) ⁽³⁾
April 2013	08-Apr	345.05	331	0.01	04-Apr	325.1	20	0.00	335.27
March 2013	28-Mar	337.05	1,845	0.06	20-Mar	302.95	385	0.01	318.18
February 2013	01-Feb	371	991	0.04	19-Feb	331.15	260	0.01	335.15
January 2013	21-Jan	399.05	1238	0.05	02-Jan	350	310	0.01	373.15
December 2012	31-Dec	354.3	3,016	0.11	20-Dec	313.35	216	0.01	322.05
November 2012	06-Nov	322.95	1,452	0.05	21-Nov	303.55	210	0.01	314.34

(Source: www.bseindia.com)

NSE									
Month	Date	High (₹) ⁽¹⁾	Volume (No. of Equity Shares) ⁽²⁾	Volume on date of High (In ₹ crore)	Date	Low (₹)	Volume (No. of Equity Shares)	Volume on Date of Low (In ₹ crore)	Average (₹) ⁽³⁾
April 2013	08-Apr	349.85	7,378	0.26	05-Apr	324.25	169	0.01	334.94
March 2013	28-Mar	351.15	12,117	0.42	15-Mar	311.75	993	0.03	321.45
February 2013	01-Feb	372.3	2637	0.1	28-Feb	311	205	0.01	338.77
January 2013	21-Jan	400.4	1,366	0.05	03-Jan	346.15	522	0.02	374.83
December 2012	31-Dec	359.1	14209	0.51	04-Dec	309.6	1203	0.04	322.82
November 2012	02-Nov	324.75	2322	0.07	16-Nov	301.1	4145	0.13	314.58

(Source: www.nseindia.com)

Notes:

- (1) High, low and average prices are of the daily closing prices.
- (2) In case of two days with the same closing price, the date with the higher volume has been considered.
- (3) Average Price represents the average of the daily closing prices of each day for each year presented.
- (4) Trading was suspended from September 7, 2012 to October 22, 2012 in view of the Composite Scheme of Arrangement sanctioned by the Hon'ble High Court of Madras vide its order dated August 3, 2012. See "Business—Scheme of Merger and Demerger".

Market price on February 11, 2013, the first working day following the Board Meeting approving the Issue was:

Date	BSE				NSE			
	Open	High	Low	Close	Open	High	Low	Close
February 11, 2013	335	348	30	342	343	360	328	340
Volume (No. of Equity Shares)	1,910				2,937			

(Source: www.bseindia.com, www.nseindia.com)

Details of the volume of business transacted during the last six months on the Stock Exchanges:

Period	BSE (No. of Equity Shares)	NSE (No. of Equity Shares)
April 2013	3,231	21,134
March 2013	5,748	40,420

Period	BSE (No. of Equity Shares)	NSE (No. of Equity Shares)
February 2013	15,294	27,255
January 2013	28,944	40,023
December 2012	68,139	55,873
November 2012	22,542	39,798

(Source: www.bseindia.com, www.nseindia.com)

USE OF PROCEEDS

The total proceeds of the Issue will be approximately ₹ [●] crore. After deducting fees and expenses of approximately ₹ [●] crore, the net proceeds of the Issue will be approximately ₹ [●] crore.

Subject to compliance with applicable laws and regulations, the Company intends to use the net proceeds of the Issue towards prepayment and repayment of certain of the existing debt of the Company, meeting capital expenditure requirements and general corporate purposes. Prepayment of loans may be subject to consent of the lenders and payment of prepayment charges.

Subject to supervision of the Audit Committee and the Board as required under the provisions of the Equity Listing Agreement, the management of the Company will have flexibility in deploying the proceeds received by the Company from the Issue. Pending utilisation of the net proceeds of the Issue as described above, the Company intends to temporarily invest the funds in interest bearing instruments including deposits with banks and investments in mutual funds.

CAPITALISATION STATEMENT

The following table sets forth the Company's capitalisation and total debt, on a standalone basis, as of March 31, 2013 and as adjusted to give effect to the Issue. This table should be read in conjunction with "Management's Discussions and Analysis of Financial Condition and Results of Operations" and our financial information contained in "Financial Statements".

(In ₹ crore)

	As of March 31, 2013	As adjusted for the Issue*
Shareholders' funds		
Equity share capital	9.48	[•]
Reserves and surplus	282.58	[•]
Total shareholders' funds (A)	292.06	[•]
Total Borrowing		
Long term borrowing	156.71	
Short term borrowing	257.58	[•]
Total loan funds (B)	414.29	[•]
Total (A+B)	706.35	[•]

* To be included in the Prospectus after determination of the Issue Price.

Notes:

There will be no further issue of Equity Shares whether by way of public issue, issue of bonus shares, preferential allotment, rights issue, qualified institutions placement or in any other manner during the period commencing from the date of registering this Red Herring Prospectus with the RoC until the Equity Shares offered in the Issue have been listed on the Stock Exchanges or the Application Amounts are refunded, on account of refusal of the listing of such Equity Shares by the Stock Exchanges amongst other things.

DIVIDENDS

The Company does not have a formal dividend policy. Dividend amounts are determined from year to year in accordance with the Board's assessment of the Company's earnings, capital requirements, overall financial position and other factors prevailing at the time.

The dividend paid by the Company in the last two year ended March 31, 2012 and 2013 is as provided below:

	Financial Year 2013	Financial Year 2012
Face value per Equity Share (₹)	5	5
Dividend (₹ crore)*	26.55	21.81
Dividend per equity share (₹)	14 [#]	5.75**
Dividend rate (% to paid up equity share capital)	280 [#]	115**

* Excluding corporate dividend tax

** On pre-demerger capital of ₹ 18.96 crore

On post – demerger capital of ₹ 9.48 crore

The amounts paid as dividends in the past are not necessarily indicative of the Company's dividend policy or dividend amounts, if any, in the future. Investors are cautioned not to rely on past dividends as an indication of the future performance of the Company or for an investment in the Equity Shares offered in the Issue.

MANAGEMENT'S DISCUSSIONS AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our audited consolidated financial statements as at and for the years ended March 31, 2013 and 2012, and the schedules and notes thereto, which appear elsewhere in this Red Herring Prospectus and are prepared in accordance with the Companies Act, 1956, and Indian GAAP. Indian GAAP differs in certain material respects from U.S. GAAP and IAS/IFRS.

*References to the financial statements as at and for the years ended March 31, 2013 and 2012 are to the audited consolidated financial statements for those years, each presented in accordance with the format prescribed under the revised Schedule VI (the “**Revised Schedule VI**”) pursuant to Notification S.O. 447(E) dated February 28, 2011 issued by the Ministry of Corporate Affairs, Government of India.*

Some of the information contained in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read the section “Forward Looking Statements” for a discussion of the risks and uncertainties related to those statements and also the section “Risk Factors” for a discussion of certain factors that may affect our business, results of operations or financial condition.

On August 21, 2012, Anusha Investments Limited (“AIL”) merged with the Company and the Company's non-automotive businesses demerged into Sundaram Investment Limited (“SIL”) under a composite scheme of arrangement. See “Business—Scheme of Merger and Demerger”. Under the terms of the Scheme of Merger and Demerger, AIL's merger with Company and the demerger of entire non-automotive business of the Company into SIL became effective from July 7, 2011 and consolidated financial statements for the year ended March 31, 2012 have been presented taking into account the change of control effective from July 7, 2011.

BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

Basis of Presentation in Accordance with Revised Schedule VI

Pursuant to Notification S.O. 447(E) dated 28 February 2011, the old Schedule VI was replaced with the Revised Schedule VI, which significantly changes the presentation of, and disclosure made in, the financial statements of Indian companies. Accordingly, we have modified the manner in which we present our consolidated financial statements as at and for the years ended March 31, 2013 and 2012 so that the presentation of such financial statements are consistent with the Revised Schedule VI, which became applicable to us during the year ended March 31, 2012.

The adoption of the Revised Schedule VI does not impact the recognition and measurement principles followed for the preparation of our financial statements. However, it does have a significant impact on the presentation of, and disclosure made in, our financial statements, particularly with respect to the presentation of the statement of assets and liabilities.

OVERVIEW

Our Company is part of the TVS Group and is one of the renowned automotive component manufacturing companies in India. Our automotive components business comprise a diverse product offering catering to the two-wheeler, passenger vehicle, light commercial vehicle (“LCV”) and heavy commercial vehicle (“HCV”) markets, both in India and internationally. The Company believes that it is one of the preferred suppliers of precision aluminium cast products and specialises in the production of high-pressure, low-pressure and gravity die-castings for two-wheelers, passenger vehicles, LCVs and HCVs.

Our manufacturing facilities have state-of-the-art equipment for production, testing and quality assurance to produce a wide variety of aluminium castings using high pressure, low pressure and gravity die casting technologies. The Company's facilities can produce castings ranging in weight from 250g to 24 kg for gravity die casting (“GDC”), from 250g to 25 kg for pressure die casting (“PDC”) and from 2.5 kg to 18 kgs for low pressure die casting (“LPDC”). This has been made possible with infrastructure that includes in-house alloying, 69 PDC machines (of locking force ranging from 250 tonnes to 3200 tonnes), 55 GDC stations, 18 LPDC machines and 240 machining centres. The Company supplies a variety of machined castings to leading domestic and global vehicle OEMs and Tier 1 customers, who are leading manufacturers of engines, and light and heavy vehicles. The Company's customers use our castings primarily in

commercial vehicles, passenger vehicles and two-wheelers, which are sold both in India and internationally. Our Company deliver our automotive component products to customers in more than seven countries including the United States, Brazil, Sweden, Germany, France, UK and Japan amongst others.

The Company is headquartered at Chennai and has four manufacturing plants in Tamil Nadu with an aggregate annual capacity of over 50,000 metric tonnes, one each at Hosur, Padi, Mahindra World City and Orgadam.

The Company has won several awards including the platinum award for manufacturing excellence in the Auto Ancillary Sector –Medium Category from Frost & Sullivan-Economic Times for the year 2011. The Company has also received several awards and recognitions for quality, delivery and vendor performance from our customers.

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

We recorded total revenue of ₹ 8,253.20 crore and ₹ 8,318.21 crore for the years ended March 31, 2013 and 2012 respectively. We had EBITDA for the years ended March 31, 2013 and 2012 amounting to ₹ 655.52 crore and ₹ 606.22 crore, respectively.

FACTORS AFFECTING OUR FINANCIAL RESULTS

Macroeconomic Conditions and Trends and Conditions in the Automotive Industry

As a company operating in India, South-east Asia, the United States and Europe, and with sales of our products to a number of countries worldwide, we are affected by the general macroeconomic conditions in a number of countries and, in particular, trends and conditions in the automotive industry. We believe that economic growth will propel demand for automotive components and automobiles in the future. However, a reduction in consumer spending in the countries including India where we sell our products, or generally weak economic conditions in the countries where our operations are located, could adversely impact our business and results of operations. See “Industry Overview” for a discussion on macroeconomic conditions in India and a more detailed description of the automobile and automotive component industries in the markets that we operate.

Automotive sales and production are cyclical in nature and subject to many factors beyond our control, including, but not limited to, consumer confidence, employment levels, fuel prices, interest rates, labour relations issues, technological developments, regulatory requirements, trade agreements and other factors. In light of the global economic downturn, the United States and European automotive industries suffered from declines in sales, overcapacity, high levels of competition, high fixed cost structures and significant employee pension and health care obligations in the recent years

OEMs and suppliers are continuing to implement various cost-cutting strategies, which include the restructuring of operations, relocation of production to low-cost regions, vendor rationalisation and sourcing on a global basis. We believe that our operations in India, our strong relationships with many of our customers and our ability to produce a diverse range of products across a number of geographies will allow us to take advantage of such cost-cutting strategies.

Raw Material Costs

We need substantial amounts of raw materials in our automotive components business. We purchase large volumes of aluminium for use in our die-casting process and steel sheets, coils, strips and bars for use in the motor vehicle segment. The prices of most of our raw materials including aluminium increased significantly for the year ended March 31, 2013 as compared to the year ended March 31, 2012 reflecting an increased demand domestically and globally. The price of our raw materials remained generally constant (with some decrease) for the year ended March 31, 2012 as compared to the year ended March 31, 2011. See “Risk Factors—Our Company is exposed to fluctuations in prices of raw materials, bought-outs and other input materials and if the Company is unable to compensate for or pass on such costs to our customers, such increased costs could have an adverse impact on our profitability.”.

Implementation of our Capital Expansion Program

In order to remain competitive, we have to develop newer products in relation to our automotive component business so that we are able to cater to the renewed requirements of our OEM customers. Our OEM customers develop newer models of automobiles and upgrades of its existing automobiles offering from time to time and we have to modify/customize our products offering in order to supply as per the new product specifications set out by our OEM customers. Our capital expenditure is largely targeted at (i) customising our manufacturing facilities so that we can tailor our products offering according to the requirements of our OEM customers, (ii) increasing our production efficiency and (iii) improving the quality and range of our products. Further, we develop newer models and upgrade our existing automobile models from time to time to cater to the evolving requirements of automobile buyers in India and other international markets including Indonesia where we market our products. Again, developing newer models or upgrading existing models of our two and three wheeler automobiles require extensive capital expenditure.

For us to benefit from our capital expenditure program, the new models of (or upgrades of existing) automobiles that we manufacture or for which we supply automobile components shall have to sell. If these new models or upgrades of existing models, as the case may be, fail to make a mark in the automobile markets, we may lose all or part of our capital expenditure incurred in relation to developing these automobiles and/or components, as the case may be. Further, any failure to manage our capital expenditure program may result in costs that are greater than expected or result in significant delays. See “Risk Factors—Our Company have substantial capital expenditure and working capital requirements and may require additional financing to meet those requirements, which could have an adverse effect on our results of operations and financial condition”.

Purchasing Patterns of our Principal Customers in relation to our Automotive Components Business

The purchasing patterns of our principal OEM customers have a significant impact on our results of operations. Our sales are particularly affected by the inventory and production levels of our principal OEM customers. We cannot predict when our OEM customers will decide to either build or reduce inventory levels or whether new inventory levels will approximate historical inventory levels. This may result in variability in our sales. Uncertainty regarding inventory levels may be increased by favourable consumer financing programs initiated by OEMs which may accelerate sales that otherwise would occur in future periods. We have historically experienced sales declines due to OEMs’ scheduled shutdowns or shutdowns resulting from unforeseen events. The effect of changes in purchasing patterns may be further heightened by the fact that, consistent with the practices of the automotive component industry, we do not typically enter into firm commitment long-term agreements with our customers and instead rely on purchase orders to govern the volume and other terms of sale of our products. Any changes in purchasing patterns may require immediate changes in our own production processes.

We believe that our strong relationship with our principal OEM customers enables us to predict their purchasing pattern. Certain of our customers have approached us to assist them in the development of new products which ensures predictability and stability in our future orders. In addition, for certain of our principal customers, we believe that we are responsible for producing the entire requirement of a particular product, which reduces the uncertainty in the purchasing patterns.

Technological Advances and Competition

The development of products in the automotive components industry is closely linked to technological advances. Our success will substantially depend on our ability to anticipate technological development trends and our ability to identify, develop and commercialise newer and more advanced technologies and products that our customers may demand in the future in a timely and cost-effective manner. We currently operate research and development centres to identify and meet new technological trends. We also intend to incur significant R&D expenditure in the current fiscal year with the objective of maintaining and improving the reliability of our products and automobiles manufactured by us. In addition, because these research and development centres are approved by the Government of India, we are eligible for tax rebates in relation to our research and development spending.

Our results of operations could also be affected by intense competition in the automotive component sector and the two wheeler market in India. We need to be competitive with respect to technology, design and quality, and deal with our competitors who may have greater financial resources, technology, research and development capability, greater market penetration and operations in diversified geographies and product portfolios. In India, we expect competition to intensify due to possible new entrants in the market and existing competitors further expanding their operations.

Our Current Funding and Availability of Cost Effective Funding

We have relied on bank borrowings and cash generated from our operations to fund our working capital and capital expenditure requirements. As of March 31, 2013, on a consolidated basis, we had an aggregate outstanding indebtedness of ₹ 1,482.39 crore, under our financing agreements. Our finance cost /interest expense was ₹ 147.72 crore and ₹ 130.11 crore for the years ended March 31, 2013 and 2012, respectively. Although we intend to repay a portion of the outstanding indebtedness from the Net Proceeds of the Issue, our debt service costs are expected to remain high. Our debt service costs, as well as our overall cost of funding, depend on many external factors, including developments in the regional credit markets and, in particular, interest rate movements and the existence of adequate liquidity in the debt markets. We believe that the future availability of cost effective funding will be crucial and the non-availability of such funding at favourable terms or at all could affect our business, financial condition and results of operations.

Regulatory Regime

Existing regulations and policies in the jurisdictions in which we operate, including regulations pertaining to foreign trade, foreign investments, import and export license requirements, and tariffs and taxes, have a material impact on our results of operations.

The excise duty regime in India has a significant impact on our results of operations. During the years ended March 31, 2013 and 2012, excise duty and service tax paid by us aggregated to ₹ 778.23 crore, and ₹ 680.31 crore, respectively, representing 9 per cent and 8 per cent of our total revenues, respectively.

Our results of operations may also continue to be affected by trade policy in the various markets we operate. For example, if countries to which we export our products were to change their tariff regime, we may have to change our cost-structure and pricing.

Our operations are also subject to the numerous applicable financial and accounting laws and regulations of the various jurisdictions that we operate in.

Our operations are also subject to labour legislation. For example, India has stringent labour legislation that protects the interests of workers. As of March 31, 2013, 3,414 of our employees, constituting 48.8 per cent of all our employees, are members of labour unions. In addition, many of our customers and supplies have unionized workforces. Our results of operation would continue to be affected by our and our customers' ability to maintain healthy relationships with our workers.

RECENT DEVELOPMENTS

There are no significant events since our last balance sheet date, i.e., March 31, 2013.

SEGMENT INFORMATION

Our financial results are prepared and presented in six business segments. Our six business segments are automotive components, motor vehicles, computer peripherals, financial services, energy business and others. Our total revenue and results before interest and tax by segment are presented below for the periods indicated.

(In ₹ crore)

	Year ended March 31,							
	2013				2012			
	Total revenue		Result before interest and tax		Total revenue		Result before interest and tax	
Automotive Components	1,087.74	13%	69.22	16%	1,051.14	13%	94.87	24%
Motor Vehicles	7,330.63	87%	333.77	76%	7,193.28	86%	298.10	75%
Computer peripherals	0.00	0%	0.00	0%	54.56	1%	-2.67	-1%

(In ₹ crore)

	Year ended March 31,							
	2013				2012			
	Total revenue		Result before interest and tax		Total revenue		Result before interest and tax	
Financial services	0.00	0%	0.00	0%	8.55	0%	1.71	0%
Energy business	33.74	0%	35.08	8%	10.51	0%	7.95	2%
Others	0.08	0%	0.00	0%	0.17	0%	-0.04	0%
Total	8,452.19	100	438.06	100	8,318.21	100	399.91	100

SIGNIFICANT ACCOUNTING POLICIES

This Red Herring Prospectus includes our audited consolidated financial statements for the years ended March 31, 2013 and 2012.

Preparation of financial statements in accordance with Indian GAAP and the provisions of the Companies Act, require our management to make judgments, estimates and assumptions that affect the reported amounts of our assets and liabilities, disclosures of contingent liabilities and the reported amounts of income and expenses. These judgments, assumptions and estimates are reflected in our accounting policies, which are more fully described in “Financial Statements –Significant Accounting Policies” in our audited consolidated financial statements.

Certain of our accounting policies are particularly important in relation to the presentation of our financial position and results of operations, and require the application of assumptions and estimates of our management. We refer to these accounting policies as our “significant accounting policies”. Our management uses its historical experience and analyzes the terms of existing contracts, historical cost conventions, global industry practices and information provided by outside sources, as appropriate, when forming its assumptions and estimates.

Accrual System of Accounting

We follow the accrual system of accounting for all items of expenditure and income.

Basis of Preparation

The audited consolidated financial statements are prepared under the historical cost convention and in accordance with the requirements of the Companies Act, 1956.

Principles of Consolidation

The financial statements of the subsidiaries used in the consolidation are drawn up to the same reporting date as of the Company. The financial statements of the Company and its subsidiaries have been combined on a line by line basis by adding together like items of assets, liabilities, income and expenses. Inter-company balances and transactions and unrealized profits or losses have been fully eliminated.

Fixed Assets

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

Inventories

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

Depreciation

Depreciation has been provided under the straight line method at the rates prescribed under Schedule XIV of the Companies Act, 1956 with applicable shift allowance. In respect of the assets added/sold during the year, pro-rata depreciation has been provided.

Revenue Recognition

Company:

The income of the company is derived from sale of gravity and pressure die-castings and from sale of services. (a) Sale of products is recognised when goods are despatched through nominated logistics. (b) Income from services are recognised on completion of services and when invoices are raised. Interest income is recognised on a time proportion basis taking into account the amount outstanding and rate applicable. Dividend from investments is recognised when the company in which they are held declares the dividend.

Subsidiaries:

Motor Vehicles Segment - The income is derived from sale (net of trade discounts) of automotive vehicles, parts thereof, lubricant oil, machinery and equipment and provision of technical know-how.

Automotive Component - The income is derived from manufacture and sale of plastic components and trading in automobiles. Sale of goods is recognized on despatch of goods to customers.

Energy – Income from sale of electricity is recognized for the quantity generated as approved and certified by the specified authority.

Foreign currency translation

Income and expenses in foreign currencies are converted at exchange rates prevailing on the date of the transaction. Foreign currency monetary assets, liabilities and loans are translated at the exchange rate prevailing on the balance sheet date.

RESULTS OF OPERATIONS

The following table sets forth certain items derived from our audited consolidated summary financial statements for the years ended March 31, 2013 and 2012, expressed in absolute terms and as a percentage of total revenue from operations for the periods indicated:

	Year ended March 31, 2013		Year ended March 31, 2012	
	(₹ in Crore)	(%)	(₹ in Crore)	(%)
Revenue from operations				
(a) Sale of products	8,091.84	98.04	8,110.33	97.50
(b) Sale of services	5.14	0.06	18.22	0.22
(c) Other operating revenues	128.81	1.56	168.61	2.03
Other income	27.41	0.33	21.05	0.25
Total Revenue	8,253.20	100.00	8,318.21	100.00
Expenses				
Cost of materials consumed	5,351.37	64.84	4,931.39	59.28
Purchases of Stock-in-Trade	242.78	2.94	902.80	10.85
Changes in inventories of finished goods, work-in-process and Stock-in-Trade	1.13	0.01	-33.48	-0.40
Employee benefits expense	605.58	7.34	558.90	6.72
Finance costs	147.72	1.79	130.11	1.56

	Year ended March 31, 2013		Year ended March 31, 2012	
Depreciation and amortization expense	225.90	2.74	205.26	2.48
Other expenses	1,503.03	18.21	1,377.73	16.56
Total expenses	8,077.51	97.87	8,073.71	97.06
Profit before exceptional and extraordinary items and tax	175.69	2.13	244.50	2.94
Exceptional items				
Profit on sale of long term investments	-	-	25.34	0.30
Profit on sale of land	92.78	1.12	0.00	0.00
Loss on sale of unused assets	0.00	0.00	0.00	0.00
Profit before extraordinary items and tax	268.47	3.25	269.84	3.24
Extraordinary items				
Profit on sale of division	12.64	0.15	0.00	0.00
Insurance recovery	0.79	0.01	0.00	0.00
Profit before tax	281.90	3.42	269.84	3.24
Tax expense:				
(1) Current tax	64.79	0.79	77.85	0.94
(2) Deferred tax	22.63	0.27	25.84	0.31
Profit/(Loss) for the year	194.48	2.36	166.15	2.00
Share of Profit/(Loss) of associates	1.31	0.02	0.02	0.00
Profit (Loss) for the year	195.79	2.37	166.17	2.00

Other information

The following table sets forth our EBITDA and EBITDA margin for the years ended March 31, 2013 and 2012

	Fiscal Year 2013	Fiscal Year 2012
EBITDA (₹ in crore)	655.52	606.21
EBITDA margin (%)	7.94	7.29

Revenue

Revenue from operations

Our revenue from operations (on a consolidated basis) accounted for 99.67 per cent and 99.75 per cent of our total revenue for the years ended March 31, 2013 and 2012 respectively.

We report revenue from operations under the following segments: (i) revenue from the sale of products; (ii) revenue from the sale of services; and (iii) other operating revenues.

Revenue from the sale of products.

We generate revenue from the sale of

- Sale of aluminium die castings, plastic moulded parts for automotive applications;
- Sale of two wheelers, three wheelers and spare parts; and
- Sale of energy generated from windmills.

Revenue from the sale of services.

This comprises the product development fee and sale of IT services to other companies.

Other operating revenues

We generate other operating revenue from sale of scrap and export incentives.

Other Income

Our other income primarily comprises interest income, dividends received, gains from the sale of investments, profits from the sale of fixed assets and other non-operating income.

Expenses

Cost of materials consumed

Cost of materials consumed comprises purchases of raw materials and components (including changes in inventories of finished goods, work-in-process and Stock-in-Trade).

Purchases of stock-in-trade

Purchases of stock-in-trade comprises spare parts and engine oil for motor vehicles segment.

Changes in inventories of finished goods, work-in-process and stock-in-trade

This pertains to difference between closing stock and opening stock of finished goods, work-in-process and stock-in-trade.

Employee benefits expense

Employee benefits expense includes salaries and wages, contribution to provident fund, pension fund and other funds, leave salary and welfare expenses.

Finance costs

Finance costs include interest costs payable by us for short term and long term borrowings including working capital loans, other borrowing costs and costs in relation to foreign exchange fluctuations.

Depreciation and amortization expense

Depreciation and amortization expense includes depreciation of building, plant and machinery, furniture, fixtures, office equipment, motor vehicles, computers and software.

Other expense

Other expenses primarily comprise stores, spares and tools consumed in operations, rental expenses, repairs of buildings, plants and equipment, packing and freight charges, marketing expenses, legal and professional fees.

Tax expense

Income tax expense comprises current tax and deferred tax expense or credit computed in accordance with the relevant provisions of the Income Tax Act, 1961.

Current tax expense is determined based on the taxable income of the year at the prevailing tax rates.

Deferred tax asset or liability is recognized in the books of accounts to the extent that it is probable that taxable income will be available in future periods against which it can be set-off. The carrying amount of the deferred tax asset or liability is reviewed at the end of each reporting period.

Year ended March 31, 2013 Compared to Year ended March 31, 2012

Revenue

Our total revenue decreased by one per cent from ₹ 8,318.21 crore for the year ended March 31, 2012 to ₹ 8,253.20 crore for the year ended March 31, 2013.

Revenue from operations.

Our revenue from operations decreased by one per cent from ₹ 8,297.16 crore for the year ended March 31, 2012 to ₹ 8,225.79 crore for the year ended March 31, 2013.

Revenue from the sale of products. Our revenue from the sale of our products decreased by 0.2 per cent from ₹ 8,110.33 crore for the year ended March 31, 2012 to ₹ 8,091.84 crore for the year ended March 31, 2013, primarily due to a reduction in revenue from the motor vehicles segment which was partially offset by increase in revenue from energy and automotive segments.

Revenue from the sale of services. Our revenue from sale of our services decreased by 72 per cent from ₹ 18.22 crore for the year ended March 31, 2012 to ₹ 5.14 crore for the year ended March 31, 2013 primarily due to reduction in the product development fee that we charge in connection with the automotive components that we develop for our customers.

Other operating revenues. Our other operating revenues decreased by 24 per cent from ₹ 168.61 crore for the year ended March 31, 2012 to ₹ 128.81 crore for the year ended March 31, 2013 primarily due to reduction in export incentives consequent to reduction in Duty Entitlement Pass Book (DEPB) scheme rates.

Other income

Our other income increased by 30 per cent from ₹ 21.05 crore for the year ended March 31, 2012 to ₹ 27.41 crore for the year ended March 31, 2013 primarily due to an increase in our interest income from investments.

Expenses

Our total expenses increased by 0.05 per cent from ₹ 8,073.71 crore for the year ended March 31, 2012 to ₹ 8,077.51 crore for the year ended March 31, 2013.

Cost of materials consumed and Purchases of stock-in-trade

Our cost of material consumed increased by 9 per cent from ₹ 4,931.39 crore for the year ended March 31, 2012 to ₹ 5,351.37 crore for the year ended March 31, 2013 primarily due to increase in production volumes in our automotive components segment, which was partially offset by a reduction in production volumes in our motor vehicles segment. Our expenses from our purchases of stock-in-trade decreased by 73 per cent from ₹ 902.80 crore for the year ended March 31, 2012 to ₹ 242.78 crore for the year ended March 31, 2013 due to a reduction in purchase of automotive components used in motor vehicles, which was marginally offset by the growth of sales in the spare parts business in our motor vehicle segment.

Employee benefits expense

Our expenses towards employee benefits increased by 8 per cent from ₹ 558.90 crore for the year ended March 31, 2012 to ₹ 605.58 crore for the year ended March 31, 2013. The increase is in line with the average yearly increase in salary/benefits granted to our employees.

Finance costs

Our financing costs increased by 14 per cent from ₹ 130.11 crore for the year ended March 31, 2012 to ₹ 147.72 crore for the year ended March 31, 2013. The increase was primarily attributable to an increase in the base lending rate by Indian banks during the year and the replacement of low interest rate bearing foreign currency denominated debt with higher interest bearing domestic loans.

Depreciation and amortization expense

Our depreciation and amortization expense increased by 10 per cent from ₹ 206.27 crore for the year ended March 31, 2012 to ₹ 225.90 crore for the year ended March 31, 2013 primarily due to certain additions to our fixed assets during the periods under review.

Other expense

Our other expenses increased by 9 per cent from ₹ 1,377.72 crore for the year ended March 31, 2012 to ₹ 1,503.03 crore for the year ended March 31, 2013 primarily due to increase in power costs and marketing expense.

Profit before tax

As a result of the foregoing, our profit before tax increased by 4 per cent from ₹ 269.84 crore for the year ended March 31, 2012 to ₹ 281.90 crore for the year ended March 31, 2013.

Tax expense

Our tax expense decreased by 16 per cent from ₹103.69 crore for the year ended March 31, 2012 to ₹ 87.42 crore for the year ended March 31, 2013.

Profit for the year

As a result of the foregoing, our profit for the year increased by 17 per cent, from ₹ 166.15 crore for the year ended March 31, 2012 to ₹ 194.48 crore for the year ended March 31, 2013.

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2013, our Company had cash and bank balances amounting to ₹ 81.80 crore. Our cash and cash balances primarily consist of cash at hand, fixed deposits with more than one year's maturity, cheques/drafts at hand and balance held with banks. Our primary liquidity requirements have been to finance our raw material/auto component purchases for our manufacturing operations. Our business requires a significant amount of working capital. We expect to meet our working capital and liquidity requirements for the next 12 months primarily from cash flows from our operations, loans from banks and financial institutions and from a part of the issue proceeds.

Cash flows

Set forth below is a table of selected information from our consolidated statements of cash flows for the years ended March 31, 2013 and 2012.

	(In ₹ crore)	
	Fiscal Year 2013	Fiscal Year 2012
Net cash from/(used in) operating activities	459.42	482.14
Net cash from/(used in) investing activities	(114.31)	(491.73)
Net cash from/(used in) financing activities	(394.84)	13.31
Net increase/(decrease) in cash and cash equivalents	(49.73)	3.72
Cash and cash equivalents at the beginning of the year	(120.13)	(123.85)
Cash and cash equivalents at the end of the year	(169.86)	(120.13)

Net cash generated from/(used in) operating activities

Our net flows generated from operating activities for the year ended March 31, 2013 primarily comprised of operating profit before working capital changes for ₹ 531.66 crore, which was adjusted for a decrease in working capital adjustments of ₹ 5.60 crore and taxes of ₹ 66.64 crore.

Our net flows generated from operating activities for the year ended March 31, 2012 primarily comprised of operating profit before working capital changes for ₹ 543.61 crore, which was adjusted for an increase in working capital adjustments of ₹ 6.85 crore and taxes of ₹ 68.32 crore.

Net cash generated from/(used in) investing activities

Our cash flow used in investment activities for the year ended March 31, 2013 primarily comprised net purchase of fixed

assets of ₹ 176.25 crore, exceptional income of ₹ 92.78 crore and net purchase of investments of ₹ 51.90 crore.

Our cash flow used in investment activities for the year ended March 31, 2012 primarily comprised net purchase of fixed assets of ₹ 521.59 crore, exceptional income of ₹ 25.34 crore and net purchase of investments of ₹ 51.86 crore.

Net cash generated from/(used in) financing activities

Our net cash generated from financing activities for the year ended March 31, 2013 was primarily comprised of repayment of loans ₹185.62 crore, interest of ₹ 144.69 crore and dividend of ₹ 64.59 crore.

Our net cash generated from financing activities for the year ended March 31, 2012 primarily comprised an increase in loans of ₹156.43 crore which was offset by finance cost of ₹ 120.32 crore and dividend of ₹ 34.10 crore.

ASSETS

Our fixed assets primarily consist of freehold and leasehold land, buildings, furniture and fixtures, plant and machinery, office equipment, vehicles, computers and software. Investments include investments in equity securities of listed and unlisted companies.

With respect to our current assets, inventories include raw materials, work in process and finished goods. Trade receivables include receivables with respect to sale of goods and services.

Financial Indebtedness

The following table sets forth the our consolidated secured and unsecured debt position as at March 31, 2013:

(₹ in crore)

Particulars	Amount outstanding as at March 31, 2013
Secured Loans	
Term loans from banks	751.64
Term loans from other parties	155.62
Short term loans from banks repayable on demand	251.66
Total (A)	1,158.92
Unsecured	
Sales tax deferral loan	245.68
Short term loans from banks	77.79
Total (B)	323.47
Total (A+B)	1,482.39

Note: Short terms loans are loans which have tenure of less than one year

OFF-BALANCE SHEET ARRANGEMENTS

We do not have any have any off-balance sheet arrangements, derivative instruments, swap transactions or relationships with unconsolidated instruments that would have been established for the purpose of facilitating off-balance sheet transactions.

CONTINGENT LIABILITIES

The following table provides our consolidated contingent liabilities as of March 31, 2013:

Particulars	As at year ended March 31, 2013 (₹ crore)
Contingent liability not provided for	
(a) On counter guarantees given to bankers	25.35
(b) On letters of credit opened with bankers	172.59
(c) On partly paid shares	-

Particulars	As at year ended March 31, 2013 (₹ crore)
(d) Estimated amount of contracts remaining to be executed on capital account	78.47
(e) On guarantees furnished on behalf of loans granted to employees	1.26
(f) On account of future export obligations (on account of import of capital goods under Export Promotion Capital Goods Scheme)	241.90
(g) On bills of exchange discounted	75.66
(h) Commitment for Capital contribution to TVS Shriram Growth Fund scheme of TVS Capital Funds.	6.38
(i) Obligation arising out of agreements facilitating credit to a company	25.00
(j) Others	-

RELATED PARTY TRANSACTIONS

We have engaged in the past, and may engage in the future, in transactions with related parties, including with our affiliates and certain key management members on an arm's length basis. For details in relation to the related party transactions, see "Financial Statements".

INDUSTRY OVERVIEW

The information in this section has not been independently verified by us, the Book Running Lead Managers or any of our or their respective affiliates or advisors. The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources it believes to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Accordingly, accuracy and completeness of such data cannot be assured by the Company, the Book Running Lead Managers or their respective advisors. Industry and government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry and government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect. Accordingly, investment decisions should not be based on such information.

The Indian Economy

India is the world's largest democracy in terms of population (approximately 1.21 billion people) as at July 2012 with an estimated gross domestic product ("GDP"), on a purchasing power parity basis, of approximately US\$ 4.7 trillion in 2012. ((Source: www.cia.gov/library/publications/the-world-factbook/goes/in.html, accessed on May 20, 2013) ("CIA World Factbook").

Domestic automobile industry is the key growth driver for castings

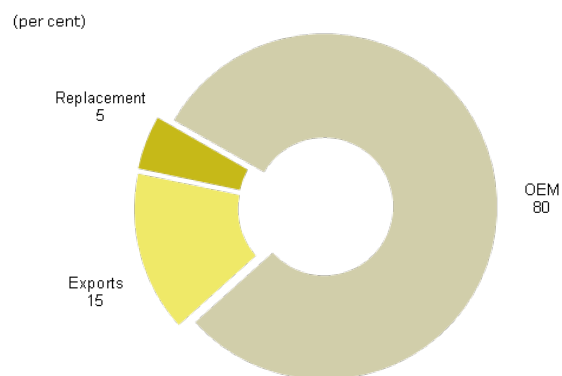
Given the small size of replacement market (5 per cent) for castings, the performance of the automotive castings industry is largely to the vehicle production in the country. Growth in the domestic automobile industry will thus remain a key determinant growth in the automotive castings industry. Production of tractors and commercial vehicles segments drive the demand for ferrous castings, while the production of cars, utility vehicles and two-wheelers drive the demand for non-ferrous castings.

Current market size

- The market size of the automotive castings industry (including exports and the unorganised segment) is estimated to be Rs 16,600 Crores in 2011-12. For the purpose of our analysis we have sized only the demand for engine heads, engine blocks and gear box housings.
- The market size of the ferrous castings industry in the automotive casting industry has been estimated to be around Rs 52 billion while the size of the non-ferrous (aluminium) industry is expected to be around Rs. 114 billion in 2011-12.
- In tonnage terms, the ferrous castings industry was estimated at around 742 thousand tonnes and aluminium castings at around 427 thousand tonnes in 2011-12. Although, in tonnage terms, ferrous castings have a larger share, aluminium castings form the largest segment in value terms.
- Over a period of 5 years (April 1, 2007 to March 31, 2012), the share of exports has grown from 8-10 per cent to 14-16 per cent of the industry. Imports are negligible in this segment. The limited imports mostly comprise non critical parts that are consumed in the replacement market.
- A typical castings manufacturer caters to three distinct market segments - OEMs, exports and the replacement markets. OEMs are the largest consumers accounting for nearly 78-80 per cent of total demand (in value terms), exports contribute to 15 per cent while the replacement market accounts for the rest.
- Although the industry depends on the OEM segment for a sizable chunk of demand, players who manufacture casting components having short replacement cycles such as brake shoes, and clutch components have a larger exposure to the replacement segment.
- Tractors (40 per cent) and commercial vehicles (31 per cent) production drive the demand for ferrous castings while the production of two wheelers (68 per cent) and cars and utility vehicle (27 per cent) segments will drive the demand for aluminium or non-ferrous castings.

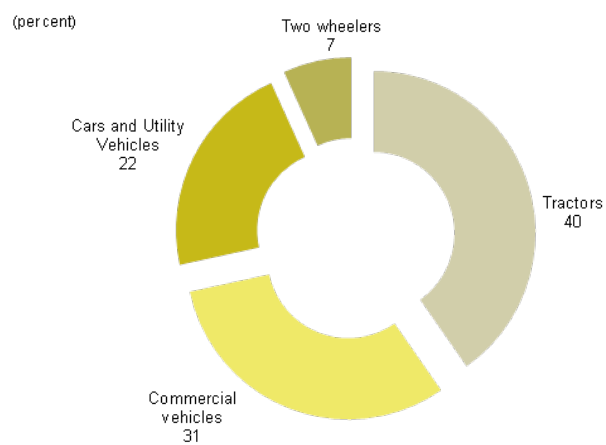
Source: CRISIL Research Automotive Casting Annual Review, January 2013

Revenue distribution (2011-12)



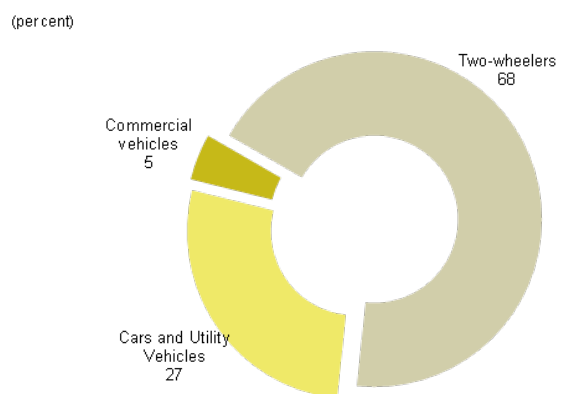
(Source: CRISIL Research)

Segmental distribution (2011-12): (cast iron tonnage terms)



Source: CRISIL Research

Segmental distribution (2011-12): (non-ferrous in tonnage terms)



(Source: CRISIL Research)

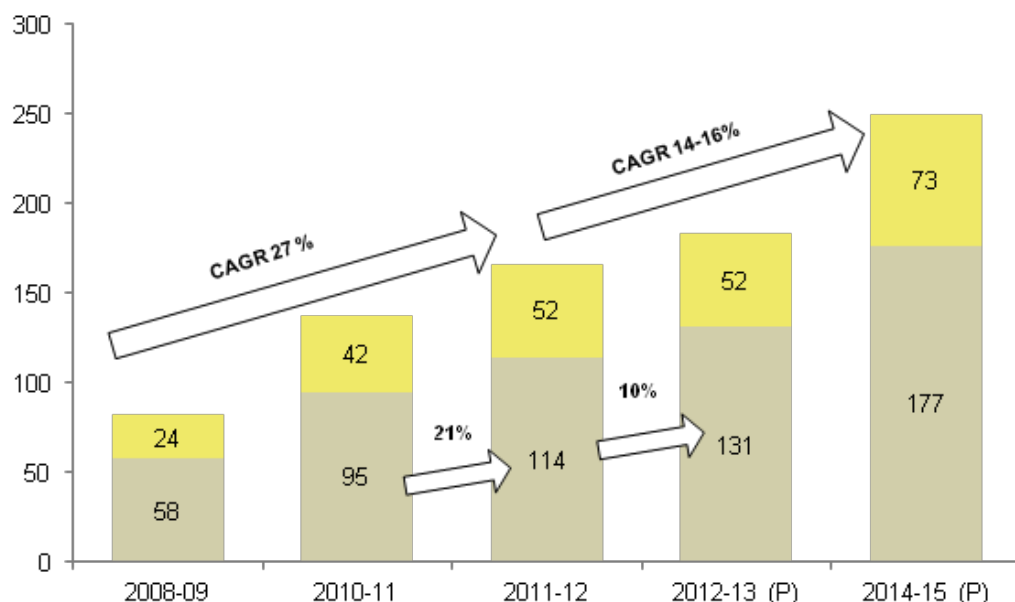
Outlook

Automotive casting industry growth to moderate with slowing automobile demand in 2012-13; however, the medium term prospects healthy.

Significant slowdown in commercial vehicles sales, sluggish passenger car sales and slowdown in two wheeler sales are expected to impact the demand for automotive castings in 2012-13. In tonnage terms, we expect the industry to grow by 3-5 per cent and by 9-11 per cent in value terms during the year.

However, we expect automobile sales to revive beyond 2012-13, and we expect the castings industry (both ferrous and non ferrous) to grow at a healthy pace of 15-17 per cent CAGR over the next 3 years to reach a size of Rs. 250-260 billion by 2014-15. Growth rate is however expected to be lower over the next 3 years (2011-12 to 2014-15) as compared with the growth of 27 per cent in the past 3 years (2008-09 to 2011-12).

Below is a graph showing the expected demand in automotive castings on the basis of value (₹100 Crores)



(Source: CRISIL Research)

Growth Drivers

Domestic demand

Growth in the domestic automobile industry will continue to be a key determinant of growth in the automotive castings industry. Growth in the trucks and tractor vehicle production will drive growth in ferrous castings. Together, these two segments account for nearly 70 per cent of the demand for ferrous castings. Cars & UVs and two-wheeler segments will continue to drive growth in non-ferrous castings, contributing close to 95 per cent of OEM demand.

Increasing indigenisation and reducing emissions driving growth and structural changes

The auto policy, 1995 focused on increasing indigenisation of vehicles manufactured in the country by setting clauses on foreign direct investments in the country. Manufacturers had to achieve indigenisation levels of up to 50 per cent within 3 years, and 70 per cent by the end of 5 years, from the date of commencing commercial production. In 2002, with most of the automobile manufacturers achieving more than 70 per cent indigenisation due to the cost advantages arising out of sourcing components locally, the clause was removed. High level of indigenisation of vehicles manufactured in the country is a positive growth driver for both domestic demand exports in the automotive

casting industry with more global players setting up manufacturing bases in the country.

Further, increasing focus on reducing weight of the vehicle to increase fuel efficiency especially in two wheelers and passenger cars has led to the increasing demand for non ferrous castings. Strong growth in two wheelers and passenger cars has led to an increase in technological capabilities of players as non ferrous castings is more technology intensive as compared with ferrous castings. Further, tightening emission norms and focus on reduction of noise, vibration and harshness levels will act as a major growth driver for non ferrous castings.

Exports demand

India has a competitive advantage in terms of the cost of production in comparison to the overseas markets. The cost advantage derived mainly out of low cost labour. The ability of Indian manufacturers to produce complex castings components while adhering to stringent quality guidelines is also an advantage. Global auto manufacturers such as Hyundai, Ford, Nissan and Toyota are using India as a manufacturing base to cater to their exports markets. Indian automotive castings players supplying to these entities develop capabilities to supply international markets. In addition to benefiting from low labour cost, Indian automotive casting players can leverage these capabilities to cater to the international market, and thereby grow their export markets.

Globally, the foundry industry has to adhere to certain stringent environmental norms. In some cases, implementation of these norms leads to higher cost of production. Therefore, the focus of the global automobile industry on controlling costs, and emergence of India as a sourcing base for auto components will lead to growth in castings exports.

Source: CRISIL Research Automotive Casting Annual Review, January 2013

Players and market share

The industry has two kinds of entities manufacturing castings - captive foundries run by OEMs and independent foundries set up by component suppliers. Suppliers are segmented into three tiers - tier one comprises large organised players supplying largely to the OEM segment and exports; tier two consists of small organised players who supply to the OEMs as well as to tier one companies. Small unorganised players who supply to tier two players and to the local replacement markets make up tier three.

In the organised segment, players supply three kinds of castings - raw castings, finished castings and finished aggregates or sub-assemblies. Usually, only tier-one companies supply finished aggregates while tier-two companies are mainly engaged in supplying raw and finished castings. Tier-one companies, which supply to the OEMs and export to international clients, are generally focused on the automotive sector. Tier two and three serve other end user segments including industrial castings, general engineering and others. The unorganised segment is present mainly in the ferrous casting sector as the technical knowhow and manpower required to set up a foundry for ferrous castings is relatively easy to source.

Source: CRISIL Research Automotive Casting Annual Review, January 2013

Investment Outlook

In 2011-12, the industry size of automotive castings for engine block, engine head and gear box housings was estimated to be around Rs 166 billion, whereas its asset size was estimated to be around Rs 90-100 billion. The industry has seen an asset turnover ratio of 1.5-2.0 times over the past 5 years. Based on this, we expect the industry asset size to reach Rs 125-135 billion by 2014-15 which translates into investments of around Rs 30-35 billion over the next 3 years. Additional working capital requirement for the industry is estimated to be Rs 15-20 billion over the next 3 years. Overall, we expect additional investments of Rs 50-55 billion the next 3 years.

Source: CRISIL Research Automotive Casting Annual Review, January 2013

Products and Services

Castings are classified on the basis of the manufacturing method, and the kind of metal used as ferrous and non-ferrous castings. The main ferrous materials used in the industry are gray iron, ductile iron, malleable iron, compacted graphite iron and steel. Aluminium is the major non-ferrous metal used. Manufacturing facilities, where castings are manufactured, are known as foundries.

In the automotive industry, it is essential to reduce vehicle weight without loss of performance in order to improve fuel efficiency and comply with environmental norms. Hence, aluminium is being increasingly used in the cars and utility vehicles industry. As the focus on fuel efficiency is high in the two-wheelers segment, aluminium is the primary metal used instead of ferrous materials such as gray iron. In the ferrous castings industry, the use of compacted graphite iron (CGI) makes it possible to reduce vehicle weight without reducing performance in terms of material strength. Hence, it is gaining prominence among ferrous materials for applications such as diesel engines used in heavy commercial vehicles.

Source: CRISIL Research Automotive Casting Annual Review, January 2013

OEM slowdown restricted growth to 5-year lows in 2012-13

After 2 years of growing at a healthy 32 per cent in 2010-11, the auto component industry's revenue growth is estimated to have slowed significantly to 2-4 per cent in 2012-13; levels last seen in 2008-09. Growth in OEM demand (70 per cent of total) slowed significantly to 1-3 per cent in 2012-13, as production of medium & heavy commercial vehicles, small cars, tractors and two-wheelers declined. Growth in auto component exports also slowed sharply to 0-3 per cent over a high base (of the past 2 years), continued sluggishness in the EU market and a slowdown in the US in the second half of the fiscal.

Growth in replacement demand is estimated to have remained stable at 9-11 per cent. However, the threat of cheaper imports (from South-East Asia) restricted the pricing flexibility of domestic auto component manufacturers and consequently, growth in domestic replacement production to 6-8 per cent.

Muted recovery likely in 2013-14; long-term prospects remain robust

Auto component sales are likely to grow at a mild 6-8 per cent in 2013-14, as OEM demand improves by similar levels, led by a gradual recovery in production of medium & heavy commercial vehicles (MHCVs), small cars, two-wheelers. Lower inventories will also boost OEMs' production levels. However, growth in replacement output would slow to 6-8 per cent, while growth in exports will remain capped at 7-10 per cent, as uncertainties in global markets persist amid currency volatility as well.

The industry's long-term growth story, however, remains intact with auto component sales expected to grow at a 14-16 per cent CAGR between 2012-13 and 2017-18. Exports will also grow at a 18-20 per cent CAGR during the same period.

Margins slumped to historical lows in 2012-13; consolidation expected in 2013-14

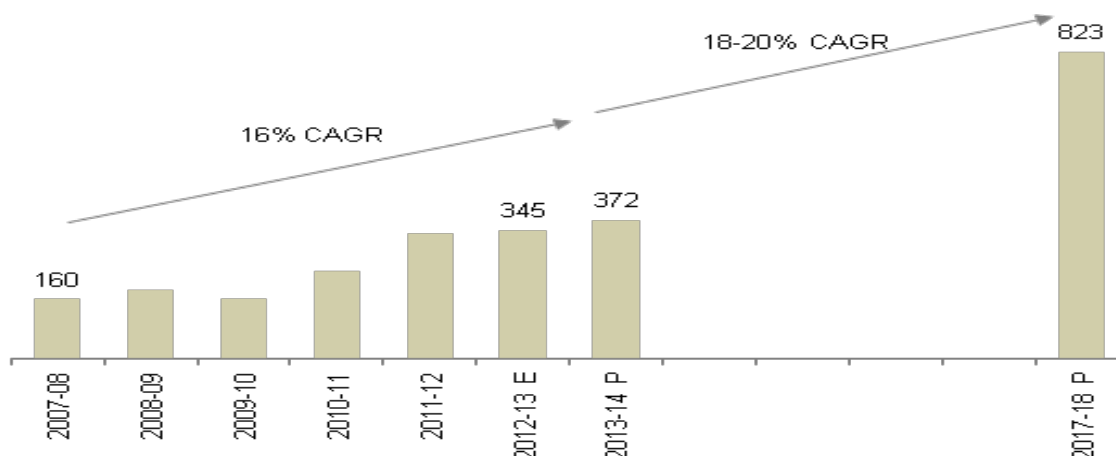
Basic raw material costs (constituting 60-65 per cent of total raw material costs) rose by 8-10 per cent in 2011-12, pulling down Tier-1 component manufacturers' operating margins by about 100 bps y-o-y, close to about 14 per cent, last seen in 2008-09. While international prices of key raw materials declined significantly in 2012-13, the lag effect of a weak rupee, translated into higher input costs for Indian auto component manufacturers.

Moreover, component makers' pricing flexibility was constrained by slow growth in OEM production and increased pricing pressure in the replacement market. Lower utilisation levels also inflated fixed costs (as a percentage of sales). Consequently, operating margins of tier-1 component manufacturers declined sharply by 230-250 bps to 11.7-11.9 in 2012-13, 200 bps lower than levels seen even in 2008-09. In line with lower margins, returns on capital employed (RoCE) are also estimated to have slumped by about 500 basis points (bps) in 2012-13.

In 2013-14, margins are expected to stabilise at 12.2-12.7 per cent as raw material costs ease slightly. However, utilisation levels will remain constrained by a slow recovery in OEM demand and cap the improvement in margins. RoCE levels are expected to improve marginally by 50-150 bps during the year owing to a mild improvement in margins, despite lacklustre utilisation levels. The continuing uncertainty on OEM demand and the volatility in domestic input costs would remain key risks to component makers' profitability in 2013-14.

Recovery in markets, LCC sourcing to provide momentum for growth in exports

Auto components: Long-term exports trend (Rs billion)



Source: CRISIL Research, ACMA

Between 2012-13 and 2017-18, auto component exports are expected to post a CAGR of 18-20 per cent vis-a-vis a 16 per cent CAGR during 2007-08 to 2012-13. Revival in automobile production in key target export markets, low penetration of Indian exports and a significant ramp-up in global sourcing operations from India will ensure healthy growth for the auto components industry.

Auto component exports have grown rapidly over the last decade. The share of exports in total auto component production increased to 16 per cent in 2012-13 from 8 per cent in 1999-2000. This is because, globally, there has been a shift in auto component sourcing towards low-cost countries (LCCs). Also, while India exported around 30 per cent of its total auto component exports to OEMs or Tier-I suppliers in 2000-01, supplies to original equipment manufacturers (OEMs) and Tier-I vendors was pegged at 80 per cent as of 2011-12. This indicates that there is increasing reliance of global players on Indian component manufacturers.

Component-sourcing activity by key OEMs

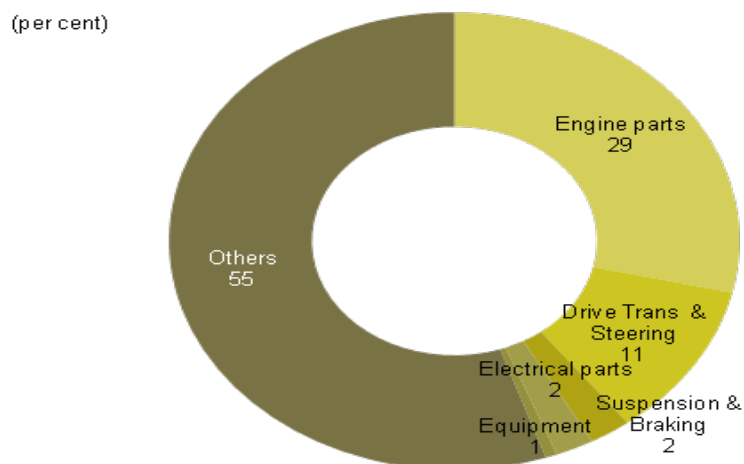
OEM	Product segment	Comments
Ford	Engines	40 per cent of new engine capacities over 2013-14 and 2014-15 expected to be dedicated to exports
General Motors	Diverse	Sourced over \$ 1 billion worth of components from India in 2012
Honda	Engines, Transmissions	Already sources over 50 components of <i>Brio</i> engine from India. Parts for <i>Jazz</i> and <i>City</i> models also sourced. Component exports from Indian division at over
Hyundai	Engines	Expected to invest \$ 300 million in diesel engine plant (domestic market & exports)
Renault	Diverse	Sourced over \$ 100 million worth of components from India in 2012
Toyota	Transmissions	India to be a global procurement hub for <i>Etios</i> transmissions; parts for <i>Fortuner</i> and <i>Hilux</i> models also being sourced
Volkswagen	Diverse	\$ 120-150 million of components sourced for global operations in 2012; to be tripled in 3-5 years

Source: CRISIL Research

Going forward, India's competitiveness in terms of labour cost and improving quality and technical prowess of leading component manufacturers will help expand its share exponentially from just under 1 per cent of global component exports currently. Already, production plans of major global OEMs and a ramp-up in Indian automobile exports are factors signalling bright prospects for global component sourcing from India.

Critical, technologically complex components account for 40 per cent of total exports

India: Auto component exports by product segments (2011)



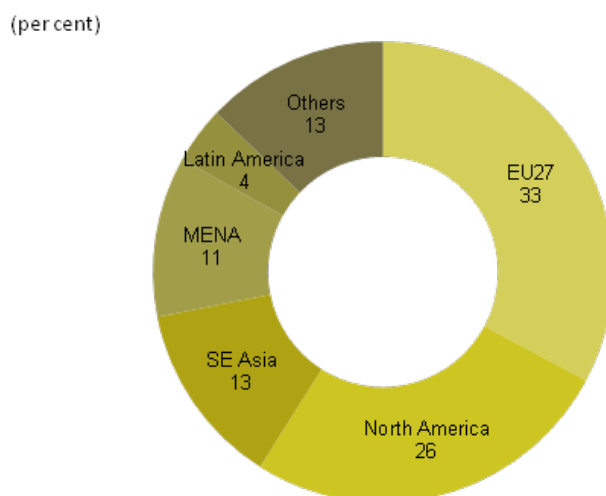
Note: "Others" category includes segments like bumpers, rubber products, mirrors, door handles, locks, lighting equipment etc.

Source: CRISIL Research, UN Comtrade

A considerable share of Indian auto component exports falls within categories such as engine parts, drive transmission and steering, electrical parts and a range of other products which are classified as technologically complex. These products demand high precision engineering skills to ensure adherence to strict quality specifications of global OEMs. However, a similar proportion of products also come under the non-critical category, which are more labour-intensive and comparatively less technologically intensive. Over 50 per cent of Indian auto component exports come under the non-critical/standard category.

Over time, the share of technically-complex products within Indian component exports has augmented. For example, the share of engine part exports has increased from under 5 per cent in 2006 to around 30 per cent of total exports in 2011. On the other hand, the share of non-critical products has declined from around 70 per cent to 55 per cent during the same period. This trend is expected to sustain in future as the domestic automotive market increasingly attains global technological intensity levels and component manufacturers acquire greater technological prowess.

India: Auto component export destinations (2011)

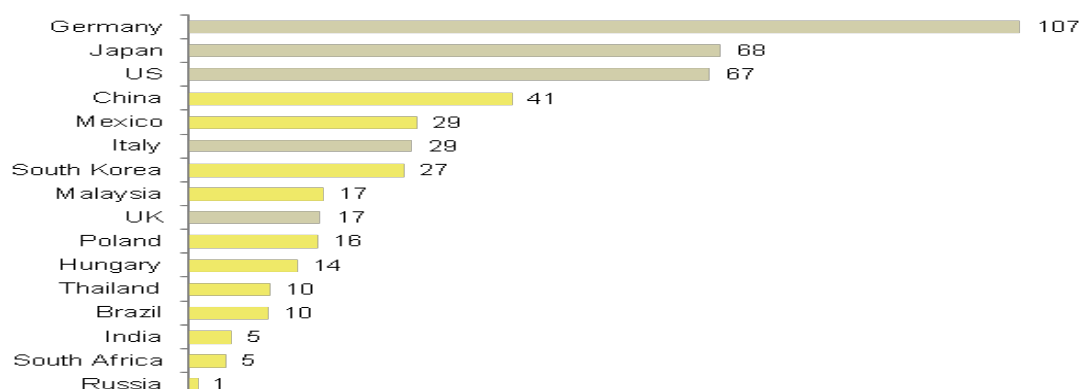


Source: CRISIL Research, UN Comtrade

Further, over 60 per cent of India's total auto component exports are to Europe and the North American Free Trade Agreement (NAFTA) region, which translates into significantly higher realisations than domestic products. The share of developed markets within the overall exports pie has increased over 2006 to 2011, with the share of EU and NAFTA regions having augmented by 5 per cent. Most of this increase in share is driven by a significant growth in engine parts exports (over 30 per cent of EU and US exports in 2011). This again reflects improving technological capabilities and quality specifications of Indian products along with greater impetus on LCC sourcing by global OEMs, especially in the wake of the global financial crisis and sluggish global demand.

LCCs gaining prominence in global auto component trade

Leading auto component exporting nations (2011) (USD billion)



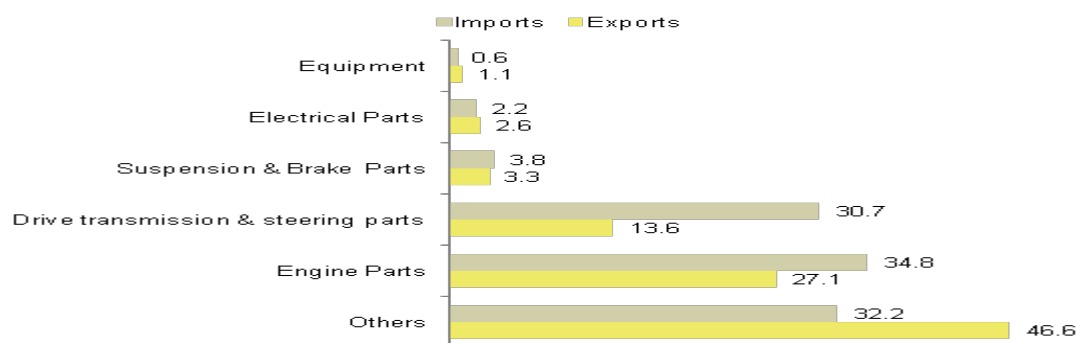
Note: Countries highlighted in yellow are classified as low-cost production centres (relative to major trading partners).
Source: CRISIL Research, UN Comtrade

LCCs include China, Mexico, South Korea, Poland, Hungary, Thailand, Brazil, India, Malaysia and Russia. Exports from LCCs grow on account of factors such as the presence of a large domestic market, global OEMs' presence in the LCC market and inherent cost advantages in terms of lower cost of living and cheap labour availability, subsidies to the industry, etc.

Global OEMs like Volkswagen, General Motors (GM), Ford and Toyota are present in most of these countries and aim at developing sourcing bases (through global and local vendor partners) which can cater to domestic (and eventually, global) sourcing needs at lower costs. In LCCs where there is no OEM presence in the domestic market, components are procured through international purchase offices (IPOs). However, the lead time for exports to commence is higher in these cases.

LCCs still to make headway into technically complex segments

Segmental exports and imports of auto components from LCC regions (2011)



Note: We have considered Brazil, Russia, India China, South Korea, Malaysia and Thailand as the relevant group of LCCs for our analysis.

Source: CRISIL Research, UN Comtrade

Auto components that are exported from LCCs are typically labour-intensive in nature and are relatively less technologically intensive. A segmental analysis of exports from LCCs shows a skewed product mix. A major proportion of the exports (49 per cent) falls in the "others" category. Additionally, this is the only category of products wherein the selected LCCs have a healthy positive trade balance. Products in this category do not include components used in critical applications and are labour intensive, requiring less technological capabilities. Indian exports too primarily comprise "others" (with a share of over 50 per cent in total exports in 2011).

Drive transmission and steering parts

This segment requires a comparatively higher level of technical expertise as compared to some of the other segments. Therefore, imports in this segment are almost two times the quantum of exports from LCCs. In 2011, all the countries included in the LCC group were net importers of the segment with the exception of South Korea (having marginally higher exports), which is now an established production hub for technically complex engineering goods. Drive transmission and steering parts include a number of sub-component groups like transmission gears and gear boxes, steering parts, clutch assembly and other drive transmission parts (toothed wheels, differentials, flywheel and pulleys).

Engine parts

Engine parts include sub-component groups such as cooling systems, engine bearings, exhaust systems, powertrain systems, fuel injection equipment, piston and piston assemblies. Fuel injection equipment, powertrain components and piston and piston assemblies are critical, technologically-intensive products. South Korea and Brazil were the only two net exporters within the selected LCCs with marginally higher exports.

Suspension and braking parts

This segment falls under the non-critical category. China ranks first in terms of net exports in this segment. Most of the countries in the LCC group are net exporters in this segment with the exception of the Russian Federation and Malaysia. India's exports in these segments are in commoditised products like brake linings and various parts of the suspension assembly.

Equipment

Wipers, safety belts and horns are the three main parts of this sub-segment. All the parts are non-critical. India exports more horns as compared to wipers and safety belts. China is the only major net exporter amongst the selected LCCs.

Electrical parts

China and Thailand are net exporters in this segment. India is also a net exporter, but, in value terms, it is very small at \$49 million (Rs 2.23 billion). Electrical parts include spark plugs, ignition magnetos, electric ignition, distributors and ignition coils, air-conditioning units, speed indicators, starter motors, and generators.

Others

This segment accounts for a major portion of the exports of the selected LCCs. South Korea and China lead in terms of net exports within this segment. Components included in the segment are those that are less critical and used largely as non-moving parts comprising the interior and exterior of an automobile. These include mirrors, windshields, fasteners, locks, basic stamped and forged parts, wheel rims etc. Wheel rims and miscellaneous small parts comprise the majority of this segment.

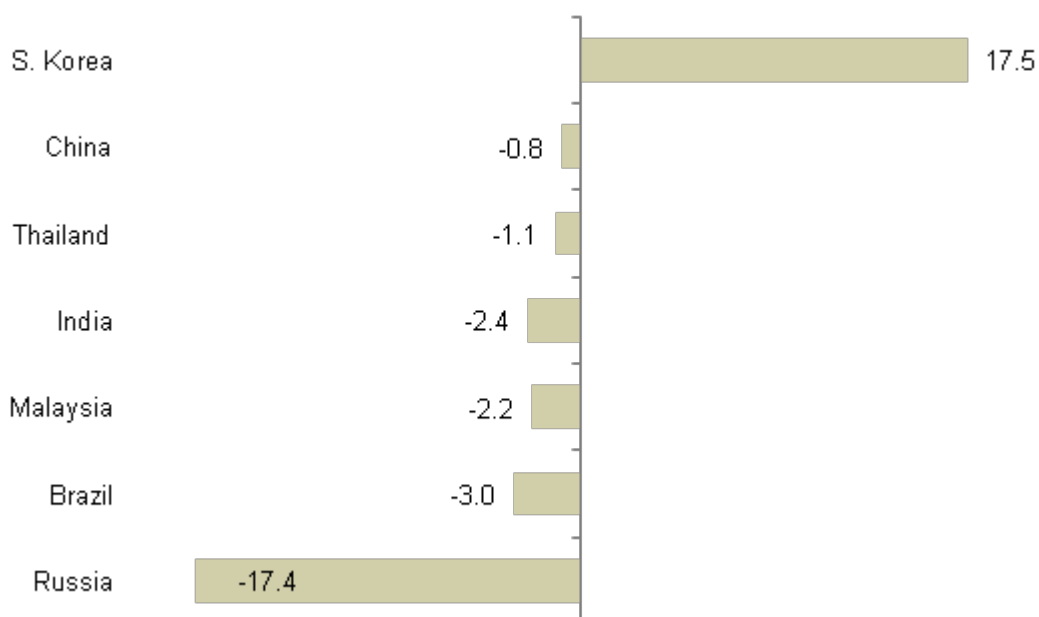
Snapshot of category-wise component trade in key LCCs (2011)

Exports	Brazil	Russia	India	China	Thailand	Malaysia	S. Korea
Engine Parts	47%	41%	29%	30%	37%	22%	18%
Drive Trans & steering parts	18%	18%	11%	17%	9%	21%	12%
Electrical Parts	3%	6%	2%	3%	5%	4%	1%
Suspension & Brake Parts	4%	8%	2%	5%	5%	4%	1%
Equipment	1%	0%	1%	2%	2%	0%	0%
Others	27%	26%	55%	43%	42%	48%	68%
Total	100%	100%	100%	100%	100%	100%	100%
Total (USD billion)	9.2	0.9	5.3	39.8	10.1	1.7	27.3
Imports	Brazil	Russia	India	China	Thailand	Malaysia	S. Korea
Engine Parts	32%	29%	36%	33%	35%	30%	44%
Drive Trans & steering parts	30%	16%	20%	39%	26%	20%	31%
Electrical Parts	2%	2%	2%	2%	3%	3%	2%
Suspension & Brake Parts	3%	7%	3%	3%	3%	4%	2%
Equipment	1%	1%	0%	0%	0%	1%	1%
Others	33%	45%	39%	23%	32%	42%	22%
Total	100%	100%	100%	100%	100%	100%	100%
Total (USD billion)	13.0	18.2	8.0	40.6	10.8	3.9	9.9

Source: CRISIL Research

As seen above, Brazil and Russia have the most favourable product mix across the selected LCCs, with a high share of engine, transmission and steering gear exports. However, China and South Korea are, by far, the largest exporters (in absolute terms) of technically-intensive parts within the selected LCCs, given the large volumes of their exports.

Country-wise net exports of auto components across LCCs (2011)



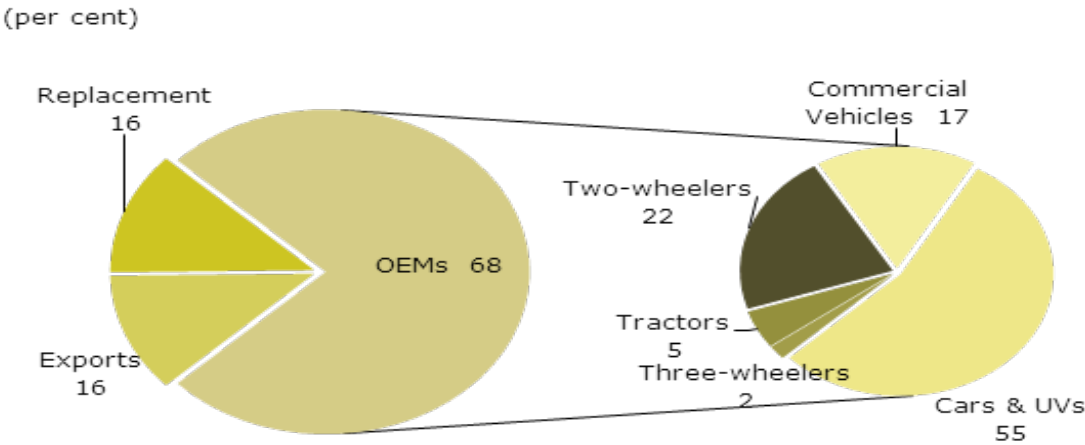
Source: CRISIL Research

State of the industry

Among OEMs, carmakers remain the largest consumers of auto components

Production of auto components depends on the consumption by different end-user segments: original equipment manufacturers (OEMs), exports and the replacement market. OEM demand can be further segregated based on various vehicle segments. In 2012-13, OEMs accounted for over two-thirds of total auto component consumption. Among OEMs, cars & utility vehicle manufacturers remained the largest consumers.

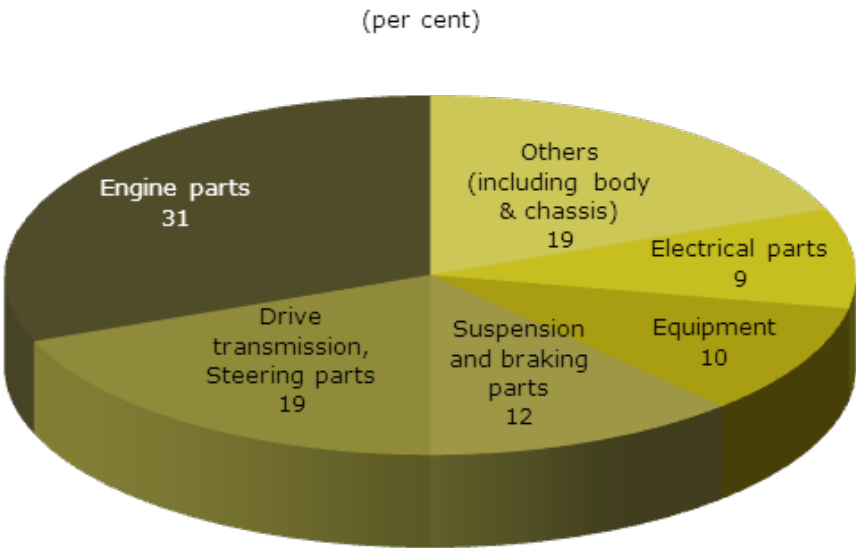
OEMs remained dominant consumers in 2012-13



Source: CRISIL Research

Engine parts account for one-third of total auto component output

Segment-wise production break-up (2012-13)



Source: ACMA

Various auto components produced by Indian auto component industry

Engine parts	Suspension & braking parts	Drive transmission and steering parts	Electrical parts	Other equipments	Others, including body & chassis
- Piston & piston parts	- Suspensions parts	- Steering systems	- Starter motors	- Switches	- Sheet metal parts
- Fuel injection equipment and carburettors	- Braking parts	- Axle assembly	- Generators and alternators	- Horns	- Seating systems
- Powertrain components (Cylinder head & cylinder block)		- Clutch assembly	- Flywheel magnetos	- Lights	- Mirrors
- Engine cooling systems		- Wheels and wheel rims	- Distributors and regulators	- Wiring harness	- Fuel tanks
- Other powertrain components				- Dashboards	- Plastic moulded components
- Engine bearings and valves					- Rubber components
- Exhaust systems					- Locks
- Gaskets liners and filters					- Ball and roller bearing
- Other engine parts					

Source: CRISIL Research

Classifications of industry

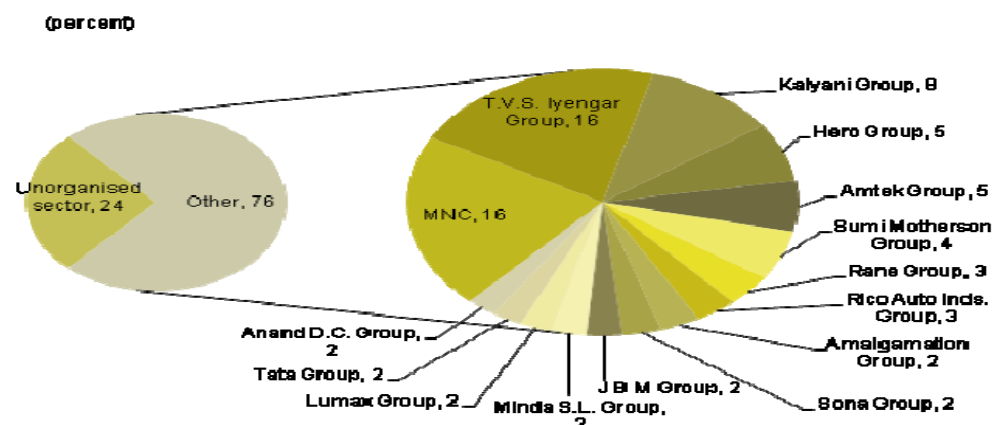
Revenue size-based classification of industry

The domestic auto components industry largely consists of unorganised players (mainly small and medium enterprises). In terms of revenue, however, the organised segment dominates the industry with a share of about 76 per cent. Over the past few years, more and more auto component companies have been registering as members of the Auto Component Manufacturers Association (ACMA). In 2011-12, ACMA had over 650 registered members; of this, around 40 per cent were based in the northern region and 30 per cent were based in the western region. About 35-40 per cent of these 650 companies are estimated to have a turnover of USD 1-5 million in 2011-12.

Promoter group-based classification

Within the overall organised segment, multinational group of companies account for around 16 per cent of total revenues, while the top five major domestic groups contribute around 35 per cent.

Set out below is a graph setting out promoter-based classification



Note: The above data pertains to 2010-11 for which most of the major companies have declared results. The financials for 2011-12 for most of the companies are not available.

Source: CRISIL Research, Prowess

Source: CRISIL Research Automotive Casting Annual Review, January 2013

Disclaimer:

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OUR BUSINESS

Overview

Our Company is part of the TVS Group and is one of the renowned automotive component manufacturing companies in India. Our automotive components business comprise a diverse product offering catering to the two-wheeler, passenger vehicle, light commercial vehicle (“LCV”) and heavy commercial vehicle (“HCV”) markets, both in India and internationally. The Company believes that it is one of the preferred suppliers of precision aluminium cast products and specialises in the production of high-pressure, low-pressure and gravity die-castings for two-wheelers, passenger vehicles, LCVs and HCVs.

Our manufacturing facilities have state-of-the-art equipment for production, testing and quality assurance to produce a wide variety of aluminium castings using high pressure, low pressure and gravity die casting technologies. The Company’s facilities can produce castings ranging in weight from 250g to 24 kg for gravity die casting (“GDC”), from 250g to 25 kg for pressure die casting (“PDC”) and from 2.5 kg to 18 kgs for low pressure die casting (“LPDC”). This has been made possible with infrastructure that includes in-house alloying, 69 PDC machines (of locking force ranging from 250 tonnes to 3200 tonnes), 55 GDC stations, 18 LPDC machines and 240 machining centres. The Company supplies a variety of machined castings to leading domestic and global vehicle OEMs and Tier 1 customers, who are leading manufacturers of engines, and light and heavy vehicles. The Company’s customers use our castings primarily in commercial vehicles, passenger vehicles and two-wheelers, which are sold both in India and internationally. Our Company deliver our automotive component products to customers in more than seven countries including the United States, Brazil, Sweden, Germany, France, UK and Japan amongst others.

The Company is headquartered at Chennai and has four manufacturing plants in Tamil Nadu with an aggregate annual capacity of over 50,000 metric tonnes, one each at Hosur, Padi, Mahindra World City and Orgadam.

The Company has won several awards including the platinum award for manufacturing excellence in the Auto Ancillary Sector –Medium Category from Frost & Sullivan-Economic Times for the year 2011. The Company has also received several awards and recognitions for quality, delivery and vendor performance from our customers.

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

We recorded total revenue of ₹ 8,253.20 crore and ₹ 8,318.21 crore for the years ended March 31, 2013 and 2012 respectively. We had EBITDA for the years ended March 31, 2013 and 2012 amounting to ₹ 655.52 crore and ₹ 606.22 crore, respectively.

Scheme of Merger and Demerger

Our Company entered into a composite scheme of arrangement including amalgamation and demerger between the Company and its two wholly owned subsidiaries, Anusha Investments Limited (“AIL”) and Sundaram Investment Limited (“SIL”) and their respective shareholders (the “Scheme”). The Scheme envisaged amalgamation of AIL with the Company and demerger of Company’s non-automotive business into SIL in terms of the provisions contained under Sections 391-394 of the Companies Act, 1956 (the “Act”). The Scheme was approved by the equity shareholders of the respective companies and the Hon’ble High Court of Madras sanctioned the Scheme by its order dated August 3, 2012 and it was filed with the Registrar of Companies, Chennai on August 21, 2012. The Scheme has become effective from July 7, 2011 according to its terms.

Strengths

Our Company is part of the TVS group

Our Company was incorporated in the year 1962 as part of the TVS group. Due to the long-standing history and track record of the TVS group in the automotive components industry as well as the international presence of the TVS group,

the Company believes that the Company enjoys strong brand recognition with our global and domestic customers. In addition, the Company believes that our brand has gained international recognition due to our exports to leading OEMs and Tier 1 customers. Our Company benefit from being a TVS group and believe that our association with the TVS group significantly strengthens our competitive position in India. Our Company expect to continue to benefit from the commitment of the TVS group to promote the TVS and other allied brands in the domestic and international markets.

Our diverse products portfolio

Our Company manufactures machined aluminium castings required for two-wheelers, passenger vehicles, and the LCV and HCV segments. Our Company has the capability to produce high-pressure, low-pressure and gravity die-castings products, which makes us a one stop shop for all aluminium casting customers. Our Company have four manufacturing facilities in India with an aggregate annual casting capacity of over 50,000 metric tonnes. Our Company supply machined castings to customers based on their requirements which is an important value added process in the casting industry. In view of stricter emission norms and improved fuel efficiency, the industry resorts to light weight vehicles. Hence aluminium being light weight, is one of the preferred metal for automotive applications and thereby gained significant importance. Our Company, being a manufacturer of aluminium castings, believes that it is well-positioned to take advantage of this opportunity. Further, our research and development department contributes in developing lighter weight alternatives to aluminium as part of our product offering to customers.

Strong Customer Relationships

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

Superior Research and Development and Technological Capabilities

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

Design and Manufacturing capabilities

Our Company's involvement with customers commences from their early product design stage to the development and supply of finished products. Our Company's experience and expertise over the years has enabled us to innovate and provide design and manufacturing solutions and achieve reduction in product development lead time. In-house die design competency, employing advanced solid modelling and flow simulation technologies, and capability for rapid prototyping to ensure that the products delivered meet the requirements of quality and reliability. Our Company's association with die makers in India and abroad allows us to supply on time castings to our customers.

Our Company has four manufacturing facilities adopting robust manufacturing practices driven by lean manufacturing, TPM and TQM assuring that products are of the high quality. Our product quality is sustained through well-trained workforce, modern testing and inspection equipment and supported by a quality system designed to meet TS-16949 standards. Process FMEAs, design reviews and problem solving techniques assure the process quality. Our manufacturing quality is a multi-tier system with poke-yokes to ensure defect free production, online SPC to monitor critical parameters.

Strategies

To be a total solutions provider

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

Expand customer base

Currently, a few customers contribute towards a significant portion of our revenues. Our Company intend to diversify and grow our customer base and reduce reliance on a few customers. See “Risk Factor –The loss of major customers or a significant reduction in purchases by them could adversely affect our business, results of operations and financial condition”. Our Company has established an overseas office that gives us the opportunity to take advantage of existing relationships and create new relationships with customers globally. Our Company intend to develop our relationships with existing and potential OEMs in the HCV, LCV and passenger vehicle segments to cater to their new product requirements. See “Risk Factor –Our Company has experienced significant growth in the past few years and if the Company is unable to sustain or manage our growth, our business, results of operations and financial condition may be adversely affected.” Our Company continue to participate in international trade shows and events to showcase and promote our capabilities.

Expand the product portfolio

The Company has developed magnesium die casting and has carried out tests and trials. The Company expect Magnesium die casting, being lighter in weight than aluminium, to find applications for light-weighting in the future.

Description of Our Business

Aluminium Castings

Our Company has three manufacturing locations in and around Chennai at Padi, Mahindra World city and Oragadam and a fourth plant at Hosur, and has the capacity to produce more than 50,000 tons of castings every year with a current turnover of Rs 1,000 crore. The Company works consistently towards achieving its vision "to be the first choice" and has an impressive list of prestigious automotive customers.

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

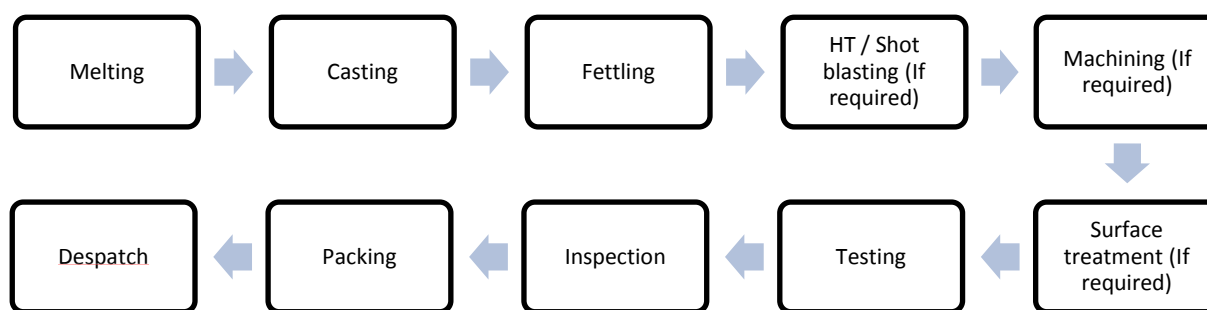
Key Products

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

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

We also supply machined castings based on customer requirements.

The following processes are followed in the casting process. It starts with melting of alloy ingots in the furnace, pouring the molten alloy into mould through different processes, allowing it to solidify and form a casting.



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

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

Our aluminium castings include:

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

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

Customers

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

Sales and Marketing Team

Our Company has sales and marketing teams in India and abroad. Our marketing teams work closely with each other and their respective groups' product engineering and R&D teams to provide solutions for our customers.

Our sales team has a representative for each of our major customers, and that representative is responsible for both the

commercial and technical aspects of the Company-customer relationship. The sales team also takes an active role in product and plant management to ensure on time delivery and launch of our new products. Our sales team has built long-term relationships with a number of customers and has played an important role in helping us attain our position as a single source supplier of castings for certain customers.

Our subsidiary TVS Motor Company Limited

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

Raw Materials

The principal raw material used by the Company for its production operations is aluminium alloys. Our company purchases aluminium at prices that are directly negotiated with our suppliers on a regular basis. By virtue of the price adjustments clauses in the purchase agreements with customers, the Company has limited exposure to the risk of market price fluctuations. Our alloy suppliers are primarily from India and Southeast Asia. For the year ended March 31, 2013, the Company's total raw materials to the revenue ratio is 53 per cent.

Energy

Our manufacturing operations are power intensive. Our company sources power from state electricity boards, third party, wind power producers, the energy exchanges and self-generation. For the year ended March 31, 2013, our Company's total electricity costs comprised 5.6 per cent of our total revenue.

Logistics

Our operations use a number of different modes of transportation including road, sea, air and rail to supply our customers with adequate amounts of finished goods to meet the delivery deadlines. The mode of transportation for a particular shipment is dependent on the urgency, size and value of the order. Typically, the Company ships finished goods to our domestic OEM customers by road and our overseas OEM customers by sea. In a few cases, our customers may directly pick up the goods at our facilities, and these arrangements are handled by our customers.

Health, Employee Safety & Environment

Our Company constantly takes initiatives to reduce the risk of accidents at our facilities including:

- ensuring that plant employee safety manuals covering employee safety and environmental procedures are in place and implemented;
- providing training programs on employee safety and environment to all employees;
- implementing regular proactive employee safety audits to identify and eliminate unsafe incidence and unsafe acts, management review meetings and periodic employee safety meetings;
- implementing employee safety and environment regulations;
- implementing corrective and preventive measures for all incidents and accidents ; and
- conducting periodic emergency mock drills in our plants.

In addition to creating initiatives to improve workplace employee safety, we also implement initiatives to reduce the environmental impact of our operations. Such initiatives include:

- implementing energy efficient improvements, such as generally purchasing Bureau of Energy Efficiency labelled and rating products; and
- switching to cleaner fuels, wherever possible, like liquefied petroleum gas in place of fossil fuels such as diesel and furnace oil.

Environmental requirements imposed by our government will continue to have an effect on us and our operations. Our Company has obtained, or is in the process of renewing, all material environmental consents and licenses from the relevant governmental agencies that are necessary for us to carry on our business.

Human Resources

As of March 31, 2013 we had 3,760 employees on the rolls of the Company. Our human resource initiatives are focused in the areas of recruitment, engagement, training and development, performance management and retention.

Insurance

Our operations are subject to various risks inherent in the manufacturing industry as well as fire, theft, earthquake, flood, acts of terrorism and other force majeure events. We maintain insurance cover for our properties in India through comprehensive insurance policy.

See “Risk Factors—We may not have sufficient insurance coverage to cover our economic losses as well as certain other risks including those pertaining to claims by third parties and litigation”.

Competition

Competition has increased significantly in our industry due to entry of new players and expansion plans of existing ones. Hence, our Company faces competition from both domestic as well as international companies.

Property

The Company’s registered and corporate office is located at Jayalakshmi Estates, No. 29, Haddows Road, Chennai – 600 006, India. Our registered and corporate office properties are on lease pursuant to lease deed dated August 1, 2012 valid till September 30, 2016.

Our operational facilities include four manufacturing plants in India, viz., Padi, Mahindra World City (MWC), Oragadam, all in Chennai and one at Belagondapalli, Hosur.

Awards

The following lists some of the key awards that our Company has received in recognition of our achievements, products or services:

- The Certificate of Excellence dated May 1, 2007 for 100% delivery of defect free parts for 4th quarter from Cummins, Midrange Engine Plant;
- The Certificate of Appreciation dated September 10, 2009 for Excellent performance in the category of "6 sigma initiatives" from Cummins Inc.;
- Award on August 26, 2010 for commendable support in new product development from WABCO –TVS (India) Limited;
- The Excellent Performance Award at India ABO Supplier Conference on September 2, 2010 from Cummins; and
- The Platinum award for Chennai unit for manufacturing excellence to in the Auto Ancillary Sector –Medium Category from Frost & Sullivan- Economic Times for the year 2011.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Board of Directors

The Company's Articles of Association provide that the minimum number of Directors shall be six and the maximum number of Directors shall be 16. We have received permission of Central Government dated March 30, 2010 for increasing the number of directors beyond 12 and such permission was valid for period of one year from the date of its issue. Since the Central Government permission has expired and we have not applied for renewal of this permission the maximum number of directors in the Company shall be 12. As of the date of this Red Herring Prospectus, the Company has 12 Directors. The Company may, subject to the provisions of the Articles of Association and the Companies Act, alter the minimum or the maximum number of Directors by approval of its shareholders, subject to approval of the Central Government, if the increase is beyond the maximum permissible limits under its Articles of Association as first registered.

Not less than one-thirds of the total number of Directors shall be elected Directors who are liable to retire by rotation. At the Company's annual general meeting, one-third of the Directors for the time being who are liable to retire by rotation shall retire from office. A retiring director is eligible for re-election. The Managing Director and Chairman of the Board of the Company are not liable to retire by rotation. In case the Managing Director and Chairman of the Board is one and the same person, the Board may decide to appoint one of the other Directors to be a non-retiring Director who shall not be liable to retire by rotation. The quorum for meetings of the Board of Directors is one-third of the total number of Directors, or two Directors, whichever is higher, provided that where at any time the number of interested Directors exceeds or is equal to two-third of the total strength the number of remaining Directors present at the meeting, being not less than two, shall be the quorum.

The Company's Directors are not required to hold any Equity Shares to qualify to be a Director.

The following table provides information about the Company's current Directors as of the date of this Red Herring Prospectus:

Sr. No.	Name, DIN, Term and Nationality	Age (Years)	Designation
1.	Mr. Venu Srinivasan DIN: 00051523 Term: Whole-time Director. Present term of office as Chairman and Managing Director is valid up to May 22, 2014. Nationality: Indian	60	Chairman and Managing Director
2.	Mr. K. Mahesh DIN: 00051438 Term: Liable to retire by rotation Nationality: Indian	69	Non-Executive and Non-Independent Director
3.	Mr. Gopal Srinivasan DIN: 00177699 Term: Liable to retire by rotation Nationality: Indian	54	Non-Executive and Non-Independent Director
4.	Dr. Lakshmi Venu DIN: 02702020 Term: Whole-time Director. Present term of office as Director Strategy is valid up to March 21, 2015. Nationality: Indian	30	Director - Strategy

Sr. No.	Name, DIN, Term and Nationality	Age (Years)	Designation
5.	Vice Admiral P J Jacob (Retd.) DIN: 00173785 Term: Liable to retire by rotation Nationality: Indian	72	Non-Executive and Independent Director
6.	Mr. T. K. Balaji DIN: 00002010 Term: Liable to retire by rotation Nationality: Indian	64	Non-Executive and Non-Independent Director
7.	Mr. Suresh Kumar Sharma DIN: 00599139 Term: Liable to retire by rotation Nationality: Indian	47	Non-Executive and Independent Director
8.	Mr. S. Santhanakrishnan DIN: 00005069 Term: Liable to retire by rotation Nationality: Indian	68	Non-Executive and Independent Director
9.	Mr. V. Subramanian DIN: 00357727 Term: Liable to retire by rotation Nationality: Indian	64	Non-Executive and Independent Director
10.	Mr. Sudarshan Venu DIN: 03601690 Term: Liable to retire by rotation Nationality: Indian	24	Non-Executive and Non - Independent Director
11.	Mr. R. Vijayaraghavan DIN: 00026763 Term: Liable to retire by rotation Nationality: Indian	63	Non-Executive and Independent Director
12.	Mr. Kamlesh Gandhi DIN: 00004969 Term: Liable to retire by rotation Nationality: Indian	62	Non-Executive and Independent Director

Brief Profile of the Directors

Mr. Venu Srinivasan

Mr Venu Srinivasan was the President of CII during the financial year 2009-2010 and has been associated with CII in various capacities. Mr Venu Srinivasan has been conferred in January 2010 'Padma Shri', a prestigious adoration by Government of India in appreciation of his significant contribution for the promotion of trade and industry. He also received the distinguished civilian honour "Order of Diplomatic Service Merit" from the President of the Republic of Korea in the year 2010 in recognition of his valuable contribution in promoting Korea- India bilateral relations. He was also conferred the honorary doctorate degree in science by the University of Warwick, UK in the year 2004 for his excellence in manufacturing and contribution in the field of technology and research and development. He has been conferred with Doctor of Science (Honoris Causa) for his outstanding contribution to the field of Quality Movement and Manufacturing Excellence in India by IIT Kharagpur in the year 2009.

Mr Venu Srinivasan has been appointed as Vice Chairman of State Manufacturing Competitiveness Council by the Government of Tamil Nadu. He has also been appointed by the President of India as Chairman of the re-constituted board of governors of National Institute of Fashion Technology. He is an Honorary Consul General of Republic of Korea in Chennai. He was the past President of Automotive Research Association of India, Pune, Society of Indian Automobile Manufacturers and Association of Indian Automobile Manufacturers, Delhi. Mr Venu Srinivasan has been the managing director of the Company since May 1979 and as the chairman and managing director since February 2012. He is also the chairman and managing director of TVS Motor Company Limited. He is a member of the administrative committee and investors' grievance committee of directors of the Company. He does not hold any share in the Company and he is related to Dr Lakshmi Venu – Director Strategy, Mr Gopal Srinivasan, Mr T K Balaji and Sudarshan Venu directors of the Company.

Mr. K. Mahesh

Mr. K Mahesh is a B. Tech graduate in metallurgy. He was the past president of Automotive Component Manufacturers Association of India (ACMA) and also the past chairman of ACMA Centre for Technology. He is the founder trustee of TSK Memorial Trust. He was the member of the National Council of Confederation of Indian Industry. He holds 123 equity shares in the Company and is not related to any director of the Company. He is a member of the investors' grievances committee of directors of the Company.

Mr. Gopal Srinivasan

Mr Gopal Srinivasan is the Chairman & Managing Director of TVS Capital Funds Limited, that has launched an India focused growth private equity fund. Mr Gopal Srinivasan, a member of the TVS family, is the founder and Chairman of TVS Electronics Limited, and is a Director in T V Sundram Iyengar & Sons Ltd, the holding company. He was also a Board member in Great Lakes Institute of Management. He was the Chairman of the "Confederation of Indian Industry (CII)" Tamil Nadu State Council for the fiscal year 2007-08. He was also the Chairman of CII National Committee for Private Equity & Venture Capital for the fiscal year 2010-11.

Mr Gopal Srinivasan has incubated over eight businesses, and has over twenty five years of operational experience in India, along with a wide network of relationships across the world. A passionate entrepreneur, he is also actively involved in the promotion of Entrepreneurship as an angel investor. He is associated with Chennai Angels as well as TiE (The Indus Entrepreneurs) where he provides guidance to the budding entrepreneurs on incubating businesses.

He earned a B.Com from Loyola College, Chennai and an MBA from University of Michigan, USA. He is a member of the administrative committee of directors of the Company. He holds 66 equity shares in the Company and he is related to Mr Venu Srinivasan, managing director of the Company and Mr T K Balaji, director of the Company.

Dr. Lakshmi Venu

Born on April 16, 1983, Dr Lakshmi Venu, a graduate of Yale University, holds a Doctorate in Engineering Management from the University of Warwick. She underwent her initial training for three years as a Management Trainee in Sundaram Auto Components Limited, a subsidiary of the Company, beginning from 2003. She was deputed to work in TVS Motor Company Limited, another subsidiary of the Company, wherein she, pursuant to an extensive in-depth induction, was working in the areas of Business Strategy, Corporate Affairs, Product Design and Sales and Marketing. She was co-opted as an additional director of the Company by the board on March 22, 2010 and also as Director-Strategy in the rank of a managing director of the Company for a period of five years commencing from March 22, 2010. She holds the position as director in Sundaram Auto Components Limited. She does not hold any position as a member of any committee of directors of any other company. She does not hold any share in the Company and is related to Mr. Venu Srinivasan, chairman and managing director and Mr. Sudarshan Venu, director of the Company.

Vice Admiral P J Jacob (Retd.)

Vice Admiral P J Jacob retired in 2001 as the Vice Chief of the Naval Staff. An alumnus of the National Defence Academy, Defence Services Staff College and the National Defence College, he has held a variety of key operational and training assignments in a career spanning forty years. He has commanded the Eastern Fleet, was the Director General of the Indian Coast Guard and the Chief of Personnel of the Navy before taking over as Vice Chief of the Naval

Staff. As the Vice Chief, he was active in strategic planning and charting the future development of the Indian Navy. He has overseen numerous training initiatives and has led several Ministry of Defence / Navy delegations to negotiate intergovernmental agreements on strategic issues with various countries. He has also held a diplomatic assignment as the naval attaché in Tehran during a very turbulent period in that country's history.

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

Vice Admiral Jacob is vastly experienced in the field of maritime security. He was appointed by the Sri Lankan Government as its advisor on Maritime security. His experience in this field has also been tapped at various fora like the Asia Centre and the National Institute of Advanced studies Bangalore. He was also invited by Japanese Ministry of Foreign Affairs to interact with Japanese think tanks on the future of Indo Japanese maritime co-operation. He was also involved in a second tract initiative in conjunction with CII to attract greater Taiwanese investment in India, particularly in IT and small and medium scale manufacturing.

Vice Admiral Jacob was till recently a member of the National Security Advisory Board to the Prime Minister of India. He is currently Chairman of the Global India Foundation a newly created organization aiding decision makers in strategising policy initiatives. He is a member and chairman of the audit committee of directors of the Company. He does not hold any share in the Company and is not related to any director of the Company.

Mr. T. K. Balaji

Mr. T K Balaji is a Bachelor of Engineering, securing first rank from Madras University and is also a Master of Business Administration from IIM Ahmedabad with a Gold medal for outstanding scholastic performance. Mr. T K Balaji is a member of Development Council for Automobiles and Allied Industries, Government of India. He was the past president of Automotive Component Manufacturers Association of India (ACMA). He had served on the CII National Council for a number of years. He was conferred a Special Award by the FIE Foundation of Maharashtra in March 1995 in recognition of his contribution to the development of automotive component industry. He does not hold any share in the Company and is not related to any director of the Company in terms of the Companies Act, 1956. He is a member of the audit committee and investors' grievances committee of directors of the Company.

Mr. Suresh Kumar Sharma

Mr Suresh Kumar Sharma is the proprietor of Sharma Transports, which is engaged in transport business for over five decades. The firm is a leading organization engaged in private service of vehicles for transportation of passengers and luggage to various segments. They offer transport solutions to link the distance in medium sized corporations. The firm brings strong heritage and special focus with proven expertise of five decades of professional and comprehensive management towards total transport solutions. In the transport industry they are pioneers having introduced state-of-the-art technology in provision of vehicles and hi-tech integral coaches. They also have well established fully furnished coach building stations. They operate in all southern States of India covering more than 30 destinations. They have the privilege of serving as coach contractors for Toyota-Kirloskar Motor Company Limited and Volvo Company Limited.

Mr. Sharma brings with him expertise for over two decades in the transport industry and real estate development. He does not hold any share in the Company and is not related to any director of the Company.

Mr. S. Santhanakrishnan

Mr S Santhanakrishnan is Post graduate in M.Sc (Madras University), CAIIB, D.S.M (Bombay University), Dip. in Training and Development (ISTD). He joined State Bank of India (SBI) as a Probationary Officer, he rose to the position of Dy. Managing Director after 36 years of experience. In SBI, he was mostly in the arena of credit marketing and administration, particularly in SME and large corporates. As an All India Head of credit (Corporate Accounts Group), he had the privilege of dealing with all the top 200 companies of India for more than 3 years. He was also deputed to SBI Capital Markets Limited as General Manager and headed the Chennai Office of this outfit for 3 years.

After retirement from SBI, he was selected to head the then fledgling Credit Information Bureau Of India (CIBIL), a Company that was promoted thanks to the Reserve Bank of India's initiative and by all commercial banks (including all foreign banks and leading private banks) and Sundaram Finance Limited.

During his three year tenure as Executive Chairman, he had the privilege of participating in the evolution of the Company as an important credit reference agency and shaped it to be commercially very successful. He is still associated with this agency as an Advisor. He does not hold any share in the Company and is not related to any director of the Company.

Mr. V. Subramanian

Mr. Subramanian is a B. Com from University of Madras and Certified Associate of Indian Institute of Bankers, Bombay. He joined the premier Indian Administrative Service in 1971 (West Bengal Cadre). He also served as Secretary to the Government of India in Ministry of New and Renewable Energy. In recognition of expertise and experience in dealing with foreign exchange management in India, he was appointed Adviser on Loan and Grant Management to the Government of Mozambique, Maputo by the Commonwealth Secretariat, London for over two years. During the stint with Ministry of Finance, he had dealt with public sector projects in the areas of transportation, steel and mines, fertilizers, welfare, external commercial borrowings, exchange control and bilateral aid, amongst other things. He successfully negotiated and finalized loans for public sector enterprises and took initiative of taking Indian public sector undertakings to the bond markets of Japan, Germany and Switzerland to access low cost funds. He has occupied many key senior positions in the Government of India and the Government of West Bengal during his career of 37 years. Presently, he is the Secretary General of the Indian Wind Energy Association, a non-governmental body formed by the wind energy generating companies and equipment manufacturers. He is also the Business Development Adviser to the Council for Industrial and Scientific Research at New Delhi. He also offers consultancy to various companies in the field of renewable energy. His vast experience spans over different fields like law and order, land management, development administration, welfare, energy and labour, amongst other things. He has also spent six months in Sri Lanka as Civilian Adviser to the IPKF for the restoration of civilian administration in Jaffna. He is a member of the audit committee of directors of the Company. He does not hold any shares of the Company and is not related to any director of the Company.

Mr. Sudarshan Venu

Mr Sudarshan Venu completed his graduation in 2010 with Honors at the Jerome Fisher Program in Management and Technology at the University of Pennsylvania. He also obtained B.S. in Mechanical Engineering from the School of Engineering and B.S. in Economics from the Wharton School. Recently, he completed his M.Sc in International Technology Management from the Warwick Manufacturing Group attached to University of Warwick in U.K.

In this period, during his visits to India, he underwent practical training in Die Casting Division of Sundaram-Clayton Limited and in TVS Motor Company Limited. He is also a whole-time director in TVS Motor Company Limited. He does not hold any share in the Company and is related to Mr. Venu Srinivasan, Chairman and Managing Director and Dr Lakshmi Venu, Director – Strategy of the Company.

Mr. R Vijayaraghavan

Mr R Vijayaraghavan is an advocate in Chennai and has been practicing law for over 20 years. He is the legal advisor to many business groups and is a member of board of directors and audit committee of reputed companies. He has a vast breadth of experience in the fields of corporate law, mergers and acquisitions, tax laws, and commercial aspects of doing business in India. He holds a Masters degree in Science from Madurai University and also a Masters degree in business administration from Syracuse University. He is a partner of a reputed tax consultant firm in Chennai, providing a single window facility to the business community for all their legal requirements in the form of taxation consultancy, opinion, arbitration and conciliation, documentation approvals and litigation. He was co-opted as an additional director of the Company by the board on February 10, 2012. He holds the position as director in Sanco Trans Limited, Bimetal Bearing Limited, T. Stanes & Company Limited, Lucas-TVS Limited and Redington (India) Investments Limited. He does not hold any position as a member of any committee of directors of any other company. He does not hold any share in the Company and is not related to any director of the Company.

Mr. Kamlesh Gandhi

Mr Kamlesh Gandhi, a commerce graduate, is associated with Capital and Financial Markets in India for the past 39 years and was a member of the BSE for 14 years from 1981 to 1995. He was a director on the Board of Association of Merchant Bankers of India for 4 years from inception of the Association. As a merchant banker, he is instrumental in raising funds for over 325 capital issues and is involved in placement of equities of several companies with retail, high net worth and institutional investors, both domestic and overseas. He was the guest speaker at Training Institutes of Banks

and Bankers Training College of RBI on merchant banking activities. He was a Non-Executive Director of several companies and is involved in advising several NRI investors including many high net worth NRIs.

Shareholding of Directors

The following table sets forth the number of Equity Shares held by the Directors as of March 31, 2013:

Name	Number of Equity Shares
Mr. Venu Srinivasan	NIL
Mr. K. Mahesh	123
Mr. Gopal Srinivasan	66
Dr Lakshmi Venu	NIL
Vice Admiral P J Jacob (Retd.)	NIL
Mr. T. K. Balaji	NIL
Mr. Suresh Kumar Sharma	NIL
Mr. S. Santhanakrishnan	NIL
Mr. V. Subramanian	NIL
Mr. Sudarshan Venu	NIL
Mr. R. Vijayaraghavan	NIL
Mr. Kamlesh Gandhi	NIL

Compensation of the Directors

Executive Directors

Set forth below are details of the compensation (and other terms and benefits) paid by the Company to its Executive Directors as on March 31, 2013:

Mr. Venu Srinivasan

Particulars	Remuneration (In ₹)
Salary	18,00,000
Perquisites	1,50,000
Contribution to provident fund, gratuity and leave encashment	3,06,000

Dr. Lakshmi Venu

Particulars	Remuneration (In ₹)
Salary	90,00,000
Performance incentive	12,50,000
Perquisites	10,25,000
Commission	34,98,129

The remuneration by way of salary and commission payable to Mr Venu Srinivasan, chairman and managing director and Dr Lakshmi Venu, director - strategy is within the limits laid down in Section 198 and Section 309 of the Companies Act.

Except Mr. Venu Srinivasan and Dr Lakshmi Venu, we do not have employment contracts with any other Directors.

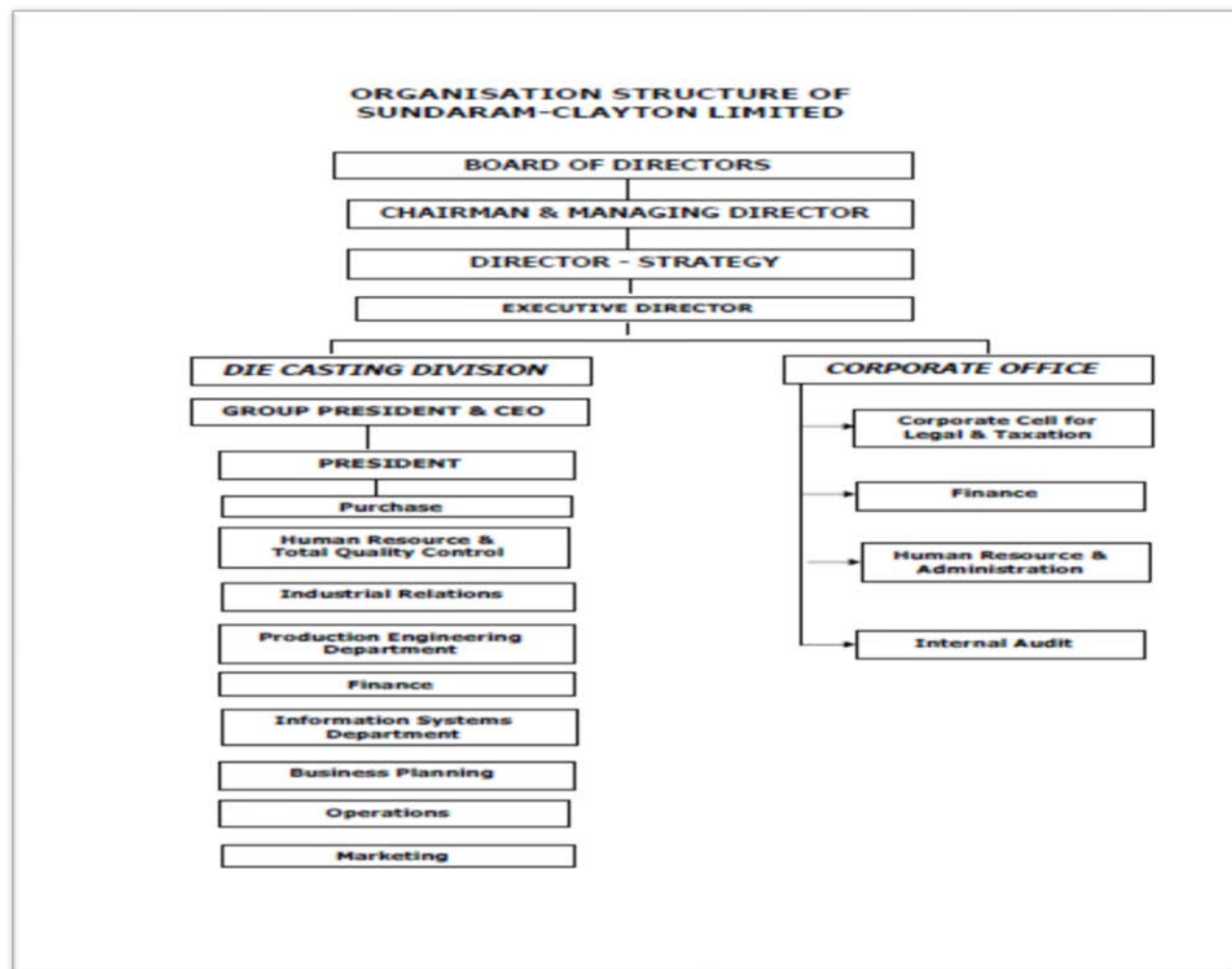
Non-Executive Directors

Our Non-Executive Directors (Independent Directors) are not paid any remuneration except for sitting fees and commission in terms of the provisions of the Companies Act, 1956.

Prohibition by SEBI or Other Governmental Authorities

None of the Promoters, Directors or persons in control of our Company or the companies with which they are or were associated as promoters, directors or persons in control have been debarred from accessing the capital market under any order or direction passed by SEBI or any other regulatory or governmental authority.

Organisation Structure



Key Managerial Personnel

The key managerial personnel of the Company, other than the whole-time Directors, are as follows: -

S.No	Name of the key managerial personnel	Designation
1.	Mr H Lakshmanan	Executive Director
2.	Mr C N Prasad	Group President and CEO – Automotive Products Division (“APD”)
3.	Mr M Muthuraj	President – APD
4.	Mr V N Venkatanathan	Executive Vice President – Finance (CFO)
5.	Mr S G Murali	Group CFO

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All the Key Management Personnel are permanent employees of our Company.

The following table sets forth the number of Equity Shares held by the key managerial personnel as of March 31, 2013:

S.No	Name and Designation	No. of Equity Shares held
1.	Mr H Lakshmanan, Executive Director	1,325
2.	Mr C N Prasad	NIL
3.	Mr M Muthuraj	NIL
4.	Mr V N Venkatanathan	NIL
5.	Mr S G Murali	NIL

Corporate Governance

The Company complies with the applicable corporate governance requirements, including the requirements such as constitution of the Board and Committees thereof under the Equity Listing Agreement.

Currently, the Board consists of 12 Directors out of which 6 are independent Directors. As the Chairman of the Company is a person related to the Promoters and an Executive Director, at least half of the Board is required to consist of independent directors, as required under the corporate governance norms provided in Clause 49 of the Equity Listing Agreement. The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and proper constitution of Committees of the Board. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas.

Committees of the Board

As of the date of this Red Herring Prospectus, there are three Board level committees in the Company, which have been constituted and which function in accordance with the relevant provisions of the Companies Act and the Equity Listing Agreement: (i) the Audit Committee; (ii) the Investors' Grievance Committee and (iii) Institutional Placement Programme Committee.

The members of the aforesaid committees as of the date of this Red Herring Prospectus are:

Committee	Members
Audit Committee	- Mr. T K Balaji - Vice Admiral P J Jacob (Retd) - Mr. V. Subramanian - Mr. S. Santhanakrishnan
Investors' Grievance Committee	- Mr. Venu Srinivasan - Mr. K. Mahesh - Mr. T. K. Balaji
Institutional Placement Programme Committee	- Mr Venu Srinivasan - Mr Gopal Srinivasan - Vice Admiral P J Jacob - Mr R Vijayaraghavan

The details of the other committees of the board are as follows:

Committee	Members
Administrative Committee	- Mr. Venu Srinivasan - Mr. T K Balaji - Mr. Gopal Srinivasan

Interest of Promoters, Directors and Key Managerial Personnel

Except as stated in “**Financial Statements – Related Party Transactions**”, and to the extent of shareholding held in the Company and remuneration, sitting fees and benefits to which they are entitled as per their terms of appointment, the Directors do not have any other interest in the Company or its business. The Directors may also be regarded as interested in the Equity Shares, if any, held by or that may be subscribed by and allotted to them, their relatives, dependents, companies, firms, HUF or trusts, in which they are interested as directors, members, partners, karta and/or trustees. All the Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares and any other benefit arising out of such holding and transactions with the companies with which they are associated as directors or members.

Our Promoters are further interested in the operations of our Company to the extent of their shareholding in the Company.

The Non-Executive Directors of the Company may also be deemed to be interested to the extent of sitting fees and commission as applicable payable to them for attending meetings of the board or a committee thereof.

Except Mr. Venu Srinivasan, Mr. Gopal Srinivasan, Mr. T. K. Balaji, Dr. Lakshmi Venu and Mr. Sudarshan Venu, none of the other directors of the Company are related to each other.

The Key Managerial Personnel of the Company do not have any other interest in the Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business and to the extent of the Equity Shares held by them or their dependents in the Company, if any.

PRINCIPAL SHAREHOLDERS

T V Sundram Iyengar & Sons Limited, Sundaram Industries Limited, Southern Roadways Limited and Sundaram Finance Limited are the Promoters of the Company.

The shareholding pattern of the Company as of May 14, 2013 is as indicated in the table below:

Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B) ¹	As a percentage of (A+B+C)	Number of shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)= (VIII)/(IV) *100
(A)	Shareholding of Promoter and Promoter Group²							
1	Indian							
(a)	Individuals/ Hindu Undivided Family	0	0	0	0.00	0.00	0	0.00
(b)	Central Government/ State Government(s)	0	0	0	0.00	0.00	0	0.00
(c)	Bodies Corporate	4	15174064	15174064	80.00	80.00	0	0.00
(d)	Financial Institutions/ Banks	0	0	0	0.00	0.00	0	0.00
(e)	Any Others(Specify)	0	0	0	0.00	0.00	0	0.00
	Sub Total(A)(1)	4	15174064	15174064	80.00	80.00	0	0.00
2	Foreign							
A	Individuals (Non-Residents Individuals/ Foreign Individuals)	0	0	0	0.00	0.00	0	0.00
B	Bodies Corporate	0	0	0	0.00	0.00	0	0.00
C	Institutions	0	0	0	0.00	0.00	0	0.00
D	Qualified Foreign Investor	0	0	0	0.00	0.00	0	0.00
E	Any Others(Specify)	0	0	0	0.00	0.00	0	0.00
	Sub Total(A)(2)	0	0	0	0.00	0.00	0	0.00

Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of(A+B) ¹	As a percentage of (A+B+C)	Number of shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)= (VIII)/(IV) *100
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	4	15174064	15174064	80.00	80.00	0	0.00
(B)	Public shareholding							
1	Institutions						NA	NA
(a)	Mutual Funds/ UTI	8	1359562	1359562	7.17	7.17	NA	NA
(b)	Financial Institutions / Banks	2	302	302	0.00	0.00		
(c)	Central Government/ State Government(s)	0	0	0	0.00	0.00		
(d)	Venture Capital Funds	0	0	0	0.00	0.00		
(e)	Insurance Companies	1	100	100	0.00	0.00		
(f)	Foreign Institutional Investors	3	5813	5770	0.03	0.03		
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00		
(h)	Qualified Foreign Investor	0	0	0	0.00	0.00		
(i)	Any Other (specify)	0	0	0	0.00	0.00		
	Sub-Total (B)(1)	14	1365777	1365734	7.20	7.20		
B 2	Non-institutions						NA	NA
(a)	Bodies Corporate	227	274602	271978	1.44	1.44		
(b)	Individuals							
I	Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh	16389	1775812	1492645	9.38	9.38		
II	ii. Individual shareholders holding nominal	4	343903	343903	1.81	1.81		

Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B) ¹	As a percentage of (A+B+C)	Number of shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)= (VIII)/(IV) *100
	share capital in excess of Rs. 1 lakh.							
(c)	Qualified Foreign Investor	0	0	0	0.00	0.00		
(d)	Any Other (specify)				0.00	0.00		
(d-i)	Directors & relatives	10	6130	6048	0.03	0.03		
(d-ii)	NRI Repatriable	93	13287	13287	0.07	0.07		
(d-iii)	NRI Non-Repatriable	80	14009	13835	0.07	0.07		
	Sub-Total (B)(2)	16803	2427743	2141696	12.80	12.80		
(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)	16817	3793520	3507430	20.00	20.00	NA	NA
	TOTAL (A)+(B)	16821	18967584	18681494	100.00	100.00		
(C)	Shares held by Custodians and against which Depository Receipts have been issued						NA	NA
1	Promoter and Promoter Group	0	0	0	0.00	0.00		
2	Public	0	0	0	0.00	0.00		
	Sub-Total (C)	0	0	0	0.00	0	0	
	GRAND TOTAL (A)+(B)+(C)	16821	18967584	18681494	100.00	100.00	0	0.00

Shareholding of persons belonging to the category “Promoter and Promoter Group” as of May 14, 2013 is detailed in the table below:

Name of the Shareholder	Details of Equity Shares held	
	No. of Equity Shares held	As a % of grand total
Sundaram Industries Limited	3807330	20.08
T V Sundram Iyengar & Sons Limited	6062522	31.96
Southern Roadways Limited	3031127	15.98
Sundaram Finance Limited	2273085	11.98
Total	15174064	80.00

ISSUE PROCEDURE

The following is a summary intended to present a general outline of the procedure relating to the application, payment, Allocation and Allotment of the Equity Shares offered in the Issue. The Company and the members of the Syndicate do not accept any responsibility for the completeness and accuracy of the information stated in this section, and are not liable for any amendment, modification or change in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. This section applies to all Applicants. The Applicants are advised to inform themselves of any restrictions or limitations that may be applicable to them. Please see “—Selling Restrictions” and “Purchaser Representations and Transfer Restrictions”. Applicants are advised to make their independent investigations and ensure that their applications do not exceed the Issue Size or the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.

Authority for the Issue

The Issue was authorised and approved by the Board of Directors through a resolution dated February 8, 2013, by the shareholders of the Company through a special resolution dated March 20, 2013.

The Company has applied for and received in-principle approval from the BSE and the NSE on May 27, 2013 and from the MSE on May 28, 2013 under Clause 24(a) of the Equity Listing Agreement for listing of the Equity Shares offered in the Issue on the Stock Exchanges. The Company has also filed a copy of this Red Herring Prospectus with the RoC, SEBI and the Stock Exchanges.

SEBI Letter

SEBI, by its letter dated March 12, 2013, has permitted the following in relation to the Issue:

Minimum number of Allottees: SEBI has permitted us to allot Equity Shares in the Issue to less than 10 investors, subject to the allotment being made to at least two QIBs and with no single Allottee being Allotted more than 50 per cent of the Issue Size. In such a scenario, under the terms of the SEBI Letter, we are required to ensure that the Issue price should be in compliance with regulations applicable for a qualified institutional placement (“**QIP**”), that is, the pricing requirements set out under Chapter VIII of SEBI ICDR Regulations. Our Company may offer a discount of up to 5% to the Issue Price in terms of the Chapter VIII of the SEBI ICDR Regulations if the Issue is being made to less than 10 investors in terms of the SEBI Letter. However, it is clarified that the pricing-related provisions of Chapter VIII of the SEBI ICDR Regulations will be applicable only in case we Allot Equity Shares in the Issue to less than 10 investors and not if we Allot Equity Shares in the issue to 10 investors or more.

Prohibition by SEBI or Other Governmental Authorities

The Company, the Subsidiaries, the Promoters, the members of the Promoter Group, the Directors and the persons in control of the Company have not been debarred from accessing the capital market under any order or direction passed by SEBI or any other regulatory or governmental authority.

The companies with which the Promoters, the Directors or the persons in control of the Company are or were associated as promoter, directors or persons in control have not been debarred from accessing the capital market under any order or direction passed by SEBI or any other regulatory or governmental authority.

Restrictions on Issue Size

Under Regulation 91-I of the SEBI ICDR Regulations, the aggregate of all tranches of the IPP undertaken by the Company cannot result in an increase in the public shareholding in the Company by more than 10% or such lesser percentage as may be required for the Company to achieve the required minimum public shareholding. Based on the Issue Size of up to 12,64,501 Equity Shares, the increase in public shareholding of the Company shall be approximately 5 %.

Who Can Apply

This Issue is being made only to QIBs, being the following:

- mutual funds, venture capital funds, AIFs and foreign venture capital investors registered with SEBI;
- foreign institutional investors and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual;
- public financial institutions, as defined in Section 4A of the Companies Act;
- scheduled commercial banks;
- state industrial development corporations;
- insurance companies registered with the Insurance Regulatory and Development Authority;
- multilateral and bilateral financial institutions;
- provident funds with minimum corpus of ₹ 25 crore;
- pension funds with minimum corpus of ₹ 25 crore;
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the GoI published in the Gazette of India;
- insurance funds set up and managed by army, navy or air force of the Union of India; and
- insurance funds set up and managed by the Department of Posts, India.

FIIIs are permitted to participate in the Issue only under the Portfolio Investment Scheme, subject to compliance with all applicable laws and such that the shareholding of the FIIIs does not exceed specified limits as prescribed under applicable laws in this regard.

No single FII can hold more than 10% of the post Issue paid-up capital of the Company. In respect of an FII investing in the Equity Shares offered in the Issue on behalf of its eligible sub-accounts, the investment on behalf of each eligible sub-account shall not exceed 10% of the Company's total issued capital. **The aggregate FII holding in the Company cannot exceed 24% of the total issued capital of the Company.**

Note: Each eligible sub-account of a FII, other than a sub-account which is a foreign corporate or foreign individual, will need to submit separate ASBA Applications. FIIIs or sub-accounts of FIIIs, are required to indicate the SEBI FII/sub-account registration number in the ASBA Applications.

No Allotment shall be made pursuant to the Issue, either directly or indirectly, to any QIB being a Promoter or any person related to the Promoter(s). QIBs which have all or any of the following rights shall be deemed to be persons related to Promoter(s):

- a) rights under a shareholders' agreement or voting agreement entered into with a Promoter or persons related to the Promoters;
- b) veto rights; or
- c) right to appoint any nominee director on the Board.

Provided that a QIB which does not hold any Equity Shares and which has acquired the said rights in the capacity of a lender shall not be deemed to be a person related to the Promoters.

Applicants are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Applicants are advised to ensure that the number of Equity Shares for which they have provided ASBA Applications in the Issue does not exceed the investment limits or maximum number of Equity Shares

that can be held by them under applicable law or regulation or as specified in this Red Herring Prospectus. Further, Applicants are required to satisfy themselves that their ASBA Applications would not result in triggering a tender offer under the Takeover Regulations.

A minimum of 25% of the aggregate number of Equity Shares to be Allotted in the Issue shall be Allocated and Allotted to Mutual Funds and Insurance Companies, subject to receipt of valid ASBA Applications at or above the Issue Price, provided that if this portion or any part thereof to be Allocated and Allotted to Mutual Funds and Insurance Companies remains unsubscribed, such minimum portion or part thereof may be Allotted to other QIBs. For further details, please see “—Basis of Allocation”.

Affiliates or associates of the Book Running Lead Managers who are QIBs may participate in the Issue in compliance with applicable laws.

No person connected with the Issue shall offer any incentive, direct or indirect, in any manner, whether in cash, kind, services or otherwise, to any Applicant for making an ASBA Application.

Number of Allottees

As per the SEBI ICDR Regulations, the Equity Shares offered in the Issue will not be Allotted to less than 10 Allottees, subject to what is stated below.

Further, no single Allottee shall be Allotted more than 25% of the aggregate number of the Equity Shares Allotted in the Issue, subject to what is stated below.

Provided further that QIBs belonging to the same group or those who are under common control shall be deemed to be a single Allottee for the purpose of the foregoing.

- i. The expression ‘belong to the same group’ shall have the same meaning as ‘companies under the same group’ as provided in sub-section (11) of Section 372 of the Companies Act:

Section 372(11) of the Companies Act - “For the purposes of this section, a body corporate shall be deemed to be in the same group as the investing company-

- a. if the body corporate is the managing agent of the investing company; or
- b. if the body corporate and the investing company should, in virtue of subsection (1B) of section 370, be deemed to be under the same management.”

Under Section 370(1B) of the Companies Act, two bodies corporate are deemed to be under the same management if any of the following conditions are satisfied:

- (a) The managing agent, secretaries and treasurers, managing director or manager of one body corporate is the managing agent, secretary or treasurer, managing director or manager of the other body corporate or a partner in a firm acting as the managing agents or secretaries and treasurers of the other body corporate or a director of a private company acting as managing agent or secretaries and treasurers of the other body corporate;
- (b) A majority of the directors of the one body corporate constitute or at any time within the immediately preceding six months have constituted a majority of the directors on the board of the other body corporate;
- (c) Not less than one-third of the total voting power with respect to any matter relating to each of the two bodies corporate is exercised or controlled by the same individual or body corporate;
- (d) The holding company of one body corporate is under the same management as the other body corporate

within the meaning of (a), (b) or (c) above; and

- (e) One or more directors of one body corporate hold, either by themselves or together with their relatives, the majority of the shares in the other body corporate.
- ii. The expression 'control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the Takeover Regulations:

Regulation 2(1)(e) of the Takeover Regulations – “‘control’ includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner:

Provided that a director or officer of a target company shall not be considered to be in control over such target company, merely by virtue of holding such position.”

In case the Company, in consultation with the Book Running Lead Managers, chooses to exercise the option to allot Equity Shares in the issue to less than 10 investors in accordance with the SEBI Letter, the number of Allottees shall not be less than two. Provided that no single Allottee shall be allotted more than 50 per cent of the Issue size. Qualified institutional buyers belonging to the same group, or who are under same control shall be deemed to be a single Allottee. Qualified institutional buyers (belonging to the same group) shall have the same meaning as derived from sub-section (11) of section 372 of the Companies Act.

Minimum Application Size

Each ASBA Application is required to be for such number of Equity Shares and at such price per Equity Share that the minimum Application Amount exceeds ₹ 200,000.

Information for the Applicants

- (a) Only ASBA mode of payment can be used by QIBs to participate in this Issue.
- (b) The Company, in consultation with the BRLMs, will decide the Floor Price or the Price Band for the Issue and the same shall be announced at least one day prior to the Issue Opening Date.
- (c) The Company will publish the Issue Opening Date and the Issue Closing Date in the Floor Price/ Price Band Announcement. The Issue Period shall be for a minimum of one Working Day and shall not exceed two Working Days.
- (d) The Company has filed this Red Herring Prospectus with the RoC at least three days before the Issue Opening Date.
- (e) Once a duly filled in ASBA Application is submitted by an Applicant, such ASBA Application constitutes an irrevocable offer and cannot be withdrawn. In addition, the price per Equity Share and/or the number of Equity Shares applied for in an ASBA Application cannot be revised downwards.
- (f) The Company shall open the Public Issue Account with the Public Issue Account Bank in terms of Section 73 of the Companies Act to receive monies on the Designated Date from the ASBA Accounts.
- (g) Upon the receipt of the ASBA Applications, the Company, after the closure of the Issue, shall determine the Issue Price for the Equity Shares offered in the Issue and the number of Equity Shares to be issued at the Issue Price, in consultation with the Book Running Lead Managers and in accordance with the Allotment Criteria. Upon finalisation of the Basis of Allocation, the Company will issue CANs to the successful Applicants. The dispatch of the CANs shall be deemed a valid, binding and irrevocable agreement on the part of the Applicant to subscribe to such number of Equity Shares as mentioned in their respective

CANs at the Issue Price indicated in such CAN. The CAN shall contain details such as the number of Equity Shares Allotted to the Applicant and the Issue Price.

- (h) The Company shall take all steps to ensure that listing and commencement of trading of the Equity Shares Allotted in the Issue at the relevant stock exchanges is within 12 Working Days of the Issue Closing Date.
- (i) The Company or the Book Running Lead Managers shall not be responsible for any delay or non-receipt of the communication of the final listing and trading permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Final listing approval from Stock Exchanges and trading approvals granted by the BSE and the NSE are also placed on their respective websites. Applicants are advised to apprise themselves of the status of the receipt of the listing and trading approvals from the Stock Exchanges or the Company.
- (j) The Company will issue a statutory advertisement after the filing of the Prospectus with the RoC in terms of Regulation 66 of the SEBI ICDR Regulations, in an English national newspaper, a Hindi national newspaper and a Tamil newspaper, each with wide circulation.
- (k) In case of a Mutual Fund, a separate ASBA Application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such ASBA Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple ASBA Applications, provided that the ASBA Applications clearly indicate the scheme concerned for which it has been made. No Mutual Fund scheme can invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any Company's paid-up share capital carrying voting rights. Further, no single Mutual Fund shall be Allocated and Allotted more than 25% of the aggregate number of the Equity Shares Allotted in the Issue. However, this is subject to changes in case the Company, in consultation with the Book Running Lead Managers, chooses to exercise the option to allot Equity Shares in the issue to less than 10 investors in accordance with the SEBI Letter. For further details, please see "—Number of Allottees".

Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, the Company shall, after registering this Red Herring Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI ICDR Regulations, in an English national newspaper, a Hindi national newspaper and a Tamil newspaper, each with wide circulation.

ASBA Application and Revision Form

The ASBA Application and the Revision Form shall be in the form prescribed by SEBI pursuant to the circular dated September 27, 2011, to the extent applicable to the Issue.

By making an application for the Equity Shares offered in the Issue through an ASBA Application, an Applicant will be deemed to have made the representations, warranties and agreements made under "Representations by Investors", "Selling Restrictions" and "Purchaser Representations and Transfer Restrictions".

SCSBs would be entitled to a processing fee of ₹ 25 per valid ASBA Application collected by the members of the Syndicate in the Specified City and submitted to the SCSBs. No selling commission is payable in respect of ASBA Applications procured in the Issue.

Method and Process of Bidding

- (a) ASBA Applications will be available with the SCSBs, the members of the Syndicate (only in the Specified City) and at the Registered Office of the Company. Electronic ASBA Applications will be available on the website of the NSE and the BSE, and the Designated Branches of the SCSBs.
- (b) Any eligible Applicant may obtain a copy of this Red Herring Prospectus and the ASBA Applications from the

Registered Office of the Company.

- (c) Applicants should approach the Designated Branches of the SCSBs or the members of the Syndicate (only in the Specified City) to submit their ASBA Applications.
- (d) Applicants may submit their ASBA Applications, and/or the Revision Forms, during the Issue Period to (i) the members of the Syndicate in the Specified City; (ii) the Designated Branches of the SCSBs where the ASBA Account is maintained; or (iii) in electronic form to the SCSBs with whom the ASBA Account is maintained. For details, the Applicants should contact the SCSBs where the ASBA Account is maintained. The SCSBs may provide the electronic mode of bidding either through an internet enabled bidding and banking facility or through any secured, electronically enabled mechanism for bidding and blocking funds in the ASBA Account.
- (e) ASBA Applications submitted directly to the SCSBs should bear the stamp of the SCSBs and the ASBA Application submitted to the members of the Syndicate in the Specified City should bear the stamp of the member of the Syndicate. Applicants also have an option to submit the ASBA Application in electronic form or submit ASBA Applications through the members of the Syndicate in the Specified City.
- (f) For ASBA Applications submitted to the members of the Syndicate in the Specified City, the members of the Syndicate shall upload the details of the ASBA Application onto the electronic bidding system of the BSE and the NSE and deposit a schedule (containing certain information including the ASBA Application number and the Application Amount) along with the ASBA Application with the relevant branch of the SCSB, designated by such SCSB to accept such ASBA Applications from the members of the Syndicate in such Specified City. (A list of such branches is available at http://www.sebi.gov.in/cms/sebi_data/attachdocs/1360133335258.html). The relevant branch of the SCSB shall block an amount equal to the Application Amount specified in the ASBA Application in the ASBA Account. For ASBA Applications submitted directly to the SCSBs, the relevant SCSB shall block an amount equal to the Application Amount specified in the ASBA Application in the ASBA Account, before entering the required details of the ASBA Application into the electronic bidding system.
- (g) The Applicant should mention its PAN allotted under the I.T. Act in the ASBA Application. Any ASBA Application without the PAN is liable to be rejected. Applicants should not submit the GIR number instead of the PAN as the ASBA Application is liable to be rejected on this ground.
- (h) The Registrar to the Issue shall validate the details of the ASBA Application uploaded on the electronic bidding system of the Stock Exchanges with the Depository records and the complete reconciliation of the final certificates received from the SCSBs with the electronic details of the ASBA Applications.

Applicants should note that in case the DP ID, Client ID and PAN mentioned in the ASBA Application and entered into the electronic bidding system of the Stock Exchanges by the Syndicate/ SCSBs do not match with the DP ID, Client ID and PAN available in the database of Depositories, the ASBA Application is liable to be rejected.

- (i) Each ASBA Application will give the Applicant the option to indicate up to three prices within the Price Band or at or above the Floor Price, as the case may be, and specify the demand (i.e., the number of Equity Shares applied for at each such price). The number of Equity Shares applied for by an Applicant at or above the Floor Price or within the Price Band, as the case may be, will be considered for Allocation and Allotment in accordance with the Basis of Allocation. The highest value indicated by the Applicant in the ASBA Application to subscribe for the Equity Shares applied for in the ASBA Application shall be blocked in the ASBA Account of such Applicant. After determination of the Issue Price, the maximum number of Equity Shares applied for by an Applicant at or above the Issue Price will be considered for Allocation and the rest of the options will become automatically invalid.
- (j) The Applicant cannot submit another ASBA Application after one ASBA Application has been submitted to the SCSBs or any member of the Syndicate. Submission of a second ASBA Application to either the same or to another SCSBs or any member of the Syndicate will be treated as multiple applications and is liable to be rejected either before entering the required details of the ASBA Application into the electronic bidding system, or at any point of time prior to the Allotment of the Equity Shares offered in this Issue. However,

the Applicant can revise the price per Equity Share or the number of Equity Shares applied for upwards through the Revision Form, the procedure for which is detailed under the paragraph titled “—Revision of ASBA Applications”.

- (k) Upon receipt of an ASBA Application from the Applicant, in physical mode, the Designated Branches of the SCSBs shall verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the ASBA Application, prior to uploading details of the ASBA Application on the electronic bidding system of the BSE and the NSE.
- (l) If sufficient funds are not available in the ASBA Account, the Designated Branches of the SCSBs shall reject such ASBA Application and shall not upload the details of the ASBA Application on the electronic bidding system of the BSE and the NSE.
- (m) If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Application Amount mentioned in the ASBA Application and will enter the details of the ASBA Application into the electronic bidding system and generate a TRS for each price and demand option. It is the Applicant’s responsibility to obtain the TRS from the members of the Syndicate or the Designated Branches of the SCSBs. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (n) SCSBs making ASBA Applications on their own account using the ASBA facility are required to have a separate account using the ASBA facility are required to have a separate account in their own name with any other SEBI registered SCSB. Such account should be used solely for the purpose of making applications in public issues and clear demarcated funds should be available in such account for ASBA Applications
- (o) SCSBs making ASBA Applications on their own account using the ASBA facility are required to have a separate account in their own name with any other SEBI registered SCSB. Such account should be used solely for the purpose of making applications in public issues and clear demarcated funds should be available in such account for ASBA Applications
- (p) The Application Amount shall remain blocked in the aforesaid ASBA Account until the finalisation of the Basis of Allocation, the dispatch of the CAN and consequent transfer of the Application Amount for the Allotted Equity Shares to the Public Issue Account from the ASBA Accounts, or alternatively, until the withdrawal of the Issue or the rejection of the ASBA Application, as the case may be. Once the Basis of Allocation is finalised and the CAN is dispatched, the Registrar to the Issue shall send an appropriate request to the SCSBs to unblock the relevant ASBA Accounts and to transfer the amount due on the Equity Shares to be Allotted to the successful Applicants to the Public Issue Account on the Designated Date.
- (q) In case the Company withdraws or cancels the Issue, the Registrar to the Issue shall give instructions to the SCSBs to unblock the Application Amounts in the relevant ASBA Accounts of the Applicants within one day of receipt of such instruction. The Company shall also inform the Stock Exchanges of such cancellation or withdrawal.

Electronic Registration of ASBA Applications

- (a) The members of the Syndicate and the SCSBs will register the ASBA Applications received, using the electronic bidding system of the Stock Exchanges.
- (b) The members of the Syndicate and the SCSBs may undertake modification of selected fields in the details under the ASBA Application already uploaded within one Working Day from the Issue Closing Date.
- (c) Neither the Company nor the Registrar to the Issue shall be responsible for any acts, mistakes or errors or omission and commissions in relation to (i) the ASBA Applications accepted by the members of the Syndicate or the SCSBs, (ii) the details under the ASBA Applications uploaded by the members of the Syndicate or the SCSBs, or (iii) the ASBA Applications accepted but not uploaded by the members of the Syndicate or the SCSBs.

- (d) The SCSBs shall be responsible for any acts, mistakes, errors or omissions and commissions in relation to (i) the ASBA Applications accepted by them, (ii) the details under the ASBA Applications uploaded by them, (iii) the ASBA Applications accepted but details not uploaded by them, and (iv) the ASBA Applications accepted and details uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for ASBA Applications uploaded by the SCSBs, the full Application Amount has been blocked in the relevant ASBA Account and can be transferred to the Public Issue Account on the Designated Date.
- (e) The Stock Exchanges will offer an electronic facility for registering details under the ASBA Applications for the Issue. This facility will be available with the Syndicate and their authorised agents and the SCSBs during the Issue Period. The members of the Syndicate and the Designated Branches of the SCSBs can also set up facilities for off-line electronic registration of details under the ASBA Applications, subject to the condition that they will subsequently upload the off-line data file into the electronic facilities offered by the BSE and the NSE. On the Issue Closing Date, the members of the Syndicate and the Designated Branches of the SCSBs shall upload the details under the ASBA Applications on the electronic bidding system of the Stock Exchanges till such time as may be permitted by the Stock Exchanges.
- (f) The permission given by the BSE and the NSE to use its network and software of the electronic bidding system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Company, the members of the Syndicate or the SCSBs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company or any scheme or project of the Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares offered in the Issue will be listed or will continue to be listed on the Stock Exchanges.
- (g) The aggregate demand shall be displayed by BSE and the NSE without disclosing the price.
- (h) With respect to details under the ASBA Applications submitted to the SCSBs, the SCSBs shall enter the following details in the electronic bidding system of the Stock Exchanges:
- ASBA Application number;
 - PAN;
 - DP ID and Client ID number of the beneficiary account of the Applicant;
 - Application Amount;
 - ASBA Account number;
 - Category of the Applicant;
 - Numbers of Equity Shares applied for; and
 - Price per Equity Share.
- (i) With respect to details under the ASBA Applications submitted to the members of Syndicate at the Specified City, the members of Syndicate shall enter the following details in the electronic bidding system of the BSE and the NSE:
- ASBA Application number;
 - PAN;
 - DP ID and Client ID number of the beneficiary account of the Applicant;
 - Application Amount;
 - ASBA Account number (not compulsory);
 - Category of the Applicant;
 - Numbers of Equity Shares applied for;

- Price per Equity Share;
 - Bank code for the SCSB where the ASBA Account is maintained; and
 - Name of the Specified City.
- (j) Each ASBA Application will give the Applicant the choice to apply for up to three optional prices at or above the Floor Price or within the Price Band, as the case may be, and to specify the demand (i.e., the number of Equity Shares applied for) at each such price.
- (k) TRS will be generated when the ASBA Application is registered for each price and demand option. The registration of the ASBA Application by the member of the Syndicate or the Designated Branches of the SCSBs does not guarantee that the Equity Shares shall be Allocated/Allotted either by the members of the Syndicate or the Company.
- (l) Only those ASBA Applications details of which are uploaded on the electronic bidding system of the Stock Exchanges shall be considered for the Allocation and Allotment. Members of the Syndicate and the SCSBs will be given up to one Working Day after the Issue Closing Date to verify the DP ID and Client ID uploaded on the electronic bidding system of the BSE and the NSE during the Issue Period, after which the Registrar to the Issue will receive this data from the Stock Exchanges and will reconcile and validate the details of the ASBA Application uploaded on the electronic bidding system of the Stock Exchanges with the Depositories records. In case no corresponding record is available with the Depositories, which matches the three parameters, namely, DP ID, Client ID and PAN, then such ASBA Applications are liable to be rejected.
- (m) The details of the ASBA Applications uploaded on the electronic bidding system of the BSE and the NSE shall be considered as final and Allocation and Allotment will be based on such details.

Revision of ASBA Applications

- (a) During the Issue Period, any Applicant who has submitted an ASBA Application subscribing to a specific number of Equity Shares at a particular price level may revise upwards the number of Equity Shares applied for and/or the price per Equity Share within the Price Band or at or above the Floor Price, as the case may be, using the printed Revision Form, which is a part of the ASBA Application. **An ASBA Application cannot be withdrawn and the price per Equity Share and/or the number of Equity Shares applied for cannot be revised downwards.**
- (b) Upward revisions can be made in both the desired number of Equity Shares and the price per Equity Share by using the Revision Form. The members of the Syndicate and the Designated Branches of the SCSBs will not accept incomplete or inaccurate Revision Forms.
- (c) The Applicant can make this upward revision any number of times during the Issue Period. However, for any revision(s) in the ASBA Application, the Applicants will have to use the services of the same member of the Syndicate or the SCSB through whom such Applicant had placed the original ASBA Application. Applicants are advised to retain copies of the blank Revision Form and any revision in the ASBA Application must be made only in such Revision Form or copies thereof.
- (d) Apart from mentioning the revised options in the Revision Form, the Applicant must also mention the details of all the options in his or her ASBA Application or earlier Revision Form. For example, if an Applicant has applied for three options in the ASBA Application and such Applicant is changing only one of the options in the Revision Form, the Applicant must still fill the details of the other two options that are not being revised in the Revision Form. The Syndicate and the Designated Branches of the SCSBs will not accept incomplete or inaccurate Revision Forms.
- (e) In case of revision of the number of Equity Shares and/or the price per Equity Share, the relevant SCSB shall block the additional Application Amount in the ASBA Account of such Applicant. The Registrar to the Issue will reconcile the ASBA Application data and consider the revised ASBA Application data for preparing the Basis of Allocation.
- (f) When an Applicant revises its ASBA Application, it should surrender the earlier TRS and request for a

revised TRS from the members of the Syndicate or the SCSB as proof of it having revised the previous ASBA Application.

Allocation

- (a) Allocation to FIIs, applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.
- (b) A minimum of 25% of the aggregate number of Equity Shares to be Allotted in the Issue shall be Allocated and Allotted to Mutual Funds and Insurance Companies, subject to valid ASBA Applications being received at or above the Issue Price, provided that if this portion or any part thereof to be Allotted to Mutual Funds and Insurance Companies remains unsubscribed, such minimum portion or part thereof may be Allotted to other QIBs subject to the SEBI Letter.
- (c) As per SEBI Regulations, the Equity Shares will be Allotted to at least 10 Allottees under the Issue. Further, no single Allottee shall be Allotted more than 25% of the aggregate number of the Equity Shares Allotted in the Issue. However, this is subject to changes in case the Company, in consultation with the Book Running Lead Managers, chooses to exercise the option to allot Equity Shares in the issue to less than 10 investors in accordance with the SEBI Letter. See “—Number of Allottees”.

Price Discovery

- (a) Based on the demand for the Equity Shares offered in the Issue generated at various price levels, the Company, in consultation with the BRLMs, shall finalise the Issue Price.
- (b) The Issue Price shall be the price at or above the Floor Price, or within the Price Band, as the case may be. The Equity Shares offered in the Issue shall be Allocated and Allotted at the Issue Price. Our Company may offer a discount of up to 5% to the Issue Price in terms of the Chapter VIII of the SEBI ICDR Regulations if the Issue is being made to less than 10 investors in terms of the SEBI Letter. See “—SEBI Letter”

Allotment Criteria

The Equity Shares offered in the Issue will be Allocated and Allotted to successful Applicants as per the proportionate method.

Basis of Allocation

- (a) ASBA Applications received at or above the Issue Price shall be grouped together to determine the total demand for the Equity Shares offered in the Issue. Allotment against each ASBA Application for Equity Shares shall be restricted to 25% of the Issue size in terms of Regulation 91H of the SEBI ICDR Regulations, by our Company, in consultation with the Book Running Lead Managers and the Stock Exchanges. However, this is subject to changes in case the Company, in consultation with the Book Running Lead Managers, chooses to exercise the option to allot Equity Shares in the issue to less than 10 investors in accordance with the SEBI Letter. For further details, please see “—Number of Allottees”. The Allocation and Allotment to all successful Applicants will be made at the Issue Price finalised by the Company, in consultation with the BRLMs.
- (b) The Allocation shall be undertaken in the following manner:
 - i. In the first instance, Allocation to Mutual Funds and Insurance Companies for up to 25% of the aggregate number of Equity Shares to be Allotted in the Issue shall be determined as follows:
 - In the event that the aggregate demand from Mutual Funds and Insurance Companies exceeds 25% of the aggregate number of Equity Shares to be Allotted in the Issue, then subject to valid ASBA Applications received at or above the Issue Price, Allocation to Mutual Funds and Insurance Companies shall be made on a proportionate basis at the Issue Price as per the Allocation criteria mentioned below for 25% of the aggregate number of Equity Shares to be

Allotted in the Issue.

- In the event that the aggregate demand from Mutual Funds and Insurance Companies is equal to or less than 25% of the aggregate number of Equity Shares to be Allotted in the Issue, then all Mutual Funds and Insurance Companies shall get full Allocation at the Issue Price to the extent of valid ASBA Applications received at or above the Issue Price.
 - In the event that the aggregate demand from Mutual Funds and Insurance Companies exceeds 25% of the aggregate number of Equity Shares to be Allotted in the Issue, then the additional demand from Mutual Funds and Insurance Companies after Allocation of 25% of the aggregate number of Equity Shares to be Allotted in the Issue, shall be aggregated with the portion to be Allocated to other QIBs.
 - In the event subscription from Mutual Funds and Insurance Companies is below 25% of the aggregate number of Equity Shares to be Allotted in the Issue, the Equity Shares offered in the Issue that remain unsubscribed shall be available for Allocation to other QIBs as set out in (b) below.
- ii. In the second instance, Allocation to the remaining Applicants shall be determined as follows:
- All Applicants who have submitted valid ASBA Applications at or above the Issue Price shall be Allocated Equity Shares offered in the Issue at the Issue Price on a proportionate basis as per the Allocation criteria mentioned below, until the Equity Shares offered in the Issue representing up to 75% of the Issue Size or such number of Equity Shares offered in the Issue as may remain after Allocation to Mutual Funds and Insurance Companies are exhausted. For the method of proportionate Basis of Allocation, see “– Proportionate Method” below.
 - Mutual Funds and Insurance Companies, who have received Allocation as per (a) above, for less than the number of Equity Shares applied for by them, are eligible to receive Equity Shares on a proportionate basis as per the Allocation criteria mentioned below along with the other QIBs. For the purpose of Allocation to Mutual Funds and Insurance Companies in this category, quantity of Equity Shares applied for in the Issue less the Equity Shares Allocated as per (a) above shall be considered for Allocation.
 - In the event subscription from Mutual Funds and Insurance Companies pursuant to (a) above is below 25% of the aggregate number of Equity Shares to be Allotted in the Issue, such portion which remains unsubscribed would be included for Allocation along with the other QIBs on a proportionate basis.

Proportionate Method

The Allocation and Allotment shall be made on a proportionate basis as explained below:

- (a) The number of Equity Shares applied for in the Issue at or above the Issue Price shall first be aggregated.
- (b) Number of Equity Shares to be Allocated to the successful Applicants will be calculated on a proportionate basis, which is total number of Equity Shares applied for by each Applicant multiplied by the inverse of the over-subscription ratio, (subject to the maximum limit of 25 per cent of the Issue size in terms of Regulation 91H of the SEBI ICDR Regulations or 50 per cent in terms of the SEBI Letter) where oversubscription ratio means the ratio of the total number of Equity Shares applied for in the Issue and the remaining number of Equity Shares offered in the Issue that are available for Allocation. However, this is subject to changes in case the Company, in consultation with the Book Running Lead Managers, chooses to exercise the option to allot Equity Shares in the issue to less than 10 investors in accordance with the SEBI Letter. For details, please see “–Number of Allottees”

- (c) If the determination of proportionate Allocation to an Applicant is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allocation and Allotment to all Applicants would be arrived at after such rounding off.

THE DECISION OF THE COMPANY AND THE BOOK RUNNING LEAD MANAGERS IN RESPECT OF ALLOCATION AND ALLOTMENT SHALL BE BINDING ON ALL APPLICANTS.

Issuance of the CAN

- (a) Upon approval of the Basis of Allocation by the Stock Exchanges and the dispatch of the CAN, the Registrar to the Issue shall send to the Book Running Lead Managers a list of the Applicants who would be Allotted Equity Shares in the Issue.
- (b) The Company will then issue a CAN to the Applicants who have been Allocated Equity Shares in the Issue.
- (c) The dispatch of the CAN shall be deemed a valid, binding and irrevocable agreement on part of the Applicant to subscribe to the Equity Shares Allocated to such Applicant at the Issue Price.
- (d) On the basis of the approved Basis of Allocation, the Company shall pass necessary corporate action for Allotment of Equity Shares in the Issue.

RoC Filing

The Company will update and deliver a copy of the updated Red Herring Prospectus for registration to the RoC in accordance with the applicable law, which then would be termed as the 'Prospectus'. The Prospectus will contain details of the Issue and will be complete in all material respects. The Company will register a copy of the Prospectus with the RoC in terms of relevant provisions of the Companies Act and the SEBI ICDR Regulations.

Advertisement under Regulation 66 of the SEBI ICDR Regulations

The Company will issue a statutory advertisement after the filing of the Prospectus with the RoC in terms of Regulation 66 of the SEBI ICDR Regulations in an English national newspaper, a Hindi national newspaper and a Tamil newspaper, each with wide circulation. Any material updates between the date of this Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Designated Date and Allotment of Equity Shares offered in the Issue

- (a) The Company will ensure that (i) the Allotment of Equity Shares offered in the Issue; and (ii) credit to the successful Applicant's depository account will be completed within 12 Working Days of the Issue Closing Date. After the funds blocked by the SCSBs are transferred from the ASBA Accounts to the Public Issue Account on the Designated Date, the Company will ensure that the credit of the Equity Shares to the successful Applicant's depository account is completed within two Working Days from the date of Allotment.
- (b) In accordance with the SEBI ICDR Regulations, Equity Shares offered in the Issue will be issued and Allotment shall be made only in the dematerialised form to the Allottees.
- (c) Allottees will have the option to re-materialise the Equity Shares so Allotted in the Issue as per the provisions of the Companies Act and the Depositories Act.
- (d) As per the SEBI Regulations, the Equity Shares will be Allotted to at least 10 Allottees under the Issue. Further, no single Allottee shall be Allotted more than 25 per cent of the aggregate number of the Equity Shares Allotted in the Issue. However, this is subject to changes in case the Company, in consultation with the Book Running Lead Managers, chooses to exercise the option to allot Equity Shares in the issue to less than 10

investors in accordance with the SEBI Letter. See “—Number of Allottees”.

Applicants are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to this Issue.

GENERAL INSTRUCTIONS

- (a) Check if you are eligible to apply;
- (b) Ensure that the price per Equity Share you have included in the ASBA Applications is a price per Equity Share at or above the Floor Price or within the Price Band, as the case may be;
- (c) Do not apply for or revise the prices indicated in the ASBA Application to a price higher than the Cap Price, if applicable;
- (d) Ensure that the details about the Depository Participant and the beneficiary account are correct as Allotment of Equity Shares in the Issue will be in the dematerialised form only;
- (e) Ensure that the ASBA Applications are submitted either to the members of the Syndicate (only in Specified City) or at a Designated Branch of the SCSB where the Applicant or the person whose ASBA Account will be utilised by the Applicant for bidding has an ASBA Account;
- (f) Ensure that the ASBA Application is signed by the account holder(s) or an authorised signatory on behalf of the account holder in case the Applicant is not the account holder. Ensure that you have mentioned the correct ASBA Account number in the ASBA Application;
- (g) Ensure that the ASBA Application is completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the ASBA Application or in the Revision Form. Applicants should note that the members of the Syndicate and / or the SCSBs, as appropriate, will not be liable for errors in data entry due to incomplete or illegible ASBA Applications or Revision Forms;
- (h) Ensure that you request for and receive a TRS for each of the options applied for in the ASBA Application;
- (i) Ensure that you have funds equal at least to the Application Amount in your ASBA Account maintained with the SCSB before submitting the ASBA Application to the respective Designated Branch of the SCSB or the member of the Syndicate in Specified City;
- (j) Submit revised ASBA Applications to the same member of the Syndicate/SCSB through whom the original ASBA Application was placed and obtain a revised TRS;
- (k) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;
- (l) Ensure that the name given in the ASBA Application is exactly the same as the name in which the beneficiary account is held with the Depository Participant;
- (m) Ensure that the DP ID, the Client ID and the PAN mentioned in the ASBA Application and entered into the electronic bidding system of the Stock Exchanges by the members of the Syndicate match with the DP ID, Client ID and PAN available in the Depository database;
- (n) Ensure that you use the ASBA Application bearing the stamp of the relevant SCSB and/or the Designated Branch of the SCSB and/or the member of the Syndicate (except in case of electronic forms);
- (o) Applicants bidding through Syndicate should ensure that the ASBA Application is submitted to a member of the Syndicate only in the Specified City and that the SCSB where the ASBA Account, as specified in the ASBA Application, is maintained has named at least one branch in the Specified City for the members of the Syndicate to deposit the ASBA Applications;

- (p) Ensure that in case of ASBA Applications made under power of attorney, relevant documents are submitted;
- (q) Ensure that ASBA Applications submitted by QIBs resident outside India should be in compliance with applicable foreign and Indian laws;
- (r) Ensure that you have correctly signed the authorisation/undertaking box in the ASBA Application, or have otherwise provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Amount mentioned in the ASBA Application;
- (s) ASBA Applications made on a repatriation basis shall be in the name of FIIs under the Portfolio Investment Scheme;
- (t) Do not fill up the ASBA Application such that the number of Equity Shares applied for exceeds 25% of the Issue Size or exceeds 50% of the aggregate number of Equity Shares Allotted in the Issue if the Allotment is being done in terms of the SEBI Letter and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations; and
- (u) Information provided by the Applicants will be uploaded on the electronic bidding system of the Stock Exchanges by the members of the Syndicate and the SCSBs, as the case may be, and the electronic data will be used to make Allocation and Allotment. Please ensure that the details are correct and legible. See “–SEBI Letter”

Applicant’s PAN, Depository Account and ASBA Account Details

Applicants should note that on the basis of PAN of the Applicants, DP ID and Client ID entered into the electronic bidding system of the Stock Exchanges by the members of the Syndicate or SCSBs, the Registrar to the Issue will obtain from the Depository the demographic details including address, Applicants’ ASBA Account details, and PAN registered with the Depository (the “Demographic Details”). These Demographic Details would be used for processing, including identifying ASBA Applications to be rejected on technical grounds and unblocking of ASBA Account. Hence, Applicants are advised to immediately update their Demographic Details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in unblocking of the ASBA Account at the Applicants sole risk and none of the BRLMs, the Registrar to the Issue, the SCSBs or the Company shall have any responsibility and undertake any liability for the same. Hence, Applicants should carefully fill in their Depository Account details in the ASBA Application.

The Demographic Details would be used for all correspondence with the Applicants including mailing of the CANs. The Demographic Details given by Applicants in the ASBA Application would not be used for any other purpose by the Registrar to the Issue.

By signing the ASBA Application, the Applicant would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

The CAN will be mailed at the address of the Applicant as per the Demographic Details received from the Depositories or the email address provided by the Applicant in the ASBA Application. Applicants may note that delivery of the CAN may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Please note that any such delay shall be at such Applicant’s sole risk and none of the Company, BRLMs, or the Registrar to the Issue shall be liable to compensate the Applicant for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories which matches the parameters, namely, PAN of the Applicant, the DP ID and Client ID, then such ASBA Application is liable to be rejected.

ASBA Applications made under Power of Attorney

In case of ASBA Applications made pursuant to a power of attorney or by FIIs, Mutual Funds, VCFs, FVCIs, AIFs, Insurance Companies and provident funds with a minimum corpus of ₹ 25 crore (subject to applicable law) and pension

funds with a minimum corpus of ₹ 25 crore, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the ASBA Application.

In addition to the above, certain additional documents are required to be submitted by the following entities:

- (a) With respect to ASBA Applications by FIIs, Mutual Funds, VCFs, FVCI's and AIFs, a certified copy of their SEBI registration certificate must be lodged along with the ASBA Application.
- (b) With respect to ASBA Applications by Insurance Companies, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the ASBA Application.
- (c) With respect to ASBA Applications made by provident funds with a minimum corpus of ₹ 25 crore (subject to applicable law) and pension funds with a minimum corpus of ₹ 25 crore, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the ASBA Application.

PAYMENT INSTRUCTIONS

Payment mechanism for Applicants

The Applicants shall specify the ASBA Account number in the ASBA Application. The SCSB shall block an amount equivalent to the Application Amount in the ASBA Account specified in the ASBA Application and each Applicant or the account holder shall be deemed to have agreed to block such amount. In case of revision of the number of Equity Shares applied for or the price per Equity Share, the SCSB shall block additional Application Amount in the ASBA Account of such Applicant and the Applicants or the account holder shall be deemed to have agreed to block such amount.

The Application Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allocation in the Issue, dispatch of the CAN and consequent transfer of the Application Amount to the Public Issue Account, until rejection of the ASBA Applications or until withdrawal of the Issue, as the case may be. In the event of rejection of the ASBA Application or for unsuccessful or partially successful ASBA Applications, the Registrar to the Issue shall give instructions to the SCSB to unblock the application money in the relevant ASBA Account and the same shall be acted upon by the SCSB concerned within one Working Day of receipt of such instruction.

OTHER INSTRUCTIONS

Multiple Applications

An Applicant should submit only one (and not more than one) ASBA Application.

In case of a Mutual Fund, a separate ASBA Application may be made in respect of each scheme of the Mutual Fund and such ASBA Applications in respect of over one scheme of the Mutual Fund will not be treated as multiple ASBA Applications provided that the ASBA Applications clearly indicate the scheme concerned for which the ASBA Application has been made.

After submitting an ASBA Application, an Applicant cannot submit another ASBA Application, to either the same or another Designated Branch of the SCSB or member of the Syndicate. Submission of a second ASBA Applications in such manner will be deemed a multiple ASBA Application and would be rejected. However, the Applicants may revise their ASBA Application through the Revision Form, the procedure for which is described in “—Revision of ASBA Applications” above.

Copies of ASBA Applications with the same PAN details shall be treated as multiple ASBA Applications and are liable to be rejected.

The Company, in consultation with the BRLMs, reserves the right to reject, in its absolute discretion, all or all except one of such multiple ASBA Application(s) in any or all categories.

1. All ASBA Applications will be checked for common PAN as per the records of Depository. For Applicants other than Mutual Funds and FII sub-accounts, ASBA Applications bearing the same PAN will be treated as multiple ASBA Applications and will be rejected.
2. For ASBA Applications from Mutual Funds and FII sub-accounts which were submitted under the same PAN, the ASBA Applications will be scrutinised for DP ID and Client ID. In case applications bear the same DP ID and Client ID, these will be treated as multiple applications.

The Registrar to the Issue will obtain, from the depositories, details of the Applicant's address based on the DP ID and Client ID provided in the ASBA Applications.

REJECTION OF ASBA APPLICATIONS

The Company has a right to reject the ASBA Applications based on technical grounds. The Designated Branches of the SCSBs shall have the right to reject ASBA Applications if at the time of blocking the Application Amount in the Applicant's ASBA Account, the respective Designated Branch of the SCSB ascertains that sufficient funds are not available in the Applicant's ASBA Account maintained with the SCSB.

Grounds for Technical Rejections

Applicants are advised to note that ASBA Applications are liable to be rejected *inter alia* on the following technical grounds and for any other reasons after assigning reason for such rejection in writing:

- (a) ASBA Applications other than by QIBs.
- (b) Incomplete ASBA Application. For instance, ASBA Application not having details of the ASBA Account to be blocked or not containing the authorisations for blocking the Application Amount in the ASBA Account specified in the ASBA Application;
- (c) The amount mentioned in ASBA Application does not tally with the amount payable for the value of the Equity Shares applied for;
- (d) PAN not mentioned in the ASBA Application;
- (e) ASBA Applications made at a price per Equity Share less than the Floor Price or not within the Price Band, as the case may be;
- (f) ASBA Application by Applicants whose demat account have been "suspended for credit" pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010;
- (g) Multiple ASBA Applications as explained in this Red Herring Prospectus. See "—Other Instructions—Multiple Applications";
- (h) ASBA Applications are not delivered by the Applicants within the time prescribed as per the ASBA Applications, the Floor Price / Price Band Announcement and this Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the ASBA Applications;
- (i) In case no matching or corresponding record is available with the Depositories that matches the DP ID and the Client ID;
- (j) Inadequate funds in the ASBA Account to block the Application Amount specified in the ASBA Application at the time of blocking such Application Amount in the ASBA Account;
- (k) ASBA Application submitted by Applicants to a member of the Syndicate at locations other than the Specified City;

- (l) ASBA Applications by persons in the United States;
- (m) ASBA Applications, details of which are not uploaded on the electronic bidding system of the Stock Exchanges;
- (n) ASBA Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- (o) Application by banks through separate account in own name with the Applicant SCSB/s (SEBI Circular No. CIR/CFD/DIL/1/2013); and
- (p) ASBA Application does not have Bidder's depository account details.

EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL

The Allotment of Equity Shares in this Issue shall be only in a dematerialised form, (*i.e.*, not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

Applicants can seek Allotment only in dematerialised mode. ASBA Applications from any Applicant without relevant details of its depository account are liable to be rejected.

- (a) An Applicant applying for Equity Shares in the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the ASBA Application.
- (b) Allotment to a successful Applicant will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Applicant as provided in the ASBA Application.
- (c) Names in the ASBA Application or Revision Form should be identical to those appearing in the account details in the Depository.
- (d) The Applicant is responsible for the correctness of its Demographic Details given in the ASBA Application vis-à-vis those with its Depository Participant.
- (e) The trading of the Equity Shares issued pursuant to the Issue of the Company would be in dematerialised form only for all Applicants in the demat segment of the Stock Exchanges.
- (f) Non transferable CAN will be directly sent to the Applicants.

The Company or the members of the Syndicate will not be responsible or liable for the delay in the credit of the Equity Shares Allotted in the Issue due to errors in the ASBA Application or otherwise on part of the Applicants.

Communications

All future communications in connection with ASBA Applications made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the Applicant, ASBA Application number, the Applicants' Depository Account details, number of Equity Shares applied for, date of the ASBA Application, name and address of the member of the Syndicate or the Designated Branch of the SCSBs where the ASBA Application was submitted and ASBA Account number in which the amount equivalent to the Application Amount was blocked.

Applicants can contact the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of the CAN, credit of Allotted Equity Shares in the respective beneficiary accounts etc. In case of ASBA Applications submitted with the Designated Branches of the SCSBs, Applicants can contact the Designated Branches of the SCSBs.

UNBLOCKING THE FUNDS

The Registrar to the Issue shall instruct the relevant SCSBs to unblock the funds in the relevant ASBA Accounts to the extent of the Application Amount specified in the ASBA Applications for rejected or unsuccessful or partially

successful ASBA Applications within 12 Working Days of the Issue Closing Date and the same shall be acted upon by the SCSBs within one Working Day of receipt of such instruction.

DISPOSAL OF ASBA APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY

The Company shall take all steps to ensure that listing and commencement of trading of the Equity Shares Allotted in the Issue at the Stock Exchanges is within 12 Working Days of the Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI ICDR Regulations, the Company further undertakes that:

- (a) Allotment of Equity Shares in the Issue shall be made only in dematerialised form within 12 Working Days of the Issue Closing Date;
- (b) Instructions for unblocking of the Applicant's ASBA Account shall be made within 12 Working Days from the Issue Closing Date; and
- (c) The Company shall pay interest at 15% per annum for any delay, if Allotment is not made, funds in the relevant ASBA Accounts to the extent of the Application Amount specified in the ASBA Applications for rejected or unsuccessful or partially successful ASBA Applications are not unblocked and/or demat credits are not made to investors within the 12 Working Days.

IMPERSONATION

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

“Any person who:

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or***
- (b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,***

shall be punishable with imprisonment for a term which may extend to five years.”

Issue Programme

ISSUE OPENS ON	[●], 2013
ISSUE CLOSES ON	[●], 2013

Details of the Issue programme shall be disclosed in the Floor Price/Price Band Announcement. Investors should refer to the pre-issue advertisement and the Floor Price/Price Band Announcement for further details.

ASBA Applications and any revision in the ASBA Applications shall be accepted and uploaded only between 10 a.m. (Indian Standard Time, “IST”) and 5 p.m. IST during the Issue Period as mentioned above by the members of the Syndicate at the Syndicate ASBA Bidding Centers and the Designated Branches of SCSBs as mentioned on the ASBA Application.

Withdrawal of the Issue

The Company reserves the right to withdraw the Issue at any stage prior to Allotment. In such an event, the Company would issue a public notice in the newspapers in which the pre-Issue advertisements were published. The Registrar to the Issue shall issue instructions to the SCSBs to unblock the ASBA Accounts of the Applicants within one day of receipt of such instructions. The Company shall also inform the Stock Exchanges of such withdrawal.

PLACEMENT

Issue and Placement Agreement

The Book Running Lead Managers have entered into the Issue and Placement Agreement with the Company pursuant to which the Book Running Lead Managers have agreed to manage the Issue and use reasonable efforts to procure subscription for Equity Shares to be placed with the QIBs pursuant to Chapter VIII-A of the SEBI ICDR Regulations.

The Issue and Placement Agreement contains customary representations and warranties, as well as indemnities from the Company and is subject to termination in accordance with the terms contained therein.

The Company has received in-principle approvals from the Stock Exchanges under Clause 24(a) of the Equity Listing Agreement to list the Equity Shares being offered in the Issue on the Stock Exchanges. After Allotment of the Equity Shares pursuant to the Issue, applications shall be made to list the Equity Shares and admit them to trading on the Stock Exchanges. The Issue is subject to obtaining (i) the final approval of the RoC after the Prospectus is filed with the RoC; and (ii) final listing and trading approvals of the Stock Exchanges, which the Company shall apply for after the Allotment.

In connection with the Issue, the Book Running Lead Managers (or their respective affiliates) may, for their own accounts, enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares at the same time as the offer and issuance of the Equity Shares, or in secondary market transactions. As a result of such transactions, the Book Running Lead Managers may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the Book Running Lead Managers may purchase Equity Shares and be Allotted Equity Shares for proprietary purposes and not with a view to distribution or in connection with the issuance of P-Notes. See “—Offshore Derivative Instruments”.

From time to time, the Book Running Lead Managers and certain of their affiliates have provided and continue to provide commercial and investment banking services to us or our affiliates for which they have received and may in the future receive compensation.

Lock-up

The Company has agreed that it will not, without the prior written consent of the Book Running Lead Managers, from the date of the Issue and Placement Agreement and for a period of up to 90 days from the Allotment, directly or indirectly: (a) issue, offer, lend, sell, pledge, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Equity Shares, or any securities convertible into or exercisable or exchangeable for the Equity Shares or publicly announce an intention with respect to any of the foregoing; (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of the Equity Shares or any securities convertible into or exercisable or exchangeable for the Equity Shares; (c) deposit Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares or which carry the right to subscribe for or purchase Equity Shares in depository receipt facilities or enter into any such transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale or deposit of Equity Shares in any depository receipt facility; or (d) announce any intention to enter into any transaction whether any such transaction described in (a) or (b) above is to be settled by delivery of the Equity Shares, or such other securities, in cash or otherwise.

The Promoters have agreed that, without the prior written consent of the Book Running Lead Managers, they will not, during the period commencing on the date of the Issue and Placement Agreement and ending 90 days after the date of Allotment (the “**Lock-up Period**”), directly or indirectly: (a) issue, offer, lend, sell, pledge, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Equity Shares, or any securities convertible into or exercisable or exchangeable for the Equity Shares or publicly

announce an intention with respect to any of the foregoing; (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of the Equity Shares or any securities convertible into or exercisable or exchangeable for the Equity Shares; (c) deposit Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares or which carry the right to subscribe for or purchase Equity Shares in depository receipt facilities or enter into any such transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale or deposit of Equity Shares in any depository receipt facility; or (d) announce any intention to enter into any transaction whether any such transaction described in (a) or (b) above is to be settled by delivery of the Equity Shares, or such other securities, in cash or otherwise.

The restrictions in the foregoing paragraph shall not apply to (a) any inter-se transfer of Equity Shares between the Promoters and the Promoter Group, provided that the restrictions set forth in the previous paragraph shall continue to apply for the remaining period to the transferee and that such transferee shall be bound by the restrictions in the preceding paragraph until the Lock-up Period set forth herein has expired; and (b) any sale, transfer or disposal of such Equity Shares to the extent such sale, transfer or disposal is mandatorily required for compliance with applicable Indian law, including compliance with minimum public shareholding requirements applicable to the Company.

Inter-se Allocation of Responsibilities of the BRLMs

The following table sets forth the *inter se* allocation of responsibilities for various activities among the BRLMs for the Issue:

Sr. No.	Activities	Responsibility	Co-ordinator
1.	Capital structuring with the relative components and formalities	Axis Capital, SBICAP	Axis Capital
2.	Due diligence of the Company including its operations, management, business plans, legal etc. Drafting and design of offer documents and other issue related material such as application forms etc. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, the RoC and SEBI including finalisation of offer documents and the RoC filing.	Axis Capital, SBICAP	Axis Capital
3.	Drafting and approval of all statutory advertisements	Axis Capital, SBICAP	Axis Capital
4.	Review of other publicity material such as corporate advertisements, press releases, etc.	Axis Capital, SBICAP	SBICAP
5.	Appointment of intermediaries, including the Public Issue Account Bank, the Registrar to the Issue, the printers, the advertising agency.	Axis Capital, SBICAP	Axis Capital
6.	Preparing road show presentation	Axis Capital, SBICAP	Axis Capital
7.	International institutional marketing strategy, which will cover, <i>inter alia</i> : - Finalising the Investor Master-list and division of investors for one to one meetings - Finalising the international road show schedule - Managing logistics for international road shows - Preparation of frequently asked questions	Axis Capital, SBICAP	SBICAP
8.	Domestic institutional marketing strategy, which will cover, <i>inter alia</i> : - Finalising the domestic road show schedule - Managing logistics for domestic road shows	Axis Capital, SBICAP	Axis Capital
9.	Pricing, managing the book and allocation	Axis Capital, SBICAP	SBICAP
10.	Co-ordination with the Stock Exchanges for book building software and bidding terminals. Post-bidding activities including management of escrow accounts, follow-up with SCSBs, Registrar to the Issue, co-ordination for allocation, demat delivery of Equity Shares, intimation of Allocation and dispatch of the CANs to Applicants etc. The Book Running Lead Manager shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company.	Axis Capital, SBICAP	SBICAP

Sr. No.	Activities	Responsibility	Co-ordinator
	The post Issue activities will involve essential co-ordination and follow up steps with the Stock Exchanges, which include the finalisation of listing and trading of Equity Shares.		

SELLING RESTRICTIONS

The distribution of this Red Herring Prospectus or any Issue material and the offering, sale or delivery of the Equity Shares offered in the Issue is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Red Herring Prospectus or any offering material are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions. This Red Herring Prospectus may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised. No action has been taken or will be taken that would permit a public offering of the Equity Shares to be issued pursuant to the Issue to occur in any jurisdiction, except India, or the possession, circulation or distribution of this Red Herring Prospectus or any other material relating to the Company or the Equity Shares offered in the Issue in any jurisdiction where action for such purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Red Herring Prospectus nor any offering materials or advertisements in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

General

No action has been taken or will be taken that would permit a public offering of the Equity Shares to occur in any jurisdiction other than India, or the possession, circulation or distribution of this Red Herring Prospectus or any other material relating to the Company or the Equity Shares in any jurisdiction where action for such purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Red Herring Prospectus nor any offering materials or advertisements in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. Each purchaser of the Equity Shares in this Issue will be deemed to have made acknowledgments and agreements as described under “Purchaser Representations and Transfer Restrictions”.

European Economic Area

In relation to each Member State of The European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), with effect from and including the date on which the Prospectus Directive is or was implemented in that Relevant Member State (the “Relevant Implementation Date”), the Equity Shares may not be offered or sold to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and the 2010 Amending Directive, except that the Equity Shares, with effect from and including the Relevant Implementation Date, may be offered to the public in that Relevant Member State at any time:

- (a) to persons or entities that are “qualified investors” as defined in the Prospectus Directive or, if that Relevant Member State has implemented the 2010 Amending Directive, as defined in the 2010 Amending Directive;
- (b) to (i) fewer than 100 natural or legal persons (other than “qualified investors” as defined in the Prospectus Directive); or (ii) if that Relevant Member State has implemented the 2010 Amending Directive, fewer than 150 natural or legal persons (other than “qualified investors” as defined in the 2010 Amending Directive), in each case subject to obtaining the prior consent of the BRLMs.
- (c) in any circumstances falling within Article 3(2) of the Prospectus Directive as amended (to the extent implemented in that Relevant Member State) by Article 1(3) of the 2010 Amending Directive, provided that no such offering of Equity Shares shall result in a requirement for the publication by the Company or the Book Running Lead Managers of a prospectus pursuant to Article 3 of the Prospectus Directive as amended (to the extent implemented in that Relevant Member State) by Article 1(3) of the 2010 Amending Directive.

For the purposes of this provision, the expression an “offer of Equity Shares to the public” in relation to any Equity Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to

purchase or subscribe for the Equity Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State and the expression “2010 Amending Directive” means Directive 2010/73/EU and includes any relevant implementing measure in each Member State.

None of the Company or any of the Book Running Lead Managers has authorised, nor do they authorise, the making of any offer of Equity Shares through any financial intermediary on their behalf, other than offers made by the Company or the Book Running Lead Managers under the Issue.

Hong Kong

No Equity Shares have been offered or sold, and no Equity Shares may be offered or sold, in Hong Kong by means of this Red Herring Prospectus or any other document, other than (a) to “professional investors” as defined in the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (“Securities and Futures Ordinance”) and any rules made under that Ordinance, (b) to persons whose ordinary business is to buy or sell shares or debentures, whether as principal or agent, or (c) in other circumstances which do not result in this Red Herring Prospectus being a “prospectus” as defined in the Companies Ordinance, Chapter 32 of the laws of Hong Kong (“Companies Ordinance”) or which do not constitute an offer to the public within the meaning of the Companies Ordinance or an invitation to the public within the meaning of the Securities and Futures Ordinance. No document, invitation or advertisement relating to the Equity Shares has been issued or may be issued, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted under the securities laws of Hong Kong) other than with respect to Equity Shares which are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance. This Red Herring Prospectus and the Equity Shares have not been and will not be registered with the Securities and Futures Commission of Hong Kong and/or the Stock Exchange of Hong Kong. There are no public markets or platforms in Hong Kong for the purchase or disposal of the Equity Shares. If you are in doubt as to the contents of this Red Herring Prospectus, you must immediately seek legal and investment advice from your solicitor, accountant and/or professional advisors.

Singapore

This Red Herring Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Red Herring Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Equity Shares may not be circulated or distributed, nor may the Equity Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor pursuant to Section 274 of the Securities and Future Act (Chapter 289) of Singapore (the “SFA”), (ii) to a relevant person, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Unless otherwise permitted under the SFA, where the Equity Shares are acquired by a person pursuant to Section 274 or 275 of the SFA, such Equity Shares shall not be transferable for six months after that person has acquired the Equity Shares, except (i) to another person who is an institutional investor or a relevant person, or (ii) pursuant to Section 275(1A) of the SFA.

Unless otherwise permitted under the SFA, where the Equity Shares are subscribed or purchased pursuant to Section 275 of the SFA by a relevant person who is:

- a corporation which is not an accredited investor (as defined in Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- a trust (where the trustee is not an accredited investor) the sole purpose of which is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 of the SFA except: (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on the terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, in accordance with the conditions, specified in Section 275 of the SFA as applicable; (ii) where no consideration is given for the transfer; or (iii) by operation of law.

United Kingdom (in addition to European Economic Area restrictions, above)

The Equity Shares cannot be promoted in the United Kingdom to the general public. The contents of this Red Herring Prospectus have not been approved by an authorised person within the meaning of FSMA. Each of the Book Running Lead Managers (a) may only communicate or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000, as amended (the "FSMA"), to persons who (i) are investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order"), or (ii) fall within any of the categories of persons described in article 49(2)(a) to (d) of the Financial Promotion Order or otherwise in circumstances in which section 21(1) of the FSMA does not apply to the Company; and (b) has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Equity Shares in, from or otherwise involving the United Kingdom. Any invitation or inducement to engage in investment activity (within the meaning of Section 21 of FSMA) in connection with, or relating to, the sale or purchase of any Equity Shares, may only be communicated or caused to be communicated in circumstances in which Section 21(1) of the FSMA does not apply. It is the responsibility of all persons under whose control or into whose possession this document comes to inform themselves about and to ensure observance of all applicable provisions of FSMA in respect of anything done in relation to an investment in Equity Shares in, from or otherwise involving, the United Kingdom.

United States of America

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws. The Equity Shares are being offered and sold in the Issue outside the United States in compliance with Regulation S under the Securities Act and the applicable laws of each jurisdiction where such offers and sales occur. The Equity Shares are not being offered or sold in the United States and you may not purchase Equity Shares if you are in the United States.

PURCHASER REPRESENTATIONS AND TRANSFER RESTRICTIONS

Allottees are not permitted to sell the Equity Shares for a period of one year from the date of Allotment except through the Stock Exchanges. In addition to the above, allotments made to QIBs, including FVCIs, VCFs and AIFs in the Issue, may be subject to lock-in requirements, if any, under the rules and regulations that are applicable to them. Due to the aforesaid and following restrictions, investors are advised to consult legal counsel prior to making any purchase or resale, pledge or transfer of our Equity Shares.

Global Offer Purchaser Representations and Transfer Restrictions

The Equity Shares are being offered and sold in the Issue only to non-U.S. persons in offshore transactions pursuant to, and in accordance with, Regulation S under the U.S. Securities Act. By reviewing the instructions contained in, checking the relevant box, and otherwise duly completing and submitting the ASBA Application and by accepting the Red Herring Prospectus and any supplement hereto and/or the Prospectus and/or purchasing the Equity Shares, offerees and purchasers in the Issue will make the following acknowledgements, representations and warranties to the Company, the Book Running Lead Managers and their respective affiliates:

- (1) it is not a U.S. person (as defined in Regulation S under the U.S. Securities Act) and is acquiring the Equity Shares for its own account or the account or benefit of a non U.S. person in an offshore transaction pursuant to, and in accordance with, Regulation S;
- (2) it understands that the Equity Shares are being offered in a transaction not involving any public issue in the United States within the meaning of the U.S. Securities Act, that the Equity Shares have not been and will not be registered under the U.S. Securities Act, or under the securities laws of any state or other jurisdiction of the United States;
- (3) it agrees, on its own behalf and on behalf of any accounts for which it is acting, that it will not reoffer, resell, pledge or otherwise transfer the Equity Shares, except to a non-U.S. person in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with all applicable securities laws; it understands and acknowledges that the Company shall have no obligation to recognize any offer, sale, pledge or other transfer made other than in compliance with the restrictions on transfer set forth and described herein and that the Company may make notation on its records or give instructions to any transfer agent of the Equity Shares;
- (4) it is authorized to consummate the purchase of the Equity Shares in compliance with all applicable laws and regulations and it acknowledges that its purchase of the Equity Shares is subject to and based upon all the terms, conditions, representations, warranties, acknowledgements, agreements and undertakings and other information contained in the Red Herring Prospectus, the final Prospectus and the ASBA Application;
- (5) it understands that the foregoing representations, warranties, agreements, undertakings and acknowledgements are required in connection with United States and other securities laws and that the Company, the Book Running Lead Managers and their respective affiliates, and others are entitled to rely upon the truth and accuracy of the representations, warranties, agreements, undertakings and acknowledgements contained herein;
- (6) it agrees that if any of the representations, warranties, agreements, undertakings and acknowledgements made herein are no longer accurate, it shall promptly notify the Company and the Book Running Lead Managers in writing; and
- (7) all representations, warranties, agreements, undertakings and acknowledgements it has made in the ASBA Application and by accepting the Red Herring Prospectus and/or purchasing the Equity Shares shall survive execution and delivery of the ASBA Application.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from publicly available documents from various sources, including officially prepared materials from SEBI, the BSE, the NSE and the MSE, and has not been prepared or independently verified by the Company, the Book Running Lead Managers or any of their respective affiliates or advisors.

India has a long history of organised securities trading. In 1875, the first stock exchange was established in Mumbai.

Indian Stock

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Stock Exchange Division, under the SCRA and the SCRR. On June 20, 2012, SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the Securities Contracts (Regulation) Stock Exchanges and Clearing Corporations) Regulations, 2012 which regulate inter alia the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalisation requirements for stock exchanges. Various rules, bye-laws and regulations of the respective stock exchanges regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner in which contracts are entered into, settled and enforced between members.

The SEBI Act empowers SEBI to amongst other things: regulate the Indian securities markets, including stock exchanges and other intermediaries, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations concerning minimum disclosure requirements by public companies, investor protection, insider trading, substantial acquisitions of shares and takeovers of companies, buybacks of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign institutional investors, credit rating agencies, investment advisors and other capital market participants have been notified by the relevant regulatory authorities.

Most of the stock exchanges have their own governing board for self regulation. The BSE and the NSE together hold a dominant position among the stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

Listing of Securities

The listing of securities on a recognised Indian stock exchange is regulated by applicable Indian laws including the Companies Act, the SCRA, the SCRR, the SEBI Act and various guidelines and regulations issued by SEBI and the equity listing agreements of the respective stock exchanges. The governing body of each recognised stock exchange is empowered to suspend or withdraw admission to dealings in a listed security for breach of or non compliance with any conditions under such equity listing agreement or for any other reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend such equity listing agreements and the bye-laws of the stock exchanges in India, to overrule a stock exchange's governing body and withdraw recognition of a recognised stock exchange.

SEBI has notified the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (the “**Delisting Regulations**”) in relation to the voluntary and compulsory delisting of equity shares from the stock exchanges. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

Pursuant to an amendment of the SCRR in June 2010, all listed companies (except public sector undertakings) are required to maintain a minimum public shareholding of 25% and have been given a period of three years to comply with such requirement.

Pursuant to a notification dated January 30, 2012 and circulars dated February 1, 2012 and August 29, 2012, SEBI has introduced new mechanisms for listed Indian companies and their controlling shareholders to meet minimum public shareholding requirements, i.e., (i) the institutional placement programme; (ii) an offer for sale (secondary offering) by the promoters and promoter group through the relevant stock exchange; (iii) Rights Issues to public shareholders, with promoters/promoter group shareholders forgoing their rights entitlement; and (iv) Bonus Issues to public shareholders, with promoters/promoter group shareholders forgoing their bonus entitlement.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or the S&P CNX NIFTY of the NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise price bands of 20% movements either up or down. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

BSE

Established in 1875, the BSE is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. It has evolved over the years into its present status as one of the premier stock exchange of India.

As of March 31, 2013, the BSE had 1,385 members, comprising 208 individual members, 1,147 Indian companies and 30 FIIs. Only a member of the BSE has the right to trade in the stocks listed on the BSE. As of March 31, 2013 there were 5,211 listed companies trading on the BSE (excluding permitted companies). The estimated market capitalisation of stocks trading on the BSE was ₹ 65,332.52 billion as on March 31, 2013. In March 2013, the average daily equity turnover on the BSE was ₹ 20.92 billion. As of March 31, 2013, the BSE had 15,716 trader work stations spread over 229 cities.

NSE

The NSE was established by financial institutions and banks to provide nationwide on-line satellite-linked screen-based trading facilities with electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. It has evolved over the years into its present status as one of the premier stock exchange of India. The NSE was recognised as a stock exchange in April 1993 and commenced operations in the wholesale debt market segment in June 1994.

The average daily turnover for March 2013 was ₹ 111.89 billion. The NSE launched the NSE 50 index, now known as S&P CNX NIFTY, on April 1, 1996 and the Nifty Mid-cap 50 Index on January 1, 1996. As of March 31, 2013 the NSE had 1,666 companies listed and market capitalisation of approximately ₹ 62,390.35 billion. The NSE has a wide network in major metropolitan cities and has a screen based trading and a central monitoring system.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated under applicable law. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the “equities” as well as the “derivatives” segments of the NSE.

Trading Hours

Trading on both the BSE and the NSE occurs from Monday through Friday, from 9.15 a.m. to 3.30 p.m. IST (excluding the 15 minutes pre-open session from 9.00 a.m. to 9.15 a.m. for block trades). The BSE and the NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in cash and derivatives segments) subject to the condition that (i) the trading hours are between 9 a.m. and 5 p.m.; and (ii)

the stock exchange has in place risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its ‘open outcry system’ with BSE On-line Trading (BOLT) facility in 1995. This totally automated screen based trading in securities was put into practice nation-wide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work. NSE also provides on-line trading facilities through a fully automated screen based trading system called ‘National Exchange for Automated Trading’ (NEAT).

Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies under Indian law are governed by the specific regulations in relation to substantial acquisition of shares and takeover being the Takeover Regulations. Since the Company is an Indian listed company, the provisions of the Takeover Regulations apply to the Company.

Insider Trading Regulations

The Insider Trading Regulations have been notified by SEBI to prohibit and penalise insider trading in India. An insider is, among other things, prohibited from dealing in the securities of a listed company when in possession of unpublished price sensitive information. The Insider Trading Regulations also provide disclosure obligations for shareholders holding more than a pre-defined percentage, and directors and officers, with respect to their shareholding in the company, and the changes therein. The definition of “insider” includes any person who has received or has had access to unpublished price sensitive information of the company.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfers in book-entry form. Further, SEBI framed the Securities and Exchange Board of India (Depositories and Participant) Regulations, 1996, as amended, which among other things provide regulations in relation to the formation and registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

DESCRIPTION OF THE EQUITY SHARES

The following is a summary of some of the provisions contained in, and is qualified in its entirety by, the Company's Memorandum and Articles of Association, the Companies Act, the SCRA and other related Indian regulations. Prospective investors are urged to read the Company's Memorandum and Articles of Association carefully, and consult with their advisers, as to the Company's Memorandum and Articles of Association and applicable Indian law, and not this summary, govern the rights of the holders of the Equity Shares.

Authorised Capital

The authorised share capital of the Company is ₹ 25 crore divided into 5 crore Equity Shares of ₹ 5 each.

Articles of Association

The Company is governed by its Articles of Association.

Dividends

Under the Companies Act, an Indian company pays dividend upon a recommendation by its board of directors and subject to approval by a majority of the members, who have the right to decrease but not to increase the amount of the dividend recommended by the board of directors. Subject to certain conditions specified under Section 205 of the Companies Act, no dividend can be declared or paid by a company for any financial year except out of the profits of the company for that year, calculated in accordance with the provisions of the Companies Act or out of the profits of the company for any previous financial year(s) arrived at as laid down by the Companies Act and remaining undistributed, or out of both.

However, the board of directors is not obligated to recommend a dividend. The decision of the Board of Directors and shareholders of the Company may depend on a number of factors, including but not limited to, the Company's profits, capital requirements and overall financial condition.

No unpaid or unclaimed dividend shall be forfeited by the board of directors. The Company shall comply with the provisions of Section 205A read with Section 205C of the Companies Act and the Articles of the Company in respect of unpaid or unclaimed dividend. In addition, as permitted by the Articles, the Board may from time to time pay to the members of the Company such interim dividends as appear to them to be justified by the profits of the Company.

Subject to applicable provisions of the FEMA, all dividends and other distributions declared and payable on the Equity Shares may be paid by the Company to the holder thereof in Indian Rupees and may be converted into foreign currency and freely transferred out of India without the necessity of obtaining any governmental or regulatory authorisation or approval in the India or any political subdivision or taxing authority thereof.

The Equity Shares issued pursuant to the Issue shall rank *pari passu* with the existing Equity Shares of the Company in all respects including entitlements to any dividends that may be declared by the Company.

Capitalisation of Profits and Issue of Bonus Shares

The Company may at a general meeting, capitalise any moneys, investments or other assets forming part of the undivided profits of the Company standing to the credit of the reserve fund, or any capital redemption reserve account, or in the hands of the Company and available for dividend (or representing premium received on the issue of shares and standing to the credit of the Share Premium Account) in the manner as set forth in the Articles. The share premium account or the capital redemption reserve fund of the Company can only be applied towards payment for unissued Equity Shares or debentures or debenture-stock to be issued to members of the Company as fully paid bonus shares. Any issue of bonus shares by a listed company will be subject to the applicable SEBI ICDR regulations.

Alteration of Share Capital

The Company's issued share capital may be increased by, *inter alia*, creation of new shares, such that the increase in the aggregate amount shall be divided into shares of such respective amounts as prescribed in its general meetings. The Company may also issue convertible debentures as detailed in the Articles at a discount only by passing a special resolution of the shareholders.

Subject to provisions of the Companies Act, the Company may also from time to time by special resolution reduce its share capital and convert all or any of its fully paid-up Equity Shares into stock and re-convert that stock into fully paid-up Equity Shares and cancel the Equity Shares which have not been or agreed to be taken up by any person.

The Articles further provide that the Company may in a general meeting, from time to time (i) divide, consolidate or sub-divide its share capital and the resolution may determine that as between the holders of the shares resulting from such sub-division, one or more such shares shall have some preference or special advantage as regards dividend capital or otherwise as compared with the others; (ii) cancel shares which at the date of such general meeting have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

Preference Shares

Subject to provisions of Section 80 of the Companies Act, the Company may issue preference shares which are liable to be redeemed. The resolution authorizing such issue is required to prescribe the manner, terms and conditions for such redemption.

General Meetings of Shareholders

The Company must hold its annual general meeting within six months after the expiry of each financial year, provided that not more than 15 months shall elapse between the date of the previous annual general meeting and the next, unless extended by the Registrar of Companies at the request of the company for any special reason for a period not exceeding three months.

Written notices convening a meeting setting out the date, place and agenda of the meeting must be given to members at least 21 days prior to the date of the proposed meeting. A general meeting may be called after giving shorter notice if consent is received from all shareholders entitled to vote at an annual general meeting, or from shareholders holding not less than 95% of the paid-up capital of the company, at any other meeting. Further, the shareholders of a company can participate in the general meeting through video conference facility, in the event such facility is provided by the company.

A listed company intending to pass a resolution relating to matters such as, but not limited to, amendment in the objects clause of the memorandum of association, the issuing of shares with differential voting or dividend rights, a variation of the rights attached to a class of shares or debentures or other securities, buy-back of shares under the Section 77A(1) of the Companies Act, giving loans or extending guarantee or providing security in excess of the limits prescribed under Section 372A(1) of the Companies Act, is required to obtain the resolution passed by means of a postal ballot instead of transacting such business in the company's general meeting. A notice to all the shareholders is required to be sent along with a draft resolution explaining the reasons therefore and requesting them to send their assent or dissent in writing on a postal ballot within a period of 30 days from the date of posting the letter. Such postal ballot includes procedure for voting by electronic mode.

Voting Rights

Every member present in person and entitled to vote shall have one vote on a show of hand unless a poll is demanded in accordance with Section 179 of the Companies Act. In case of joint-holders the vote of the first named of such joint holders who tenders a vote shall be accepted to the exclusion of votes of other joint holders.

A shareholder may exercise his voting rights by proxy to be given in the form required by the Articles. The instrument appointing a proxy is required to be deposited at the registered office of the Company at least 48 hours before the time of the meeting. A vote given in accordance with the terms of an instrument appointing a proxy shall be

valid notwithstanding the prior death or insanity of the principal, or revocation of the instrument, or transfer of the share in respect of which the vote is given, provided no intimation in writing of the death, insanity, revocation or transfer of the share shall have been received by the Company at the office before the vote is given. Further no member shall be entitled to exercise any voting right personally or by proxy at any meeting of the Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid in regard to which the Company has exercised any right of lien.

Register of Members

The Company is required to maintain a register of members wherein the particulars of the members of the Company are entered. For the purpose of determining the shareholders the register may be closed for such period not exceeding 45 days in any one year or 30 days at any one time at such times, as the board of directors may deem expedient.

Annual Report and Financial Results

The annual report must be laid before the annual general meeting of the shareholders of a company. This includes financial information about the company such as the audited financial statements as of the date of closing of the financial year, directors' report, management's discussions and analysis and a corporate governance section, and is sent to the shareholders of the company.

Transfer of shares

Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by SEBI, which provide the regime for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed. Transfers of beneficial ownership of shares held through a depository are exempt from stamp duty. The Company has entered into an agreement for such depository services with NSDL and CDSL.

Under the Equity Listing Agreements, in respect of transfer of Equity Shares, in the event the Company does not effect transfer of Equity Shares within 15 days or where the Company fails to communicate to the transferee any valid objection to the transfer within the stipulated time period of 15 days, it is required to compensate the aggrieved party for the opportunity loss caused during the period of the delay. The Equity Shares of the Company are freely transferable. Further, in terms of the Articles, any person, being a nominee, who becomes entitled to shares by reason of death of a member shall be entitled to the same dividend and other advantages to which he would be entitled if were the registered holder, except that he shall not before being registered as holder of such shares, be entitled in respect of them to exercise any right conferred by membership in relation to the meetings of the Company.

Liquidation Rights

Subject to the provisions of the Companies Act, in the event of a company's winding-up, the holders of such shares are entitled to be repaid the amounts of capital paid-up or credited as paid-up on such shares or, in case of a shortfall, proportionately. All surplus assets after payments due to employees, statutory creditors, secured and unsecured creditors and preference shareholders belong to the holders of the equity shares in proportion to the amount paid-up or credited as paid-up on such shares respectively at the commencement of the winding-up.

Under the Articles of the Company, the liquidator on any winding-up (whether voluntary under supervision or compulsory) may, with the sanction of a special resolution, but subject to the rights attached to any preference share capital, divide among the contributors in specie any part of the assets of the Company and may with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories as the liquidator shall think fit.

TAXATION

I. Statement of possible tax benefits available to the Company and its shareholders under the applicable laws in India

The Board of Directors
Sundaram-Clayton Limited
29 Haddows Road
Chennai – 600 006

Dear Sirs

Re: Note on possible Direct Tax benefits

We hereby enclose a Note (refer annexure) that states the possible general tax benefits available to Sundaram – Clayton Limited (the “Company”) and its shareholders under the current tax laws in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed in the annexure are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We do not express any opinion or provide any assurance whether:

- the Company or its shareholders will continue to obtain these benefits in future; or
- the conditions prescribed for availing the benefits have been or would be met with.

The contents of this annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

Our views expressed herein are based on the facts and assumptions indicated by you .No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to Sundaram-Clayton Limited for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct.

The Direct Tax Code (“DTC”) has been presented in the Parliament for approval and once approved would be enacted as a law. We are unable to express any opinion on the effect of the same on the shareholders as the Code has not yet been approved.

This note has been prepared solely in connection with the Offering of Equity shares by the Company through an Institutional Placement Programme under the Securities & Exchange Board of India under the Securities and Exchange Board of India (“SEBI”) (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the Offering).

If this Note is to be included in any offering document prepared in connection with the Offering and thereby associating our name with this Note (either as Preparer or otherwise), the same shall be subject to our prior written consent.

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

Place : Chennai
Date : 25th May 2013

M Balasubramaniam
Partner
M.No. F7945

Annexure

NOTE ON POSSIBLE TAX BENEFITS AVAILABLE TO SCL AND TO ITS SHAREHOLDERS

UNDER THE INCOME TAX ACT, 1961 (the IT Act)

Sundaram-Clayton Limited (herein referred to as 'SCL') is an Indian Company, subject to tax in India. SCL is taxed on its profits. Profits are computed after allowing all reasonable business expenditure including depreciation.

Considering the activities and the business of SCL, the following benefits may be available to SCL.

I. SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY

There are no special tax benefits available to the Company.

II. SPECIAL TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS

There are no special tax benefits available to the shareholders

III. GENERAL TAX BENEFITS AVAILABLE TO THE COMPANY

- 1 Under section 24(a) of the IT Act, the Company is eligible for deduction of thirty percent of the annual value of the property (i.e. actual rent received or receivable on the property or any part of the property which is let out).
- 2 Under section 24(b) of the IT Act, where the property has been acquired, constructed, repaired, renewed or reconstructed with borrowed capital, the amount of interest payable on such capital shall be allowed as a deduction in computing the income from house property. In respect of property acquired or constructed with borrowed capital, the amount of interest payable for the period prior to the year in which the property has been acquired or constructed shall be allowed as deduction in computing the income from house property in 5 equal installments beginning with the year of acquisition or construction.
- 3 Subject to compliance of certain conditions laid down in Section 32 of the IT Act the Company will be entitled to a deduction for depreciation in respect of tangible assets and intangible assets being in the nature of know-how, patents, copyrights, trademarks, licenses, franchises or any other business or commercial rights of similar nature acquired on or after 1st day of April, 1998 at the rates prescribed under the Income Tax Rules, 1962;

Further, an additional depreciation of 20% can be claimed on new machinery or plant subject to fulfillment of certain conditions.

The unabsorbed depreciation shall be carried forward for set off in subsequent years indefinitely.

- 4 The company will be entitled for exemption under section 10(2A) of the I.T. Act for the share of profits received from the partnership firm in which the company is a partner.

- 5 The company will be entitled to amortize preliminary expenses being the expenditure incurred on public issue of shares, under Section 35D(2)(c)(iv) of the Act, subject to the nature of expenses and the limit specified in Section 35D(3).
- 6 Under section 35DD of the I.T. Act, for any expenditure incurred wholly and exclusively for the purposes of amalgamation or demerger, the Company is eligible for deduction of an amount equal to one-fifth of such expenditure for each of the five successive years beginning with the year in which amalgamation or demerger takes place.
- 7 The Company will be entitled to claim expenditure incurred in respect of voluntary retirement scheme under scheme 35DDA of the I.T. Act in five equal annual installments.
- 8 Under section 71 of the Act, business loss suffered by the company during the year is allowed to be set-off against income from any other head.

Under section 72 of the Act, the shareholder is entitled to carry forward business losses that cannot be set off against permitted sources of income in the relevant assessment year, for a period of 8 consecutive assessment years immediately succeeding the assessment year when the losses were first computed, and set off such losses against income chargeable under the head “Profits and gains from business or profession” in such assessment year. The set off is permissible even if the business in which the loss was sustained is not carried on in the year of set off.

- 9 Under section 79 of the IT Act, the carry forward and set off of business losses of a listed company would not be impacted on a change in shareholding pattern of the company.
- 10 Under Section 115JAA(1A) of the IT Act, where any tax is paid under the MAT provisions for any assessment year² commencing on the 1st day of April 2006, credit in respect of tax so paid shall be allowed to the company in accordance with the provisions of the IT Act. Tax credit eligible to be carried forward will be the difference between the MAT paid and the tax computed as per the normal provisions of the IT Act for that assessment year. Such MAT credit is allowed to be carried forward for set off purposes for up to 10 years succeeding the year in which the MAT credit is allowed.
- 11 Under section 115O of the IT Act, for the purpose of payment of dividend distribution tax (DDT) on the dividends, the dividends so declared, distributed or paid by the domestic company shall be reduced by the dividends received from its subsidiary provided the subsidiary has paid DDT on the same.

For the said purpose, a company shall be a subsidiary of another company, if such other company, holds more than half in nominal value of the equity share capital of the company.

Dividend Income

- 1 As per the provisions of Section 10(34) of the IT Act, any income by way of dividends referred to in Section 115 – O (i.e. dividends declared, distributed or paid on or after 1 April, 2003) received from domestic company is exempt from income-tax.
- 2 As per Section 10(35) of the Act, the following income will be exempt in the hands of the Company:
 - a. Income received in respect of the units of a Mutual Fund specified under clause (23D) of Section 10; or
 - b. Income received in respect of units from the Administrator of the specified undertaking; or
 - c. Income received in respect of units from the specified company

However, this exemption does not apply to any income arising from transfer of such units by the unit holder.

² Assessment year means the period of twelve months commencing on the 1st day of April every year succeeding the financial year.

For this purpose (i) “Administrator” means the Administrator as referred to in Section 2(a) of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 and (ii) “Specified Company” means a Company as referred to in Section 2(h) of the said Act.

Capital Gains

- 1 Under Section 10 (33) of the Income Tax Act, 1961, any income arising from the transfer of a capital asset, being a unit of the Unit Scheme, 1964 referred to in Schedule I to the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 (58 of 2002) and where the transfer of such asset takes place on or after the 1st day of April 2002 is exempt.
- 2 As per Section 10(38) of the Act, Long term capital gains arising to the company on transfer of long term capital asset being an equity share in a company or a unit of an equity oriented fund will be exempt in the hands of the Company, provided such transaction is chargeable to securities transaction tax.

For this purpose, “Equity Oriented Fund” means a fund –

- a. where the investible funds are invested by way of equity shares in domestic companies to the extent of more than sixty five percent of the total proceeds of such funds; and
- b. which has been set up under a scheme of a Mutual Fund specified under Section 10(23D) of the Act.

The Long Term Capital gains exempt under Section 10(38) would be liable to book profit tax under Section 115JB of the Act.

- 3 Under Second Proviso to Section 48 of the IT Act, long term capital gains of the Company arising on the transfer of capital assets other than bonds and debentures (not being capital indexed bonds) will be computed after applying the relevant indexation on the cost of acquisition and cost of improvement. The resulting long term capital gains would be charged @ 20% (plus applicable surcharge and education cess) as per Section 112 of the IT Act. Alternatively, at the option of the company, in respect of long term capital gains from the sale of listed securities or units or zero coupon bonds where the tax payable in respect of any such long term capital gains exceeds 10% of the amount of capital gains arrived at without indexing the cost, the capital gains is charged at a concessional rate of 10% (plus applicable surcharge and education cess).
- 4 Under Section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under Section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a “long term specified asset” within a period of 6 months after the date of such transfer. If only part of the capital gain is so reinvested, exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

“Long term specified asset” for the purpose of making investment under Section 54EC of the Act, means any bond, redeemable after three years and issued on or after the 1st day of April 2007:

- a. by the National Highways Authority of India constituted under Section 3 of the National Highways Authority of India Act, 1988 or;
- b. by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

If only part of the capital gain is so reinvested, exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion into money takes place. The

investment in the Long Term Specified Asset made by the Shareholder on or after April 1, 2007 during the financial year should not exceed 50 lakhs rupees.

The cost of the long term specified assets, which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the Income Tax under Section 80C for any assessment year beginning on or after 1 April, 2006.

- 5 Under Section 111A of the Act, short term capital gains arising to the Company from the sale of a short term capital asset being an equity share or a unit of an equity oriented fund will be taxable at the rate of 15% (plus applicable surcharge and education cess) where such transaction is chargeable to securities transaction tax. Short Term Capital Gains arising from transfer of shares in a Company, other than those covered by Section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.

For this purpose, 'equity oriented fund' would have the same meaning as specified in section 10(38) above.

- 6 Short-term capital loss suffered by the Company during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long-term/short term capital gains.

Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long-term capital gains.

IV. GENERAL TAX BENEFITS AVAILABLE TO RESIDENT SHAREHOLDERS

1. As per the provisions of Section 10(34) of the IT Act, any income by way of dividends referred to in Section 115 – O (i.e. dividends declared, distributed or paid on or after 1 April, 2003) received from domestic company is exempt from income tax in the hands of shareholder.
2. As per the provisions of Section 10(38) of the IT Act, long term capital gains arising on sale of equity shares in the Company would be exempt from tax where the sale transaction has been subjected to securities transaction tax.
3. Under Second Proviso to Section 48 of the IT Act, long term capital gains of the shareholder arising on the transfer of capital assets other than bonds and debentures (not being capital indexed bonds) will be computed after applying the relevant indexation on the cost of acquisition and cost of improvement. The resulting long term capital gains would be charged @ 20% (plus applicable surcharge and education cess) as per Section 112 of the IT Act. Alternatively, at the option of the shareholder, in respect of long term capital gains from the sale of listed securities or units or zero coupon bonds where the tax payable in respect of any such long term capital gains exceeds 10% of the amount of capital gains arrived at without indexing the cost, the capital gains is charged at a concessional rate of 10% (plus applicable surcharge and education cess).
4. As per the provisions of Section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (which are not exempt under Section 10(38) of the IT Act) would be exempt from tax to the extent such capital gains are invested in long term specified assets within 6 months from the date of such transfer in the bonds issued by:
 - a. National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988;
 - b. Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956;

If only part of the capital gain is so reinvested, exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion into money takes place. The

investment in the Long Term Specified Asset made by the Shareholder on or after April 1, 2007 during the financial year should not exceed 50 lakhs rupees.

The cost of the long term specified assets, which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the Income Tax under Section 80C for any assessment year beginning on or after 1 April, 2006.

5. As per the provisions of Section 54F of the IT Act and subject to the conditions specified therein, long-term capital gains(which are not exempt under Section 10(38) of the IT Act) arising to an individual or a Hindu Undivided Family (“HUF”) on transfer of shares of the Company will be exempt from capital gains tax if the sale proceeds from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.
6. As per section 70, short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance short term loss, if any, could be carried forward under section 74 for eight years for claiming set-off against subsequent years’ long-term/short term capital gains.

Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years’ long-term capital gains.

7. Where the resident shareholder is a corporate assessee, then, to the extent its business consists of purchase and sale of shares of other companies, the provisions of Explanation to Section 73 may be attracted. In other words, the losses arising on the purchase and sale of such shares shall be allowed to be set off only against the profits arising on the sale of such shares. The unabsorbed losses, if any, shall be allowed to be carried forward for a period not exceeding four assessment years immediately succeeding the assessment year in which the loss is first computed and set off against the profits arising from the sale of such shares.
8. As per the provisions of Section 111A of the IT Act, short-term capital gains from the sale of an equity share of the Company would be taxable at a rate of 15 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax. Short Term Capital Gains arising from transfer of Shares in a Company, other than those covered by Section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.

V. GENERAL TAX BENEFITS AVAILABLE TO NON-RESIDENTS/ NON-RESIDENT INDIAN SHAREHOLDERS (OTHER THAN MUTUAL FUNDS, FIIs AND FOREIGN VENTURE CAPITAL INVESTORS)

1. As per the provisions of Section 10(34) of the IT Act, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1 April, 2003) received on the shares of any company is exempted from the tax and are not subjected to any deduction of tax at source.
2. As per the provisions of Section 10(38) of the IT Act, long-term capital gains arising on transfer of equity shares in the Company would be exempt from tax provided the transaction is chargeable to securities transaction tax.
3. Under Section 111A of the IT Act, short-term capital gains arising from the sale of an equity share, being a short term capital asset in the company, would be taxable at a concessional rate of 15 percent (plus applicable surcharge and education cess) where such transaction of is liable to securities transaction tax. Short Term Capital Gains arising from transfer of shares in the company, other than those covered by Section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.
4. In terms of the first proviso to Section 48 of the IT Act, in case of a non-resident, while computing the capital gains arising from transfer of shares in or debentures of the company acquired in convertible foreign exchange (as per exchange control regulations), protection is provided from fluctuations in the value of rupee in terms of

foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case. The Capital gains/loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer into same foreign currency which was utilized in the purchase of shares.

5. As per the provisions of Section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (which are not exempt under Section 10(38) of the IT Act) would not be chargeable to tax to the extent such capital gains are invested in long term specified assets within 6 months from the date of transfer and held for a period of 3 years, from the date of acquisition, in bonds issued by:
 - a. National Highway Authority of India constituted under Section 3 of the National Highway Authority of India Act, 1988;
 - b. Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956;

If only part of the capital gain is so reinvested, exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion into money takes place. The investment in the Long Term Specified Asset made by the Shareholder on or after April 1, 2007 during the financial year should not exceed 50 lakhs rupees.

The cost of long term specified assets, which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the Income Tax under Section 80C for any assessment year beginning on or after 1 April, 2006.

6. As per the provisions of Section 54F of the IT Act and subject to the conditions specified therein, long-term capital gains (which are not exempt under Section 10(38) of the IT Act) arising to an individual on transfer of shares of the Company will be exempt from capital gains tax if the sale proceeds from such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.
7. Taxation of Income from investment and long term capital gains (other than those exempt under section 10(38) of the Act):
 - a) A non-resident Indian, i.e. an individual being a citizen of India or person of Indian origin has an option to be governed by the special provisions contained in Chapter XIIA of the Act, i.e. "Special provisions relating to certain incomes of non-residents".
 - b) Under section 115E of the Act, where shares in a company are subscribed for in convertible Foreign Exchange by a non-resident Indian, capital gains arising to such non-resident Indian on transfer of shares held for a period exceeding 12 months shall (in case not covered under Section 10(38) of the Act) be concessional taxed at a flat rate of 10% (plus applicable educational cess) without indexation benefit, but with protection against foreign exchange fluctuation under the first proviso to Section 48 of the Act.
 - c) Under section 115F of the Act, long term capital gain (not covered under section 10(38) of the Act) arising to a non-resident Indian from the transfer of shares of the company subscribed to in convertible foreign exchange shall be exempt from income tax if the entire net consideration is reinvested in specified new assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the new assets are transferred or converted into money within three years from the date of their acquisition.

- d) Under section 115-G of the Act, non-resident Indians are not obliged to furnish a return of income if their only source of income is income from specified investments or long term capital gains or both arising out of specified investments acquired, purchased or subscribed in convertible foreign exchange, provided tax deductible at source has been deducted there from as per the provisions of Chapter XVII-B of the Act.
 - e) Under section 115-H of the Act, where a non-resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under section 139 of the Act to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to such investment income derived from specified investments for that year and subsequent assessment years until such investments are transferred or converted into money.
 - f) Under section 115-I of the Act, a non-resident Indian may elect not to be governed by the provisions of Chapter XII-A of the Act for any assessment year by furnishing his return of income under section 139 of the Act declaring therein that the provisions of the Chapter shall not apply to him for that assessment year. In such a case the tax on investment income and long term capital gains would be computed as per normal provisions of the Act.
8. As per Section 90(2) of the IT Act, provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the Non-Resident/ Non-Resident Indian would prevail over the provisions of the IT Act to the extent they are more beneficial to the Non-Resident/ Non-Resident Indian subject to Tax Residency Certificate being furnished as per prescribed format.

VI. GENERAL TAX BENEFITS AVAILABLE TO MUTUAL FUNDS

As per Section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorized by the Reserve Bank of India will be exempt from income tax, subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in this behalf.

VII. GENERAL TAX BENEFITS AVAILABLE TO FOREIGN INSTITUTIONAL INVESTORS (' F IIs')

- 1. As per the provisions of Section 10(34) of the IT Act, dividend income (referred to in Section 115-O of the IT Act) would be exempt from tax in the hands of the shareholders of the Company and are not subjected to deduction of tax at source.
- 2. As per the provisions of Section 10(38) of the IT Act, long term capital gains arising on transfer of equity shares of the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transaction tax.
- 3. As per the provisions of Section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (which are not exempt under Section 10(38) of the IT Act) would not be chargeable to tax to the extent such capital gains are invested in long term specified assets within 6 months from the date of transfer and held for a period of 3 years, from the date of acquisition, in bonds issued by:
 - a. National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988;
 - b. Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956;

If only part of the capital gain is so reinvested, exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion into money takes place. The

investment in the Long Term Specified Asset made by the Shareholder on or after April 1, 2007 during the financial year should not exceed 50 lakhs rupees

4. Where the Foreign Institutional Investor is a corporate assessee, to the extent its business consists of purchase and sale of shares of other companies, provisions of Explanation to Section 73 may be attracted. In other words, the losses arising on the purchase and sale of such shares shall be allowed to be set off only against the profits arising on the sale of such shares. The unabsorbed losses, if any, shall be allowed to be carried forward for a period not exceeding four assessment years immediately succeeding the assessment year in which the loss is first computed and set off against the profits arising from the sale of such shares.
5. Where the Foreign Institutional investor is a corporate assessee, then, to the extent its business consists of purchase and sale of shares of other companies, then provisions of Explanation to Section 73 may be attracted.
6. As per Section 90(2) of the IT Act, provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the FII would prevail over the provisions of the IT Act to the extent they are more beneficial to the FII subject to Tax Residency Certificate.
7. Under the provisions of Section 111A of the IT Act, short-term capital gains arising from transfer of equity share in the Company would be taxable at a concessional rate of 15 percent (plus applicable surcharge and education cess) where such transaction which has been subjected to securities transaction tax.
8. As per the provisions of Section 115AD of the IT Act, income (other than income by way of dividends referred to in Section 115-O of the IT Act) of FIIs arising from securities (other than the units purchased in foreign currency referred to Section 115AB of the IT Act) would be taxed at concessional rates, as follows:

<u>Nature of income</u>	<u>Rate of tax (%)</u>
Income in respect of securities	20
Long term capital gains (other than long term capital gain referred to in section 10(38)]	10
Short term capital gains (Other than short term capital gain referred to in Section 111A)	30

The above tax rates would be increased by the applicable surcharge and education cess. The benefits of indexation and foreign currency fluctuation protection as provided under Section 48 of the IT Act are not available.

GENERAL TAX BENEFITS AVAILABLE TO VENTURE CAPITAL COMPANIES / FUNDS

1. As per Section 10(23FB) of the IT Act, any income of a Venture Capital Company or Venture Capital Fund, registered with the Securities and Exchange Board of India, from investment in a Venture capital Undertaking, would be exempted from income tax subject to the fulfillment of conditions specified.
2. Under Section 90(2) of the IT Act, provisions of the Double Taxation Avoidance Agreement (DTAA) between India and the country of residence of the Fund/company (if non- resident) would prevail over the provisions of the IT Act to the extent the DTAA is more beneficial to the non-resident.

NEW AMENDMENTS UNDER THE IT ACT

The Government of India has recently made amendments in the existing income tax laws to incorporate provisions relating to General Anti-Avoidance Rules (GAAR). GAAR would be effective from 1st April 2013.

UNDER THE WEALTH TAX ACT, 1957

Assets as defined under Section 2(ea) of the Wealth tax Act, 1957 does not include shares in companies and hence, shares of the Company held by the shareholders would not be liable to wealth tax.

UNDER THE GIFT- TAX ACT

Gift tax is not leviable in respect of gifts made on or after 1st October, 1998.

Notes:

- a. *The above statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares.*
- b. *The above statement of Possible Direct Tax Benefits sets out the possible tax benefits available to the Company and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws.*
- c. *Legislation, its judicial interpretations and the policies of the regulatory authorities are subject to change from time to time, and these may have a bearing on the above. Accordingly, any change or amendment in the law or relevant regulations would necessitate a review of the above. Unless specifically requested, we have no responsibility to carry out any review of our comments for changes in laws or regulations occurring after the date of issue of this note.*
- d. *This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.*
- e. *In respect on non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.*
- f. *The statement of possible tax benefits enumerated above is as per the Income Tax Act, 1961 as amended by the Finance Act 2012.*

This note has been prepared solely in connection with the Offering of Equity shares by the Company through a Institutional Placement Programme under the Securities & Exchange Board of India under the Securities and Exchange Board of India (“SEBI”) (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the Offering).

LEGAL PROCEEDINGS

We are involved in various legal proceedings including, among others, title and land disputes, consumer disputes and direct and indirect taxation proceedings. Except as described below, as of May 10, 2013, we believe that we are not involved in any material legal proceedings, and in our opinion, no proceedings are threatened, which may have, or have had during the 12 months preceding the date of this Red Herring Prospectus, a material adverse effect on our business, financial position, profitability or results of operations.

I. Cases involving the Company:

A summary of litigation and disputes which we consider material are as follows:

A. Civil litigation

1. Income Tax matters:

There are presently 17 (seventeen) proceedings in relation to income tax issues pending against the Company. The total liability in relation to such proceedings is ₹ 19.46 crore.

2. Central Excise matters:

There are presently 3 (three) matters pending in relation to central excise claims against the Company. The total liability in relation to such proceedings is ₹ 9.82 crore.

3. Service Tax matters:

There are presently 12 (twelve) matters pending in relation to central excise claims against the Company. The total liability in relation to such proceedings is ₹ 4.32 crore.

4. Property Tax/Urban Land Tax:

There are presently 3 (three) matters pending in relation to property tax/urban land tax against the Company. The total liability in relation to such proceedings is ₹ 1.08 crore.

B. Criminal Litigation

NIL

II. Cases involving the Directors:

NIL

III. Cases involving our Subsidiaries and Associate Companies:

A. Cases involving TVS Motor Company Limited ("TVS Motor")

1. Income Tax matters:

There are presently 13 (thirteen) proceedings in relation to direct tax issues pending against TVS Motor. The total liability in relation to such proceedings is ₹ 202.03 crore.

2. Central Excise matters:

There are presently 10 (ten) proceedings in relation to central excise issues pending against TVS Motor. The total liability in relation to such proceedings is ₹ 68.47 crore.

3. **Customs Duty matters:**

There are presently 2 (two) proceedings in relation to customs issues pending against TVS Motor. The total liability in relation to such proceedings is ₹ 1.93 crore.

4. **Service Tax matters:**

There are presently 9 (nine) proceedings in relation to service tax issues pending against TVS Motor. The total liability in relation to such proceedings is ₹ 5.46 crore.

5. **Cenvat Credit:**

In relation to Cenvat Credit issues, there are 10 (ten) proceedings with total liability of ₹ 9.14 crore.

6. **Other indirect tax matters:**

There are presently 2 (two) proceedings in relation to Orissa Entry tax issues pending against TVS Motor. The total liability in relation to such proceedings is ₹ 7.15 crore. In relation to the Bihar State Motor Vehicle Tax, one proceeding against TVS Motor is pending that entails liability of ₹ 1.10 crore. There is one proceeding against TVS Motor in relation to the Tamil Nadu Electricity law for an amount of ₹ 4.35 crore.

7. **Consumer cases:**

There are 122 complaints filed against our Company by various parties under the Consumer Protection Act, 1986. These complaints have been filed before various Disputes Redressal Forums alleging deficiency of service. The parties have filed the consumer complaints alleging deficiency of service in context of various alleged problems arising out of the functioning of the Company's products. The total monetary claims in relation to all such matters is approximately ₹ 1.20 crore in aggregate. All the matters are pending.

B. Cases involving Sundaram Auto Components Limited ("Sundaram Auto")

1. **Indirect tax matters:**

There are 7 (seven) proceedings against Sundaram Auto in relation to central excise, service tax and VAT liabilities for a total amount of ₹ 0.30 crore.

2. **Direct tax matters:**

There are 5 (five) proceedings against Sundaram Auto in relation to central excise, service tax and VAT liabilities for a total amount of ₹ 0.19 crore.

C. Cases involving TVS Energy Limited ("TVS Energy")

1. TVS Energy has received five notices ("**Notices**") from village panchayats demanding application for approval of building plan permission and payment of property tax for wind mills. TVS Energy has responded to the Notices contending *inter alia* that wind mills cannot be categorized as buildings.
2. TVS Energy has filed a writ petition (No.9317 of 2012) before the Hon'ble Madras High Court challenging a notice issued by the Srirangapuram Panchayat President demanding application for approval of building plan permission and payment of property tax for wind mills (the "**Notice**"). The Hon'ble High Court has stayed the operation of the Notice by its order dated June 26, 2012.
3. TVS Energy has filed a writ petition (No.32431 of 2012) before the Hon'ble Madras High seeking quashing of proceedings before the Chief Electrical Inspector with respect to Electricity tax towards consumption of electricity of TVS Energy's captive power plant ("**Proceedings**"). The Hon'ble High Court has, by its order dated November 1, 2012, stayed the operation of the Proceedings.

4. TVS Energy has filed nine writ petitions in 2013 before the Hon'ble Madras High Court challenging a notices issued by the Srengapuram Panchayat, Ambasamudram Panchayat, Nagalapuram Panchayat, Kandamanur Panchayat, Kunnur Panchayat demanding application for approval of building plan permission and payment of property tax for wind mills (the "Notice"). The Hon'ble High Court has posted these writ petitions along with the batch matters.

D. Cases involving TVS Wind Energy Limited ("TVS Wind Energy")

1. TVS Wind Energy has received five notices ("Notices") from village panchayats demanding application for approval of building plan permission and payment of property tax for wind mills. TVS Wind Energy has responded to the Notices contending *inter alia* that wind mills cannot be categorized as buildings.
2. TVS Wind Energy has filed two writ petitions (Nos. 4308 and 4309 of 2013) before the Hon'ble Madras High Court challenging notices issued by the Kamatchipuram and Veppampatti Panchayats President demanding application for approval of building plan permission and payment of property tax for wind mills (the "Notice"). The Hon'ble High Court has stayed the operation of the Notice. Also, posted these writ along with the Writ Petition bearing No. W. P. No. 9317 of 2012 filed before the Madurai Bench batch matters.
3. TVS Wind Energy has filed three writ petitions in the year 2013 before the Hon'ble Madras High Court challenging a notices issued by the Poonmalaikundu Panchayat, Dharmapuri Panchayat and Kattunayakanpatti Panchayat demanding application for approval of building plan permission and payment of property tax for wind mills (the "Notice"). The Hon'ble High Court has posted these writ petitions along with the batch matters.

E. Cases involving TVS Wind Power Limited ("TVS Wind Power")

1. TVS Wind Power has received five notices ("Notices") from village panchayats demanding application for approval of building plan permission and payment of property tax for wind mills. TVS Wind Power has responded to the Notices contending *inter alia* that wind mills cannot be categorized as buildings.
2. TVS Wind Power has filed two writ petitions in the year 2013 before the Hon'ble Madras High Court challenging a notices issued by the Seelayampatti Village demanding application for approval of building plan permission and payment of property tax for wind mills (the "Notice"). The Hon'ble High Court has posted these writ petitions along with the batch matters.

F. Cases involving PT TVS Motor Company Indonesia ("PT.TVS Indonesia"):

1. There are 3 (three) outstanding cases pertaining to value added tax (VAT) against PT.TVS Indonesia with the aggregate liability of ₹ 10.92 crore.
2. There are two cases outstanding in relation to corporate income tax for an aggregate liability of ₹ 14.73 crore against PT.TVS Indonesia.

INDEPENDENT ACCOUNTANTS

M/s Sundaram & Srinivasan, Chartered Accountants, Auditor of the Company have audited the consolidated financial statements of the Company as of and for the years ended March 31, 2013 and 2012

In accordance with the guidelines issued by the ICAI Auditors holds a valid peer review certificate (issued by the ICAI) as of the date hereof.

GENERAL INFORMATION

1. The registered office of the Company is situated at Jayalakshmi Estates, No. 29 (Old 8), Haddows Road, Chennai – 600 006, Tamil Nadu, India.
2. The Issue is being made to QIBs in reliance upon Chapter VIII-A of the SEBI ICDR Regulations and the SEBI Letter.
3. The Issue has been authorised and approved by the Board of Directors through resolution dated February 8, 2013, by the Company's shareholders through a special resolution dated March 20, 2013 and by the Institutional Placement Programme Committee through a resolution dated May 31, 2013.
4. The Company has received in-principle approvals under Clause 24(a) of the Equity Listing Agreement to list the Equity Shares being offered in the Issue on the BSE and the NSE on May 27, 2013 and on the MSE on May 28, 2013.
5. The Company has obtained and will obtain necessary consents, approvals and authorisations required in connection with the Issue. The Company has received approval of the SEBI in relation to minimum number of Allottees in the Issue in terms of the SEBI Letter. See "Issue Procedure –SEBI Letter".
6. Except as disclosed in this Red Herring Prospectus, there has been no material change in the Company's financial condition since March 31, 2013, the date of its latest audited financial statements, prepared in accordance with Indian GAAP, included herein.
7. Except as disclosed in this Red Herring Prospectus, there are no legal or arbitration proceedings against or affecting the Company or its assets or revenues, nor is the Company aware of any pending or threatened legal or arbitration proceedings, which are, or might be, material in the context of the Issue.
8. The Company's Auditor, M/s Sundaram & Srinivasan, Chartered Accountants have audited the consolidated financial statements of the Company as of and for the years ended March 31, 2013 and 2012. The Auditor of the Company indicated in Section "Independent Accountants" have consented to include in the Red Herring Prospectus, their audit reports in relation to the financial statements referred above.
9. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. The Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

10. **Consents**

Consents in writing of: (a) the Directors and the legal advisors; and (b) the BRLMs, the Public Issue Account Bank and the Registrar to the Issue to act in their respective capacities, have been obtained and filed along with a copy of the Red Herring Prospectus with the RoC and such consents will not be withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the RoC.

M/s Sundaram & Srinivasan, Chartered Accountants, the Company's Auditor, have given their written consent to the inclusion of their note dated May 25, 2013 relating to the possible direct tax benefits accruing to the Company and its shareholders in the form and context in which it appears in this Red Herring Prospectus.

M/s Sundaram & Srinivasan, Chartered Accountants, have given their written consent to the inclusion of their audit report dated May 8, 2013 in the form and context in which it appears in this Red Herring Prospectus.

11. **Experts**

The Auditor of the Company, Sundaram & Srinivasan, Chartered Accountants, have furnished a note dated May 25, 2013 relating to the possible direct tax benefits accruing to the Company and its shareholders in the form and context in which it appears in this Red Herring Prospectus. M/s Sundaram & Srinivasan, Chartered Accountants have been named as an expert pursuant to Section 58 of the Companies Act.

Except for the note on possible direct tax benefits dated May 25, 2013 provided by M/s Sundaram & Srinivasan,

Chartered Accountants, the Company has not obtained any expert opinion.

12. Company Secretary and Compliance Officer

The Company Secretary and Compliance Officer of the Company is Mr. R Raja Prakash. His contact details are as follows:

Jayalakshmi Estates,
No. 29 (Old 8),
Haddows Road,
Chennai – 600 006,
Tamil Nadu, India
Tel: +91 44 2827 2233
Fax: +91 44 2825 7121
Email: r.rajaparakash@scl.co.in

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre or post-Issue related problems related to Allotment, credit of Allotted Equity Shares in the respective beneficiary account or unblocking of funds in the ASBA Accounts.

13. Price Information of Past Issues handled by BRLMs

Axis Capital Limited

1. Price information of past issues handled by Axis Capital Limited

Sr. No.	Issue name	Issue size (₹ in Million)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	Closing price on listing date (in ₹)	% Change in price on listing date (closing) vs. issue price	Benchmark index on listing date (closing)	Closing price as on 10 th calendar day from listing day (in ₹)	Benchmark index as on 10 th calendar day from listing day (closing)	Closing price as on 20 th calendar day from listing day (in ₹)	Benchmark index as on 20 th calendar day from listing day (closing)	Closing price as on 30 th calendar day from listing day (in ₹)	Benchmark index as on 30 th calendar day from listing day (closing)
1.	Bharti Infratel Limited ¹	41,727.6	220.00	28-Dec-12	200.00	191.65	-12.89%	5908.35	207.4	5988.4	204.65	6039.2	208.8	6055.75
2.	Tara Jewels Limited	2,200.0	230.00	6-Dec-12	242.00	229.9	-0.04%	5930.90	230.25	5857.9	223.75	5905.6	234.15	5988.4
3.	MT Educare Limited	990.0	80.00	12-Apr-12	86.05	90.35	12.94%	5276.85	107.9	5200.6	107.1	5239.15	91.35	4907.8
4.	NBCC Limited ²	1,249.7	106.00	12-Apr-12	101.00	96.95	-8.54%	5276.85	96.35	5200.6	94.75	5239.15	85.5	4907.8
5.	TD Power Systems Limited	2,270.0	256.00	8-Sep-11	260.00	275.25	7.52%	5153.25	287.30	5031.95	260.75	4945.90	256.05	4979.60
6.	Future Ventures India Limited	7,500.0	10.00	10-May-11	9.00	8.20	-18.00%	5541.25	8.30	5486.35	8.10	5473.10	9.30	5521.05

Source: www.nseindia.com

¹ Price for retail individual bidders was ` 210.00 per equity share and for anchor investors was ` 230.00

² Price for retail individual bidders and eligible employees was ` 100.70 per equity share.

Notes:

- The S&P CNX NIFTY is considered as the Benchmark Index.
- Price on NSE is considered for all of the above calculations.
- In case 10th/20th/30th day is not a trading day, closing price on NSE of the next trading day has been considered.

2. Summary statement of price information of past issues handled by Axis Capital Limited

Financial year	Total no. of IPOs	Total funds raised (₹ in Million)	Nos. of IPOs trading at discount on listing date			Nos. of IPOs trading at premium on listing date			Nos. of IPOs trading at discount as on 30th calendar day from listing day			Nos. of IPOs trading at premium as on 30th calendar day from listing day		
			Over 50%	Between 25%-50%	Less than	Over 50%	Between 25%-50%	Less than	Over 50%	Between 25%-50%	Less than	Over 50%	Between 25%-50%	Less than

Financial year	Total no. of IPOs	Total funds raised (₹ in Million)	Nos. of IPOs trading at discount on listing date			Nos. of IPOs trading at premium on listing date			Nos. of IPOs trading at discount as on 30th calendar day from listing day			Nos. of IPOs trading at premium as on 30th calendar day from listing day		
					25%			25%			25%			25%
2013-2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2012-2013	4	46,167.3	0	0	3	0	0	1	0	0	2	0	0	2
2011-2012	2	9,770.0	0	0	1	0	0	1	0	0	1	0	0	1

Note: In the event that any day falls on a holiday, the price/ index of the next trading day has been considered.

The information for each of the financial years is based on issues listed during such financial year.

SBICAP

(a) Price information of past issues handled by SBICAP

Sr. No.	Issue Name	Issue size (₹ Cr.)	Issue price (₹)	Listing date	Opening price on listing date	Closing price on listing date	% Change in Price on listing date (Closing) vs. Issue Price	Benchmark index on listing date (Closing)	Closing price as on 10th calendar day from listing day	Benchmark index as on 10th calendar day from listing day (Closing)	Closing price as on 20th calendar day from listing day	Benchmark index as on 20th calendar day from listing day (Closing)	Closing price as on 30th calendar day from listing day	Benchmark index as on 30th calendar day from listing day (Closing)
1.	Credit Analysis and Research Limited	539.98	750.00	26-Dec-12	949.00	923.95	23.19%	19,417.46	934.45	19,784.08	924.15	19,906.41	916.60	19,923.78
2.	PC Jeweller Limited	601.31	135.00 ⁽¹⁾	27-Dec-12	135.50	149.00	10.37%	19,323.80	181.90	19,691.42	169.00	19,986.82	157.80	20,103.53
3.	Repco Home Finance Limited	270.232	172.00 ⁽²⁾	01-Apr-13	159.95	161.8	-5.93%	5,704.40	171.65	5,558.70	168.75	5,834.40	170.90	5,930.20

Source: Designated stock exchange for the respective issues has been considered for the purpose of calculating of the above price information.

Note: The 10th, 20th and 30th calendar day computation includes the listing day. If either of the 10th, 20th or 30th calendar days is a trading holiday, the next trading day is considered for the computation.

We have considered the designated stock exchange for the pricing calculation.

- Issue price for employees and retail individual bidders was ₹ 130.00
- Issue price for employees was ₹ 156.00

(b) Summary statement of price information of past issues handled by SBICAP

Fiscal Year	Total No. of IPOs	Total Funds Raised (₹ Cr.)	No. of IPOs trading at discount on listing date			No. of IPOs trading at premium on listing date			No. of IPOs trading at discount as on 30th calendar day from listing day			No. of IPOs trading at premium as on 30th calendar day from listing day		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2011-12	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0
2012-13	2	1,141.28	0	0	0	0	0	2	0	0	0	0	0	2
2013-14	1	270.23	0	0	1	0	0	0	0	0	1	0	0	0

Note: The 30th calendar day computation includes the listing day. If the 30th calendar day is a trading holiday, the next trading day is considered for the computation.

14. Track record of past issues handled by BRLMs

In terms of the circular dated January 10, 2012 issued by SEBI, the track record for issues handled by Axis Capital and SBICAP in the past three years have been made available on the respective website of Axis Capital at www.enam.com or www.axiscapital.co.in and SBICAP at <http://www.sbicaps.com/Main/TrackRecordEquity.aspx>.

Independent Auditors' report on consolidated accounts of Sundaram-Clayton Limited, Chennai for the year ended 31st March 2013

To the Board of Directors of
Sundaram-Clayton Limited,
'Jayalakshmi Estates'
No. 29, Haddows Road,
Chennai – 600006.

We have audited the accompanying consolidated financial statements of Sundaram-Clayton Limited, Chennai – 600006 ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at 31st March 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

We did not audit the financial statements of subsidiaries viz. (1) TVS Motor Company (Europe) B.V., Amsterdam (2) TVS Motor (Singapore) Pte. Limited, Singapore (3) PT. TVS Motor Company Indonesia, Jakarta (4) Sundaram Business Development Consulting (Shanghai) Company Limited, Shanghai (5) TVS Energy Limited, Chennai (6) TVS Wind Energy Limited, Chennai (7) TVS Housing Limited, Chennai, (8) Sundaram-Clayton (USA) Limited, USA and associate companies viz. (1) TVS Wind Power Limited, Chennai (2) Emerald Haven Reality Limited, Chennai and (3) TVS Training & Services Limited, Chennai.

The financial statements and other information of the subsidiaries and associate have been audited by other auditors whose reports have been furnished to us and our opinion, in so far it relates to the amounts included in respect of these subsidiaries and associate is based solely on the report of the other auditors.

We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at 31st March 2013;
- (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

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

M. BALASUBRAMANIAM
Partner
Membership no.: F7945

Place: Chennai

Date: 8th May 2013

SUNDARAM-CLAYTON LIMITED
Consolidated Balance Sheet as at 31st March 2013

(Rupees in Crores)

Sl.No	Particulars	Note Number	As at 31-03-2013	As at 31-03-2012
	1	2	3	4
I.	EQUITY AND LIABILITIES			
1	Shareholders' funds			
(a)	Share capital	I	9.48	9.48
(b)	Reserves and surplus	II	884.68	689.04
2	Share application money pending allotment		-	-
3	Minority Interest		327.55	329.28
4	Non-current liabilities			
(a)	Long-term borrowings	III	975.58	983.62
(b)	Deferred tax liabilities (Net)	IV	98.36	75.19
(c)	Other Long term liabilities	V	24.83	-
(d)	Long-term provisions	VI	74.36	79.41
5	Current liabilities			
(a)	Short-term borrowings	VII	329.45	474.52
(b)	Trade payables		961.75	872.79
(c)	Other current liabilities	VIII	541.61	642.98
(d)	Short-term provisions	IX	55.63	55.57
	Total		4,283.28	4,211.88
II.	ASSETS			
	Non-current assets			
1	(a) Fixed assets			
(i)	Tangible assets	X	1,971.52	1,762.03
(ii)	Intangible assets	X	5.17	6.74
(iii)	Capital work-in-progress	X	48.42	270.39
(b)	Goodwill on consolidation		3.28	2.92
(c)	Non-current investments	XI	409.87	351.24
(d)	Long-term loans and advances	XII	65.29	50.47
(e)	Other non-current assets	XIII	5.71	0.22

SUNDARAM-CLAYTON LIMITED
Consolidated Balance Sheet as at 31st March 2013 (Continued)

Sl.No	Particulars	Note Number	As at 31-03-2013	As at 31-03-2012
	1	2	3	4
2	Current assets			
	(a) Current investments	XIV	-	6.43
	(b) Inventories	XV	848.04	872.87
	(c) Trade receivables	XVI	450.71	390.60
	(d) Cash and cash equivalents	XVII	81.80	143.74
	(e) Short-term loans and advances	XVIII	253.21	248.06
	(f) Other current assets	XIX	140.26	106.17
	Total		4,283.28	4,211.88

SUNDARAM-CLAYTON LIMITED

Consolidated statement of profit and loss for the year ended 31st March 2013

(Rupees in Crores)

Sl.No	Particulars	Note Number	Year ended 31-03-2013	Year ended 31-03-2012
	1	2	3	4
I	Revenue from operations	XX	8,225.79	8,297.16
II	Other income	XXI	27.41	21.05
III	Total Revenue (I + II)		8,253.20	8,318.21
IV	Expenses:			
	Cost of materials consumed	XXII	5,351.37	4,931.39
	Purchases of Stock-in-Trade	XXII	242.78	902.80
	Changes in inventories of finished goods, work-in-process and Stock-in-Trade	XXII	1.13	(33.48)
	Employee benefits expense	XXIII	605.58	558.90
	Finance costs	XXIV	147.72	130.11
	Depreciation and amortization expense		225.90	206.26
	Other expenses	XXV	1,503.03	1,377.73
	Total expenses		8,077.51	8,073.71
V	Profit before exceptional and extraordinary items and tax (III-IV)		175.69	244.50
VI	Exceptional items - Profit on sale of long term investments		-	25.34
	Profit on sale of land		92.78	-
VII	Profit before extraordinary items and tax (V+VI)		268.47	269.84
VIII	Extraordinary items - Profit on sale of division		12.64	-
	Insurance recovery		0.79	-
IX	Profit before tax (VII + VIII)		281.90	269.84
X	Tax expense:			
	(1) Current tax			77.85

(Rupees in Crores)

Sl.No	Particulars	Note Number	Year ended 31-03-2013	Year ended 31-03-2012
	1	2	3	4
			64.79	
	(2) Deferred tax		22.63	25.84
XI	Profit/(Loss) for the period from continuing operations (IX-X)		194.48	166.15
XII	Profit/(loss) from discontinuing operations (current year – Nil; Last year Rs.45,290)		-	-
XIII	Tax expense of discontinuing operations (current year- Nil; Last year Rs.9,000)		-	-
XIV	Profit/(loss) from Discontinuing operations (after tax) (XII-XIII) (current year-Nil; Last year Rs.36,290)		-	-
XV	Share of Profit/(Loss) of associates		1.31	0.02
XVI	Profit (Loss) for the period (XI + XIV + XV)		195.79	166.17
XVII	Relating to parent company		186.00	108.48
XVIII	Relating to minority shareholders		9.79	57.69
XIX	Earnings per equity share including extraordinary items			
	(1) Basic		98.06	45.21
	(2) Diluted		98.06	45.21
XX	Earnings per equity share excluding extraordinary items			
	(1) Basic		95.04	45.21
	(2) Diluted		95.04	45.21
	Accounting Standards, additional disclosures and notes on accounts	XXVI		

Sundaram-Clayton Limited

Cash flow statement for the year ended 31st March 2013

(Rupees in Crores)

Particulars	Year ended 31-03-2013	Year ended 31-03-2012
A CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	281.90	269.84
Add: Depreciation and amortisation for the year	225.90	206.26
Amortisation of Foreign Currency Monetary Item		
Translation Difference Account	4.70	4.43
Movement in reserves on account of consolidation	7.81	(5.88)
Loss on sale of fixed assets	0.28	0.19
Profit on sale of fixed assets	(0.48)	(2.04)
Profit on sale of investments	(1.49)	(0.16)
Loss on sale of investments	-	0.63
Other non-operating income	(5.11)	(5.01)
Diminution in value of investments	-	(5.79)
Exceptional (Income)/loss	(92.78)	(25.34)
Extraordinary (Income)/loss	(13.43)	-
Dividend income	(1.79)	(0.89)
Interest income	(18.54)	(12.95)
Interest expenditure	144.69	120.32
	249.76	273.77
Operating profit before working capital changes	531.66	543.61
Adjustments for:		
Trade Receivables	(60.11)	36.07
Inventories	24.83	(89.70)
Short-term loans and advances	(7.43)	(8.86)
Other current assets	(34.09)	(2.21)
Trade payables	88.96	55.12
Other non-current liabilities	24.83	(37.12)

	Particulars	Year ended 31-03-2013	Year ended 31-03-2012
	Other current liabilities (excluding current maturities of long term loans)	(57.60)	58.88
	Short-term provisions	15.01	(5.33)
		(5.60)	6.85
	Cash generated from operations	526.06	550.46
	Direct taxes paid	(66.64)	(68.32)
	Net cash from operating activities A	459.42	482.14
B	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of fixed assets (including capital work-in-progress)	(238.04)	(562.62)
	Sale of fixed assets (net of depreciation)	61.79	41.03
	Profit on sale of fixed assets	0.48	2.04
	Loss on sale of fixed assets	(0.28)	(0.19)
	Long-term loans and advances	(10.74)	32.01
	Other non-current assets	(3.65)	0.45
	Sale/(Purchase) of investments	(51.90)	(51.86)
	Exceptional income/ (loss)	92.78	25.34
	Extraordinary income/ (loss)	13.43	-
	Profit on sale of investments	1.49	0.16
	Loss on sale of investments	-	(0.63)
	Movement in reserves on account of scheme	-	8.70
	Interest received	18.54	12.95
	Dividend received	1.79	0.89
	Net Cash from/(used in) investing activities B	(114.31)	(491.73)

Particulars	Year ended 31-03-2013	Year ended 31-03-2012
C CASH FLOW FROM FINANCING ACTIVITIES		
Borrowings:		
Long-term loans availed/(repaid)	(52.76)	46.46
Short-term loans availed/ (repaid)	(132.86)	109.97
Long-term provisions	(5.05)	6.12
Other non-operating income	5.11	5.01
Interest paid	(144.69)	(120.32)
Dividend and dividend tax paid	(64.59)	(34.10)
Government grant	-	0.17
Net cash from financing activities C	(394.84)	13.31
D NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS A+B+C	(49.73)	3.72
Cash and cash equivalents at the beginning of the year		
Cash & bank	143.74	123.69
Cash credit balance	(263.87)	(247.54)
Cash and cash equivalents at the end of the year	(120.13)	(123.85)
Cash & bank	81.80	143.74
Cash credit balance	(251.66)	(263.87)
	(169.86)	(120.13)
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 1 Cash and cash equivalent include cash and bank balances. 2		

SUNDARAM-CLAYTON LIMITED

CONSOLIDATED NOTES ON ACCOUNTS

I Share Capital

a Details of authorised, issued and subscribed share capital

Particulars	As at 31-03-2013		As at 31-03-2012	
	Number	Rupees in crores	Number	Rupees in crores
<u>Authorised Capital</u>				
Equity Shares of Rs.5/- each *	5,00,00,000	25.00	5,00,00,000	25.00
<u>Issued, Subscribed & Paid up Capital</u>				
Equity Shares of Rs.5/- each fully paid	1,89,67,584	9.48	1,89,67,584	9.48
Out of the above:				
Equity shares allotted as fully paid up by way of bonus shares in the five years immediately preceding the date of Balance Sheet:				
a) Number of shares - 1,89,67,584				
b) Year of allotment - Year ended 31st March, 2010.	1,89,67,584	9.48	1,89,67,584	9.48

* The increase in authorised capital by Rs.5 crores (1,00,00,000 equity shares of Rs.5 each) is on account of aggregation of authorised share capital of Anusha Investments Limited, Chennai, the erstwhile wholly owned subsidiary company.

This is approved by the Honourable High Court of Judicature at Madras vide its order dated 03-08-2012 on the composite scheme of arrangement including amalgamation and demerger.

b

Reconciliation of equity shares outstanding at the beginning and at the end of 31st March 2013

Particulars	As at 31-03-2013		As at 31-03-2012	
	Number	Rupees in crores	Number	Rupees in crores
Shares outstanding at the beginning of the year	1,89,67,584	9.48	3,79,35,168	18.96
Shares Issued during the year	-	-	-	-
	-	-	(1,89,67,584)	
Reduction pursuant to composite scheme of arrangement sanctioned by the Honourable High Court of Judicature at Madras (vide its order dated 03-08-2012)				(9.48)
Shares outstanding at the end of the year	1,89,67,584	9.48	1,89,67,584	9.48

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 the assets of the company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act 1956.

ii) There are no restrictions attached to equity shares.

d

Details of shares held by holding/ultimate holding/subsidiaries/associates of holding company at the end of 31st March 2013

-

Name of Shareholder	Relationship	Class of Share	As at 31-03-2013		As at 31-03-2012	
			No. of Shares held	% of Holding	No. of Shares held	% of Holding
T V Sundram Iyengar & Sons Limited- Madurai	Holding company	Equity	38,07,330	20.07	38,07,330	20.07
Sundaram Industries Limited- Madurai	Fellow Subsidiary	Equity	60,62,522	31.96	60,62,522	31.96
Southern Roadways Limited- Madurai	Fellow Subsidiary	Equity	30,31,127	15.98	30,31,127	15.98

e Details of shareholders holding more than five percent at the end of 31st March 2013 (other than I (d))						
Name of Shareholder	Class of Share	As at 31-03-2013		As at 31-03-2012		
		No. of Shares held	% of Holding	No. of Shares held	% of Holding	
Sundaram Finance Limited- Chennai	Equity	22,73,085	11.98	22,73,085	11.98	

II Reserves and Surplus

Particulars	As at 31-03-2013		As at 31-03-2012	
a. Capital Reserves				
Opening Balance		99.23		116.98
Add: On account of amalgamation *		-		43.07
Government grant		-		0.17
		99.23		160.22
Less: On account of demerger *		-	38.20	-
Transferred to General Reserve *		-	22.79	60.99
Closing Balance		99.23		99.23
b. Securities Premium Reserve				
Opening Balance		-		1.60
Less: Transfer on merger		-		1.60
Closing Balance		-		-
c. General reserve				
Opening Balance		625.40		599.10
Add: Transfer from the statement of Profit and Loss (after minority interest)	10.68		21.92	
Add: Transfer from capital reserves		10.68	22.79	44.71
		636.08		643.81
Less: capitalised by issue of Bonus shares	-			
On account of demerger *		-		18.41
Closing Balance		636.08		625.40
d. Statutory Reserve				
Opening Balance		-		28.45
Add: Transfer from the statement of Profit and Loss		-		-
Less: On account of demerger*		-		28.45

II Reserves and Surplus (continued)

(Rupees in Crores)

Particulars	As at 31-03-2013		As at 31-03-2012	
e. Investment Subsidy				
Opening Balance		-		0.07
Less: On account of demerger *		-		0.07
Closing Balance		-		-
f. Investment Allowance reserve				
Opening Balance		-		0.16
Less: On account of demerger *		-		0.16
Closing Balance		-		-
g. Foreign Currency Translation Reserve				
Opening Balance		(26.35)		(16.70)
Add: Additions during the year		25.44		(9.65)
Closing Balance		(0.91)		(26.35)
h. Hedging reserve		0.02		(2.71)
i. Surplus i.e. balance in Statement of Profit and Loss				
Opening balance		(41.78)		(214.05)
Add: Net Profit/(Loss) For the current year	195.79			166.17
On account of demerger		195.79		92.97
Less: Allocations / Appropriations		154.01		45.09
Interim Dividend Paid	29.22		12.15	
Interim Dividend payable	9.48		21.81	
Dividend tax	8.97		13.83	
Tax relating to earlier years	0.18		6.25	
Transfer to general reserve	16.51		32.83	
Transfer to minority interest	(60.61)	3.75	(35.25)	51.62
Closing Balance		150.26		(6.53)
Total (a+b+c+d+e+f+g+h+i)		884.68		689.04

* Transfer Pursuant to composite scheme of arrangement sanctioned by the Honourable High Court of Judicature at Madras

SUNDARAM-CLAYTON LIMITED

CONSOLIDATED NOTES ON ACCOUNTS (continued)

(Rupees in Crores)

III Long-Term Borrowings

Particulars	As at 31-03-2013	As at 31-03-2012
<u>(a) Secured</u>		
Term loans		
From banks	502.84	686.64
From other parties	230.38	77.23
<u>(b) Unsecured</u>		
Sales Tax Deferral loan	239.36	218.25
From other parties	3.00	1.50
Total	975.58	983.62

IV Deferred Tax Liabilities (Net)

Particulars	As at 31-03-2013	As at 31-03-2012
<u>Deferred Tax Liability</u>		
on Depreciation	171.15	171.42
on Amortisation of Dies and Moulds	8.06	11.14
on Expenses admissible on payment basis	28.29	29.10
	207.50	211.66
Less: Deferred Tax Assets		
on Unabsorbed Business Loss	4.16	52.48
on Unabsorbed Capital Loss	17.33	9.22
on expenses will be allowed only on Payment Basis	59.67	67.65
on Other Timing Differences	27.98	7.12
	109.14	136.47
Total	98.36	75.19

V Other Long-term liabilities

Particulars	As at 31-03-2013	As at 31-03-2012
(a) Due to Others - Purchase consideration payable	24.83	-
Total	24.83	-

VI Long-Term Provisions

Particulars	As at 31-03-2013	As at 31-03-2012
(a) Employee benefits		
(i) Pension	62.89	70.35
(ii) Leave salary	9.52	7.11
(b) Others		
(i) Sales Tax	1.95	1.95
Total	74.36	79.41

SUNDARAM-CLAYTON LIMITED

NOTES ON ACCOUNTS (continued)

-
Details of repayment terms of Long term loans

(Rupees in Crores)

Total of loans repayable	Loans repayable in 2012-13 (Current maturity)	Balance Long term loans as at 31-03-2012	Description	Frequency	No. of instalments due	Maturity	Total of loans repayable	Loans repayable in 2013-14 (Current maturity)	Balance Long term loans as at 31-03-2013
14.70	14.70	-	External commercial borrowings-I	Half-yearly			-	-	-
9.58	9.58	-	External Commercial Borrowings- II	Half Yearly			-	-	-
30.45	20.30	10.15	External Commercial Borrowings- III	Half Yearly			-	-	-
197.45	6.55	190.91	External Commercial Borrowings- IV	Half Yearly	18	March 2023	190.91	14.20	176.71
12.47	12.47	-	Term Loan I						
4.69	4.69	-	Term Loan II						
50.00	7.14	42.86	Term Loan III	Quarterly	12	February 2016	42.86	14.29	28.57
50.00	12.50	37.50	Term Loan IV	Half Yearly	6	March 2016	37.50	12.50	25.00
-	-	-	Term Loan V	Quarterly	12	December 2017	45.00	-	45.00
192.95	45.40	147.55	Term Loan VI	Quarterly	13	Apr 2016	147.55	45.40	102.15
86.10	49.20	36.90	Term Loan VII	Quarterly	3	Nov 2013	36.90	36.90	-
25.00	-	25.00	Term Loan VIII	Quarterly	16	March 2017	31.00	6.00	25.00

Total of loans repayable	Loans repayable in 2012-13 (Current maturity)	Balance Long term loans as at 31-03-2012	Description	Frequency	No. of instalments due	Maturity	Total of loans repayable	Loans repayable in 2013-14 (Current maturity)	Balance Long term loans as at 31-03-2013
-	-	-	Term Loan IX	Quarterly	17	March 2018	7.00	0.24	6.76
53.16	5.16	48.00	Term Loan X	Quarterly	31	Jun 2020	48.00	6.86	41.14
30.00	2.50	27.50	Term Loan XI	Quarterly	32	May 2021	27.50	3.33	24.17
127.73	24.61	103.12	International Finance Corporation	Half Yearly		September 2018	109.07	31.31	77.76
17.16	-	17.16	Buyer's credit	Bullet payment	NIL	July 2014 to April 2015	28.35	-	28.35
			Sales Tax Deferral						-
63.29	6.33	56.96	Phase-1	Yearly	9	2020-21	56.96	6.33	50.63
161.29	-	161.29	Phase-2	Yearly	12	2026-27	188.72	-	188.72
77.23	-	77.23	State owned corporation	Yearly	3	2022-25	152.62	-	152.62
1.50	-	1.50	Soft loan from DSIR	Yearly			3.00	-	3.00
1,204.75	221.13	983.62	Total				1,152.94	177.36	975.58

Details of securities created:

- i External Commercial Borrowings secured by exclusive charge by way of hypothecation of specific movable properties including movable plant and equipment situated at Companies' Factories
- ii Term Loans:
First and exclusive charge on specific plant and equipment situated at the Company's factories
Charge on pari-passu basis on the movable plant and equipment, spares, tools and accessories and other movables, both present and future situated in all plants, with the existing term loan lenders.
- iii Buyer's credit: Secured by first and exclusive charge on specific plant and equipment situated at the Company's factories
- iv Soft loan from Department of Science & Industrial Research, Govt. of India (DSIR) is unsecured
- v Soft loan - State owned corporation viz., SIPCOT
First charge on the specific plant and equipment and also secured by equitable mortgage created by way of deposit of title deeds of lands.

Amount payable in each instalments

Description	Currency	Amount
External commercial borrowings IV	USD and JPY	1.25 million USD and 45.45 million JPY
Term Loan III	INR	3.57 crores
Term Loan IV	INR	6.25 crores
Term Loan V	INR	3.75 crores
Term Loan VI	INR	11.35 crores

Description	Currency	Amount
Term Loan VII	INR	12.30 crores
Term Loan VIII	INR	1.50 crores
Term Loan IX	INR	0.24 crores
Term Loan X	INR	1.72 crores
Term Loan XI	INR	0.833 Crores
IFC	USD	1.8 million, 5.8 million, 2.2 million & 1.1 million
	INR	6.33 crores
Sales tax deferral Phase-1	INR	15.73 crores
Sales tax deferral Phase-2	INR	10.00, 67.23 and 75.40 crores (three instalments between 2022 and 2025)
State owned corporation		

SUNDARAM-CLAYTON LIMITED
CONSOLIDATED NOTES ON ACCOUNTS (continued)

VII Short Term Borrowings

Particulars	As at 31-03-2013	As at 31-03-2012
<u>(a) Secured</u>		
From banks- repayable on demand	251.66	263.87
<u>(b) Unsecured</u>		
From banks	77.79	210.65
From related parties	-	-
Total	329.45	474.52

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

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

VIII Other Current Liabilities

Particulars	As at 31-03-2013	As at 31-03-2012
(a) Current maturities of long-term debt		
Term loans	177.36	221.13
(b) Interest accrued but not due on borrowings	5.34	4.33
(c) Interest accrued and due on borrowings	1.11	0.83
(d) Unpaid dividends	3.04	2.37
(e) Others		
(i) Statutory Dues	28.78	30.57
(ii) Security deposits/ Trade deposits	48.14	46.19
(iii) Employee related	30.88	25.10
(iv) For expenses	212.51	193.17
(v) Advance received	17.96	15.15
(vi) Capital goods	16.49	104.14
Total	541.61	642.98

IX Short-Term Provisions

Particulars	As at 31-03-2013	As at 31-03-2012
(a) Employee benefit	14.94	3.39
(b) Warranty	20.68	18.06
(c) Interim dividend payable	9.48	21.81
(d) Dividend tax payable	4.62	9.21
(e) Provision for taxation	3.66	1.69
(f) Others- For expenses	2.25	1.41
Total	55.63	55.57

X. Non-current assets - Fixed assets
(Rupees in crores)

Description	Tangible									Intangible* (Software/Licence fees/ Intellectual Property Rights)		Total (tangible and intangible)	
	Land		Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Vehicles	Total as at		As at		As at	
	Free hold	Lease hold						31-03-2013	31-03-2012	31-03-2013	31-03-2012	31-03-2013	31-03-2012
Cost of assets													
As at 01-04-2012	84.81	23.14	438.33	2,637.83	22.34	62.00	22.52	3,290.97	3,057.54	22.69	26.74	3,313.66	3,084.28
Additions	20.69	10.19	55.66	346.53	4.18	12.03	5.55	454.83	374.32	5.18	8.41	460.01	382.73
Foreign exchange translation reserve adjustments	7.99	-	10.18	27.69	0.92			46.78	-			46.78	
Sub-total	113.49	33.33	504.17	3,012.05	27.44	74.03	28.07	3,792.58	3,431.86	27.87	35.15	3,820.45	3,467.01
Sales / Deletion / Amortisation	(39.45)	(0.17)	(0.04)	(56.77)	(0.22)	(1.84)	(1.78)	(100.27)	(140.90)	-	(12.46)	(100.27)	(153.36)
Total	74.04	33.16	504.13	2,955.28	27.22	72.19	26.29	3,692.31	3,290.96	27.87	22.69	3,720.18	3,313.65
Depreciation and amortisation													
Upto 31-03-2012	0.38	0.59	97.74	1,366.44	12.15	42.10	9.54	1,528.94	1,429.58	15.95	21.37	1,544.89	1,450.95
For the year	-	0.18	16.35	189.63	1.98	8.31	2.70	219.15	201.53	6.75	4.73	225.90	206.26
Foreign exchange translation reserve adjustments	0.05	-	1.35	9.13	0.65	-	-	11.18	-	-	-	11.18	-
Sub-total	0.43	0.77	115.44	1,565.20	14.78	50.41	12.24	1,759.27	1,631.11	22.70	26.10	1,781.97	1,657.21
Withdrawn on								-		-	-	-	-
assets sold / deleted	(0.43)	-	(0.01)	(34.64)	(0.10)	(1.74)	(1.56)	(38.48)	(102.18)		(10.15)	(38.48)	(112.33)

(Rupees in crores)

Description	Tangible								Intangible* (Software/Licence fees/ Intellectual Property Rights)		Total (tangible and intangible)			
	Land		Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Vehicles	Total as at		As at		As at		
	Free hold	Lease hold						31-03-2013	31-03-2012	31-03-2013	31-03-2012	31-03-2013	31-03-2012	
Total	-	0.77	115.43	1,530.56	14.68	48.67	10.68	1,720.79	1,528.93	22.70	15.95	1,743.49	1,544.88	
Written down value														
As at 31-03-2013	74.04	32.39	388.70	1,424.72	12.54	23.52	15.61	1,971.52		5.17		1,976.69		
As at 31-03-2012	84.43	22.54	340.59	1,271.39	10.19	19.90	12.98		1,762.03		6.74		1,768.77	
CAPITAL WORK-IN-PROGRESS (AT COST)														
(a) Building													0.87	33.36
(b) Plant & equipment													47.54	236.27
(C) Others													0.01	0.76
Total													48.42	270.39

SUNDARAM-CLAYTON LIMITED

CONSOLIDATED NOTES ON ACCOUNTS (continued)

XI Non - Current Investments

(Rupees in crores)

	Particulars	As at 31-03-2013	As at 31-03-2012
A	<u>Trade Investments</u>		
	(a) Investment in Equity Instruments	50.03	48.29
	Add: Pro-rata share in the profit of associates (net)	0.91	0.61
	Less: Provision for diminution in the value of investments *	-	0.11
		50.94	48.79
	(b) Investment in Preference Shares	281.02	256.03
	(c) Investment in Private Equity Funds	9.68	10.87
	Total (A)	341.64	315.69
B	<u>Other Investments</u>		
	(a) Investment in Equity Instruments	-	-
	(b) Investment in Preference Shares	-	-
	(c) Investment in Debentures or bonds	15.00	15.00
	(d) Employees' Pension related Investments	26.37	20.55
	(e) Investment Property	26.86	-
	Total (B)	68.23	35.55
	Total (A) + (B)	409.87	351.24

* Note: All investments are carried at cost. Provision for diminution in value of investments has been created wherever necessary

SUNDARAM-CLAYTON LIMITED

CONSOLIDATED NOTES ON ACCOUNTS (continued)

Details of Non-current Investments

Sl. No.	Name of the body corporate	Subsidiary / associate / JV/ controlled entity	No. of Shares / Units		Extent of holding (%)	Extent of holding (%)	Rupees in crores	Rupees in crores
			As at 31-03-2013	As at 31-03-2012	As at 31-03-2013	As at 31-03-2012	As at 31-03-2013	As at 31-03-2012
A	<u>Trade Investments</u>							
(a)	<u>Investment in Equity Instruments - Fully paid-up</u>							
	<u>(i) Quoted</u>							
	Suprajit Engineering Limited, Bengaluru	Others	28,92,000	28,92,000	-	-	0.08	0.08
	Suprajit Engineering Limited, Bengaluru	Others	57,72,000	57,72,000	-	-	0.43	0.43
	Ucal Fuel Systems Limited, Chennai	Others	91,760	91,760	-	-	0.25	0.25
	Bank of Baroda, Vadodara	Others	2,000	2,000	-	-	0.02	0.02
	India Nippon Electricals Limited, Chennai	Others		2,945	-	-	-	0.01
	Kinetic Engineering Limited, Pune	Others		60	-	-	-	-
	Mahindra & Mahindra Limited, Mumbai	Others		92	-	-	-	-
	Harita Seating Systems Limited, Chennai	Others	7,280	7,280	-	-	0.04	0.04

Sl. No.	Name of the body corporate	Subsidiary / associate / JV/ controlled entity	No. of Shares / Units		Extent of holding (%)	Extent of holding (%)	Rupees in crores	Rupees in crores
			As at 31-03-2013	As at 31-03-2012	As at 31-03-2013	As at 31-03-2012	As at 31-03-2013	As at 31-03-2012
	Eicher Motors Limited, New Delhi	Others		100	-	-	-	-
	Premier Limited, Mumbai (formerly known as Premier Automobiles Limited)	Others		50	-	-	-	-
	LML Limited, Kanpur - Cost Rs.250/-	Others		25	-	-	-	-
	Bajaj Auto Limited, Pune Cost - Rs.348/-	Others		50	-	-	-	-
	Hero Motocorp Limited, New Delhi Cost Rs.186/-	Others		50	-	-	-	-
	Summit Securities Ltd, Mumbai	Others		11	-	-	-	-
							-	-
	<u>(ii) Unquoted</u>						-	-
	Emerald Haven Realty Limited, Chennai (formerly known as Green Earth Homes Limited)	Associate	4,00,00,000	4,00,00,000	48.78	48.78	40.00	40.00
	TVS Training and Services Limited, Chennai	Associate	20,00,000	-	43.96	-	2.00	0.50
	Sundaram Engineering Products Services Ltd	Associate	12,746	25,493	-	-	0.01	0.03
	TVS Wind Power Limited, Chennai	Others	41,00,000	41,00,000	-	-	4.10	4.10
	TVS Lanka (Private) Limited, Colombo	Others	50,00,000	50,00,000	-	-	2.08	2.08

Sl. No.	Name of the body corporate	Subsidiary / associate / JV/ controlled entity	No. of Shares / Units		Extent of holding (%)	Extent of holding (%)	Rupees in crores	Rupees in crores
			As at 31-03-2013	As at 31-03-2012	As at 31-03-2013	As at 31-03-2012	As at 31-03-2013	As at 31-03-2012
	TVS Motor Services Limited, Chennai	Others	3,80,000	3,80,000	-	-	0.38	0.38
	TVS Global Automobile Traders FZCO, Dubai	Others	1	1	-	-	0.14	0.14
	Sundram Non Conventional Energy Systems Limited, Chennai	Associate	1,17,650	1,17,650	23.53	23.53	0.12	0.12
	Sai Regency Power Corporation Private Limited, Chennai	Others	3,75,000	-	-	-	0.38	-
	L P Polymers Limited, Hyderabad	Others		1,00,000	-	-	-	0.10
	Orkay Industries Limited, Mumbai	Others		38	-	-	-	-
	PAL Peugeot Limited, New Delhi	Others		400	-	-	-	-
	Shree Chamundi Mopeds Limited, Tumkur (under liquidation)	Others		100	-	-	-	-
	DCM Daewoo Motors Limited, New Delhi	Others		100	-	-	-	-
	Athena Financial Services Limited, Pune	Others		33	-	-	-	-
	TVS Finance and Services Limited, Chennai	Others	78,00,000	78,00,000	-	-	0.01	0.01

Sl. No.	Name of the body corporate	Subsidiary / associate / JV/ controlled entity	No. of Shares / Units		Extent of holding (%)	Extent of holding (%)	Rupees in crores	Rupees in crores
			As at 31-03-2013	As at 31-03-2012				
	Add/ (Less) :Pro-rata share in the profit of associates		-	-	-	-	0.91	0.61
	Total (a)						50.94	48.90
(b)	<u>Investment in Preference shares - Fully paid-up, Unquoted</u>							
	TVS Finance and Services Limited, Chennai - 6% Non Cumulative Non convertible Redeemable Preference Shares	Others	75,68,000	75,68,000	-	-	0.01	0.01
	TVS Finance and Services Limited, Chennai - 9% Non Cumulative Non convertible Redeemable Preference Shares	Others	57,34,650	57,34,650	-	-	0.01	0.01
	TVS Motor Services Limited, Chennai - Non Cumulative Preference Shares	Others	1,00,00,000	1,00,00,000	-	-	10.00	10.00
	TVS Motor Services Limited, Chennai	Others	24,60,10,000	24,60,10,000	-	-	271.01	246.01
	Total (b)						281.02	256.03
(c)	<u>Investments in Private equity instruments- unquoted</u>							
	TVS Shriram Growth fund Scheme 1 of TVS Capital Funds Limited, Chennai	Others	27,443	27,443.00	-	-	8.55	9.74

Sl. No.	Name of the body corporate	Subsidiary / associate / JV/ controlled entity	No. of Shares / Units		Extent of holding (%)	Extent of holding (%)	Rupees in crores	Rupees in crores
			As at 31-03-2013	As at 31-03-2012	As at 31-03-2013	As at 31-03-2012	As at 31-03-2013	As at 31-03-2012
	TVS Shriram Growth fund Scheme 1B of TVS Capital Funds Limited, Chennai	Others	11,250	11,250.00	-	-	1.13	1.13
	Total (c)						9.68	10.87
	Total A (a+b+c)						341.64	315.80

B	<u>Other Investments</u>							
	-							
(a)	<u>Investment in equity instruments - Partly paid-up, Unquoted</u>							
	Adyar Property Holding Company Limited, Chennai	Others	105	105	-	-	0.00	0.00
(b)	<u>Investments in Bonds- Unquoted</u>							
	Power Finance Corporation Limited, New Delhi	Others	150	150	-	-	15.00	15.00
(c)	<u>Employees pension related - Unquoted</u>							
	ICICI Prudential Life Insurance Company Limited, Mumbai	Others	-	-	-	-	5.23	5.55
	ICICI Prudential Life Insurance Group Superannuation Fund	Others	-	-	-	-	9.23	9.23
	Life Insurance Corporation Pension Policy	Others	-	-	-	-	11.91	5.77

Sl. No.	Name of the body corporate	Subsidiary / associate / JV/ controlled entity	No. of Shares / Units		Extent of holding (%)	Extent of holding (%)	Rupees in crores	Rupees in crores
			As at 31-03-2013	As at 31-03-2012				
(d)	<u>Investment Property</u>	Others					26.86	0.00
	Total (B) (a+b+c)						68.23	35.55
	Total (A)+(B)						409.87	351.35

Note: All investments are carried at cost.

Summary of non-current investments					
Sl. No.	Particulars	Rupees in crores			
		As at 31-03-2013		As at 31-03-2012	
		Cost	Market value	Cost	Market value
(a)	Quoted investments	0.82	29.58	-	18.14
(b)	Unquoted investments	409.05	-	351.35	-
	Total	409.87	29.58	351.35	18.14

SUNDARAM-CLAYTON LIMITED

CONSOLIDATED NOTES ON ACCOUNTS (continued)

(Rupees in Crores)

XII Long-term loans and advances

Particulars	As at 31-03-2013	As at 31-03-2012
Unsecured, considered good		
(a) Loans and advances to related parties	8.15	10.92
(b) Capital advances	11.28	8.41
(c) Deposits made	32.43	21.79
(d) Advance payment of income tax (net of provisions)	13.43	9.35
Total	65.29	50.47

XIII Other non-current assets

Particulars	As at 31-03-2013	As at 31-03-2012
(a) Taxes & Duties Recoverable (Advance Income Tax Net of Provisions)	2.06	0.22
(b) Deposits	3.65	-
Total	5.71	0.22

XIV Current Investments

Particulars	As at 31-03-2013	As at 31-03-2012
(a) Investment in Equity instruments	-	1.05
(b) Investments in Mutual Funds	-	6.47
Total	-	7.52
Less : Provision for diminution in the value of investments *	-	1.09
Net realisable value	-	6.43

Note : All investments are carried at cost. Provision for diminution in value of investments has been created wherever necessary

*

SUNDARAM-CLAYTON LIMITED

CONSOLIDATED NOTES ON ACCOUNTS (continued)

Details of Current Investments

Sl. No.	Name of the body corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units		Rupees in Crores	
			As at 31-03-2013	As at 31-03-2012	As at 31-03-2013	As at 31-03-2012
(A)	<u>Investment in Equity Instruments - Fully paid-up</u>					
	<u>(a). Quoted</u>					
	<u>(b). Unquoted</u>					
	(i) Arkay Energy (Rameswarm) Limited, Hyderabad	Others	-	10,50,000	-	1.05
	Total (A)				-	1.05
(B)	<u>Investments in Mutual Funds- Quoted</u>					
	L&T Mutual Fund, Mumbai (L & T Ultra Short Term Fund)	Others	-	97,342	-	0.17
	Reliance Mutual Fund, Mumbai (Reliance liquidity fund - Growth)	Others	-	5,36,941	-	0.84
	Kotak Mutual Fund, Mumbai (Kotak Liquid Institutional growth)	Others	-	9,73,575	-	2.03
	JM Financial Mutual Fund, Mumbai, (JM Money Manager Fund)	Others	-	1,58,916	-	0.24
	Sundaram Energy Opportunities Fund - Growth	Others	-	5,00,000	-	0.50
	of Sundaram Mutual Fund, Chennai					
	(Last year Sundaram BNP Paribas Mutual Fund)					

	SBI Magnum Multicap Fund	Others	-	4,21,200	-	1.20
	SBI Mutual Fund, Mumbai					
	Sundaram Capex Oppurtunities Fund	Others	-	4,54,707	-	1.50
	Sundaram Mutual Fund, Chennai					

	Morgan Stanley Growth Fund Cost Rs.5000	Others	-	500	-	0.00
	Morgan Stanley Mutual Fund, Mumbai					
	Total (B)				-	6.47
	Total (A)+(B)				-	7.52

Summary of current investments				Rupees in crores	
Sl. No.	Particulars	As at 31-03-2013		As at 31-03-2012	
		Cost	Market value	Cost	Market value
(a)	Quoted investments	-	-	6.47	5.43
(b)	Unquoted investments	-	-	1.05	-
	Total	-	-	7.52	5.43

SUNDARAM-CLAYTON LIMITED

CONSOLIDATED NOTES ON ACCOUNTS (continued)

(Rupees in Crores)

XV Inventories (at weighted average cost or net realisable value whichever is less)

Particulars	As at 31-03-2013	As at 31-03-2012
(a) Raw Materials and components	240.57	261.33
(b) Goods-in transit- Raw Materials and components	36.17	56.57
(c) Work-in-process	61.77	83.11
(d) Finished goods	318.62	282.94
(e) Stock-in-trade	26.62	42.09
(f) Land held as Stock-in-trade	27.44	27.20
(g) Goods-in transit - Stock-in-trade	27.41	5.87
(h) Stores and spares	77.42	76.17
(i) Dies, moulds and tools	32.02	37.59
Total	848.04	872.87
Note: Work-in-process comprises of:		
(a) Semi finished castings pending for machining / under inspection	17.99	16.31
(b) Semi finished machined products	1.83	5.33
(c) Vehicle Pending Testing	3.69	2.56
(d) Semi-Finished Vehicles	35.31	53.07
(e) Rubber Components	-	1.60
(f) Plastic Components	1.10	2.21
(g) Moulds	1.85	2.03
	61.77	83.11

XVI Trade Receivables

Particulars	As at 31-03-2013	As at 31-03-2012
(a) Unsecured debts outstanding for a period exceeding six months		
(i) Considered good	26.32	20.48
(ii) Considered doubtful	7.66	8.03
	33.98	28.51
Less: Provision for doubtful debts	7.66	8.03
	26.32	20.48
(b) Other unsecured debts (considered good)	424.39	370.12
Total	450.71	390.60

SUNDARAM-CLAYTON LIMITED

NOTES ON ACCOUNTS (continued)

(Rupees in crores)

XVII Cash and cash equivalents

Particulars	As at 31-03-2013	As at 31-03-2012
(a) Balances with banks	74.07	132.59
(b) Cheques/drafts on hand	4.31	8.36
(c) Cash on hand	0.35	0.39
(d) Earmarked balances with banks (for unpaid dividend)	3.04	2.37
(e) Bank Deposits with more than 12 months maturity	0.03	0.03
Total	81.80	143.74

XVIII Short-term loans and advances

Particulars	As at 31-03-2013	As at 31-03-2012
Unsecured considered good:		
(a) Loans and advances to related parties	1.15	4.46
(b) Others:		
(i) Employee related*	12.61	14.93
(ii) Excise current account	79.20	111.83
(iii) Vendor advance	66.43	75.57
(iv) Prepaid Expenses	8.58	2.79
(v) Advance payment of Income-tax	11.79	14.07
(vi) Export benefit	3.78	2.00
(vii) Balances with statutory authorities	1.33	0.50
(viii) VAT receivable	49.57	14.43
(ix) Other deposits	18.77	7.48
Total	253.21	248.06

*Includes advance due from an Officer of the Company

- 0.02

XIX Other current assets

Particulars	As at 31-03-2013	As at 31-03-2012
(a) Claims receivable	129.60	104.07
(b) Premium on forward contracts	0.33	0.31
(c) Interest accrued on investments and Loans & advances	2.16	1.79
(d) Service Tax receivable	2.42	-
(e) Advances recoverable	5.75	-
Total	140.26	106.17

SUNDARAM-CLAYTON LIMITED

CONSOLIDATED NOTES ON ACCOUNTS (continued)

(Rupees in Crores)

XX Revenue from operations

Particulars	As at 31-03-2013	As at 31-03-2012
(a) Sale of products	8,870.07	8,790.64
(b) Sale of services	5.14	18.22
(c) Other operating revenues	128.81	168.61
	9,004.02	8,977.47
Less: Excise duty and service tax	778.23	680.31
Total	8,225.79	8,297.16

XXI Other Income

Particulars	As at 31-03-2013	As at 31-03-2012
(a) Interest income	18.54	12.95
(b) Dividend	1.79	0.89
(c) Net gain on sale of investments	1.49	0.16
(d) Profit on sale of fixed assets	0.48	2.04
(e) Other non-operating income	5.11	5.01
Total	27.41	21.05

XXII Material Cost

Particulars	As at 31-03-2013	As at 31-03-2012
Cost of Materials consumed		
Opening stock of raw materials and components	261.33	242.35
Add: Purchases	5,330.61	4,950.37
	5,591.94	5,192.72
Less: Closing stock of raw materials and components	240.57	261.33
Cost of materials consumed	5,351.37	4,931.39
Purchases of traded goods	242.78	902.80
Changes in inventories of finished goods, work-in-process and		

Particulars	As at 31-03-2013	As at 31-03-2012
stock-in-trade:		
Opening stock:		
Work-in-process	83.11	68.05
Stock-in-trade	42.09	50.44
Finished goods	282.94	256.17
Total (A)	408.14	374.66

Particulars	As at 31-03-2013	As at 31-03-2012
Closing stock:		
Work-in-process	61.77	83.11
Stock-in-trade	26.62	42.09
Finished goods	318.62	282.94
Total (B)	407.01	408.14
Changes in inventories (A)-(B)	1.13	(33.48)

SUNDARAM-CLAYTON LIMITED

CONSOLIDATED NOTES ON ACCOUNTS (continued)

(Rupees in Crores)

XXIII Employee benefits expense

Particulars	Year ended 31-03-2013	Year ended 31-03-2012
(a) Salaries and wages	510.67	463.95
(b) Contribution to provident and other funds	35.23	35.51
(c) Welfare expenses	59.68	59.44
Total	605.58	558.90

XXIV Finance Costs

Particulars	Year ended 31-03-2013	Year ended 31-03-2012
(a) Interest expense	131.36	120.32
(b) Other borrowing costs	10.90	1.69
(c) Others-Exchange fluctuation	2.43	3.93
(d) Amortisation of Foreign currency monetary item translation difference	3.03	4.17
Total	147.72	130.11

SUNDARAM-CLAYTON LIMITED

CONSOLIDATED NOTES ON ACCOUNTS (continued)

(Rupees in Crores)

XXV Other expenses

Particulars	Year ended 31-03-2013	Year ended 31-03-2012
(a) Consumption of stores, spares and tools	126.27	135.77
(b) Power and fuel	153.62	138.78
(c) Rent	43.92	28.59
(d) Repairs - buildings	22.82	22.54
(e) Repairs - plant and equipment	78.69	72.47
(f) Repairs - others	1.55	1.71
(g) Insurance	5.49	4.82
(h) Rates and taxes, excluding, taxes on income	7.60	5.63
(i) Audit fees	1.33	1.21
(j) Packing and freight charges	299.70	297.12
(k) Sales related expenses	14.69	17.88
(l) Diminution in the value of investments (i.e. adjustment to the carrying amount of investments)	-	0.33
(m) Net loss on sale of investments and mutual funds	-	0.63
(n) Loss on sale of fixed assets	0.28	0.19
(o) Amortisation of foreign currency monetary item translation difference account	1.67	0.26
(p) Marketing and advertisement	476.09	375.65
(q) Miscellaneous expenses (under this head there is no expenditure which is in excess of 1% of revenue from operations or Rs.1 lakh, whichever is higher)	269.31	274.15
Total	1,503.03	1,377.73

CONSOLIDATED ACCOUNTS OF SUNDARAM-CLAYTON LIMITED AND ITS SUBSIDIARIES

XXVI Accounting Standards, Additional Disclosures and Notes on Accounts

1 Consolidation of accounts

A Basis of accounting

The financial statements relate to Sundaram-Clayton Limited (parent company), its subsidiaries and associates are prepared under the historical cost convention and comply with the applicable accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

B Principles of consolidation

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

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

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

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

C Translation of foreign currency statements

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

D The subsidiary companies and Associate companies considered in the consolidated accounts are:

Name of the Body corporate	Country of incorporation	Shareholding as on	Extent of holding (%)	
			Direct	Indirect
SUBSIDIARIES				
TVS Motor Company Ltd, Chennai	India	31-03-2013	57.40	-
Sundaram Auto Components Ltd, Chennai	India	31-03-2013	-	57.40
TVS Motor (Singapore) Pte Ltd, Singapore	Singapore	31-03-2013	-	57.40
TVS Motor Company (Europe) B.V., Amsterdam	Netherlands	31-03-2013	-	57.40
PT TVS Motor Company Indonesia, Jakarta	Indonesia	31-03-2013	-	57.40
TVS Energy Ltd., Chennai	India	31-03-2013	5.54	54.22
TVS Wind Energy Ltd., Chennai	India	31-03-2013	-	56.02
Sundaram- Clayton (USA) Limited, USA	USA	31-03-2013	100.00	-
Sundaram Business Development Consulting (Shanghai) Co. Limited, China (Reporting Date : 31-12-2011)	China	31-03-2013	-	57.40
TVS Housing Ltd ,Chennai	India	31-03-2013	-	57.40

Name of the Body corporate	Country of incorporation	Shareholding as on	Extent of holding (%)	
			Direct	Indirect
II) ASSOCIATES				
Sundram Non-Conventional Energy Systems Limited, Chennai	India	31-03-2013	23.53	-
TVS Wind Power Limited, Chennai	India	31-03-2013	-	43.75
Emerald Haven Realty Ltd. Chennai (formerly Known as Green Earth Homes Limited)	India	31-03-2013	-	28.00
TVS Training and Services	India	31.03.2013	43.96	-

E Other Significant Accounting Policies

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

(Rupees in Crores)

	Particulars	As at year ended 31-03-2013	As at year ended 31-03-2012
2	Trade payables include		
	a) Amount liable to be transferred to Investor Education and Protection fund:		
	- Unpaid dividend	3.04	2.37
	- Unclaimed deposits & Interest	-	-
	b) Due to directors	0.65	0.99
	Amount due to Small Scale Industrial units	40.57	40.96
	b) Amount due to other industrial units	999.73	878.97
3	Contingent liability not provided for		
	(a) On counter guarantees given to bankers	25.35	23.08
	(b) On letters of credit opened with bankers	172.59	199.78
	(c) On partly paid shares (Rs.4000)	-	-
	(d) Estimated amount of contracts remaining to be executed on capital account	78.47	132.89
	(e) On guarantees furnished on behalf of loans granted to employees	1.26	1.26
	(f) On account of future export obligations (on account of import of capital goods under Export Promotion Capital Goods Scheme)	241.90	194.89
	(g) On bills of exchange discounted	75.66	42.19
	(h) Commitment for Capital contribution to TVS Shriram Growth Fund scheme of TVS Capital Funds.	6.38	6.38

	Particulars	As at year ended 31-03-2013	As at year ended 31-03-2012
	(i) Obligation arising out of agreements facilitating credit to a company	25.00	25.00
	(j) Others	-	-
	Repairs include	-	
	a)Stores consumed	-	
	b)Wages	-	
4	Liability contested and not provided for		
	a) Excise duty	66.38	66.68
	b) Income tax	19.44	48.79
	c) Wealth tax	-	0.15
	d) Sales tax	2.44	2.91
	e) Service tax	10.11	13.40
	f)Customs	1.93	1.87
	g)Electricity Tax	-	0.18
	j) Others	7.19	4.46
5	Last year's figures have been regrouped wherever necessary to conform to this year's classification		

6. Segment revenues, results and other information

Rs. In Crores)

Information about primary business segments

Particulars	Business segments													
	Automotive components		Motor Vehicles		Computer peripherals		Financial Services		Energy business		Others		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
External sales-domestic	613.83	637.88	5,988.43	6,085.77	-	54.56	-	8.55	33.74	10.51	0.08	0.17	6,636.09	6,797.43
exports	461.27	413.27	1,155.85	1,107.51	-	-	-	-	-	-	-	-	1,617.12	1,520.78
Inter segment sales	326.73	337.21	41.14	53.96	-	-	-	-	18.89	9.75	-	-	386.76	400.92
Total sales	1,401.83	1,388.35	7,185.42	7,247.24	-	54.56	-	8.55	52.63	20.26	0.08	0.17	8,639.96	8,719.13
Less: Inter segment sales	326.73	337.21	41.14	53.96	-	-	-	-	18.89	9.75	-	-	386.76	400.92
Net Revenue	1,075.10	1,051.14	7,144.28	7,193.28	-	54.56	-	8.55	33.74	10.51	0.08	0.17	8,253.20	8,318.21
Segment results before interest and tax	57.15	94.87	231.18	298.10	-	(2.67)	-	1.71	35.08	7.95	-	(0.04)	323.41	374.61
Add: Inter segment revenue													1.31	0.02
Less: Interest													(147.72)	(130.11)
Add : Exceptional items													92.78	25.34
Add : Extraordinary income													13.43	-
Profit before tax													283.21	269.86

(Rs. In Crores)

Particulars	Business segments													
	Automotive components		Motor Vehicles		Computer peripherals		Financial Services		Energy business		Others		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Taxes													87.42	103.69
Profit after tax													195.79	166.17
Segment Assets	1,128.81	1,084.33	2,557.13	2,493.98	-	-	-	-	365.53	444.98	30.08	30.04	4,081.55	4,053.32
Segment Liabilities	813.91	763.54	2,089.77	2,180.05	-	-	-	-	286.92	375.30	30.05	30.02	3,220.65	3,348.91
Total cost incurred during the year to acquire segment assets	159.83	96.06	151.17	220.21	-	-	-	-	149.01	64.67	-	0.08	460.01	381.02
Segment Depreciation	62.22	57.80	148.44	137.87	-	1.23	-	0.17	15.21	9.16	0.03	0.03	225.90	206.26
Non-cash expenses/(income) other than depreciation	0.83	0.31	(0.27)	(0.27)	-	-	-	-	-	0.17	-	-	0.56	0.21

Notes :

The Company and its subsidiaries cater mainly to the needs of the domestic market.

The export turnover is not significant in the context of the total turnover. As such there are no reportable geographical segments.

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

Related party disclosures

7 (a) List of Related Parties

Associate Companies	i)	TVS Wind Power Ltd. Chennai
	ii)	TVS Training & Services Ltd. Chennai
	iii)	Emerald Haven Realty Ltd. Chennai. (Formerly known as Green Earth Homes Limited)
	iv)	Sundram Non-Conventional Energy Systems Ltd., Chennai.
Key Management Personnel	i)	Mr. Venu Srinivasan, Chairman and Managing Director, Sundaram-Clayton Ltd., Chennai Chairman and Managing Director, TVS Motor Company Ltd., Chennai
	ii)	Dr. Lakshmi Venu Director-Strategy, Sundaram-Clayton Ltd., Chennai
	iii)	Mr. Sudarshan Venu, Whole-time Director TVS Motor Company Ltd., Chennai

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

7(b) Particulars of transactions with related parties during the year 2012-13

(Rupees in
crores)

Previous year's figures are furnished in brackets

S.No.	Nature of transactions	Name of the Company	Amount
1	Receiving of services	• Sundram Non-Conventional Energy Systems Ltd. Chennai	0.83 (0.55)
2	Rendering of services	• TVS Finance & Services Ltd. Chennai (PY Rs.15,000)	- -
3	Lease rent received	• Sundram Non-Conventional Energy Systems Ltd. Chennai	0.01 (0.01)
4	Receivables	• TVS Wind Power Limited, Chennai	- (0.19)
5	Payables	• Sundram Non-Conventional Energy Systems Ltd. Chennai	0.02 (0.02)
6	Investments	• Emerald Haven Realty Ltd. Chennai(formerly known as Green Earth Homes Ltd.) • Sundaram Engineering Products Services Limited, Chennai • TVS Training and Services limited, Chennai	- (40.00) - (0.02) 1.50 -
7	Inter	• TVS Wind Power Limited, Chennai	-

S.No.	Nature of transactions	Name of the Company	Amount
	Corporate Deposits Outstanding		(12.19)
8	Interest received during the year	TVS Wind Power Limited, Chennai	- (1.32)

Sundaram-Clayton Limited

Auditors' report on consolidated accounts

We have audited the attached consolidated Balance Sheet of Sundaram-Clayton Limited, Chennai 600 006, and its subsidiaries as at 31st March 2012 and also the related statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, both annexed hereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 on "Consolidated Financial Statements" read with Accounting Standard 23 on "Accounting for Investments in Associates" issued by The Institute of Chartered Accountants of India, on the basis of the individual financial statements of Sundaram-Clayton Limited, Chennai, its subsidiaries viz.,

1. TVS Motor Company Limited, Chennai;
2. Sundaram Auto Components Limited, Chennai;
3. TVS Energy Limited, Chennai;
4. TVS Wind Energy Limited, Chennai;
5. TVS Housing Limited, Chennai;
6. TVS Motor (Singapore) Pte Limited, Singapore;
7. TVS Motor Company (Europe) B.V., Amsterdam, The Netherlands;
8. PT. TVS Motor Company Indonesia, Jakarta; and
9. Sundaram Business Development Consulting (Shanghai) Company Limited, China

and its associates, viz.,

1. Sundram Non-Conventional Energy Systems Limited, Chennai;
2. TVS Wind Power Limited, Chennai;
3. Sundaram Engineering Products Services Limited, Chennai;
4. Emerald Haven Realty Limited, Chennai; and
5. TVS Finance & Services Limited, Chennai (upto 06.07.2011).

We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of the following subsidiaries for the year ended 31st March 2012. The financial statements and other information of the subsidiaries have been audited by other auditors, whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is solely based on the reports of the other auditors.

1. TVS Motor Company (Europe) B.V., Amsterdam, The Netherlands;
2. TVS Motor (Singapore) Pte. Ltd., Singapore;
3. PT. TVS Motor Company Indonesia, Jakarta;
4. Sundaram Business Development Consulting (Shanghai) Company Limited, China.
5. TVS Housing Limited, Chennai;
6. TVS Energy Limited, Chennai; and
7. TVS Wind Energy Limited, Chennai.

In our opinion, and based on our audit, the consolidated financial statements referred to above give a true and fair view of the financial position of Sundaram-Clayton Limited, its subsidiaries as at 31st March 2012 and of the results of their operations and their cash flows for the year ended in conformity with generally accepted accounting principles in India.

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

Place : Chennai
Date : 28th August 2012

M BALASUBRAMANIAM
Partner
Membership No.F7945

Consolidated Balance Sheet as at 31st March 2012

(Rupees in lakhs)

Sl.No	Particulars	Note Number	As at 31-03-2012	As at 31-03-2011
	1	2	3	4
I.	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	I	948.38	1,896.76
	(b) Reserves and surplus	II	69,279.42	56,327.44
2	Share application money pending allotment		-	75.00
3	Minority Interest		32,927.64	33,836.24
4	Non-current liabilities			
	(a) Long-term borrowings	III	98,361.93	87,749.62
	(b) Deferred tax liabilities (Net)	IV	7,518.13	5,090.25
	(c) Other Long term liabilities	V	-	3,722.44
	(d) Long-term provisions	VI	7,941.49	7,384.75
5	Current liabilities			
	(a) Short-term borrowings	VII	47,451.95	34,822.06
	(b) Trade payables		87,278.40	81,766.27
	(c) Other current liabilities	VIII	64,323.37	63,546.83
	(d) Short-term provisions	IX	5,556.84	4,597.53
	Total		4,21,587.55	3,80,815.19
II.	ASSETS			
	Non-current assets			
1	(a) Fixed assets			
	(i) Tangible assets	X	1,76,202.54	1,62,796.42
	(ii) Intangible assets	X	673.78	536.28
	(iii) Capital work-in-progress	X	27,038.29	9,050.20
	(b) Goodwill on consolidation		292.16	937.39
	(c) Non-current investments	XI	35,122.98	27,525.60
	(d) Long-term loans and advances	XII	5,047.15	9,770.24
	(e) Other non-current assets	XIII	42.40	64.69
2	Current assets			
	(a) Current investments	XIV	643.01	2,475.60
	(b) Inventories	XV	87,287.19	78,317.14
	(c) Trade receivables	XVI	39,060.35	42,666.69
	(d) Cash and cash equivalents	XVII	14,373.84	12,368.51
	(e) Short-term loans and advances	XVIII	24,805.91	23,910.82
	(f) Other current assets	XIX	10,997.95	10,395.61
	Total		4,21,587.55	3,80,815.19
	Accounting Standards, additional disclosures and notes on accounts	XXVI		

Consolidated Statement of Profit and Loss for the year ended 31st March 2012

(Rupees in lakhs)

Sl.No	Particulars	Note Number	Year ended 31-03-2012	Year ended 31-03-2011
	1	2	3	4
I	Revenue from operations	XX	8,29,716.16	7,38,241.49
II	Other income	XXI	2,104.88	2,380.66
III	Total Revenue (I + II)		8,31,821.04	7,40,622.15
IV	Expenses:			
	Cost of materials consumed	XXII	4,93,139.65	4,69,240.85
	Purchases of Stock-in-Trade	XXII	90,280.16	60,938.93
	Changes in inventories of finished goods, work-in-process and Stock-in-Trade	XXII	(3,348.13)	(18,026.30)
	Employee benefits expense	XXIII	55,890.24	50,585.89
	Finance costs	XXIV	13,011.00	10,600.33
	Depreciation and amortization expense		20,626.35	18,098.21
	Other expenses	XXV	1,37,772.69	1,30,897.54
	Total expenses		8,07,371.96	7,22,335.45
V	Profit before exceptional items and tax (III-IV)		24,449.08	18,286.70
VI	Exceptional items - Profit on sale of long term investments		2,534.45	-
	Loss on sale of unused assets		-	(62.25)
VII	Profit before tax (V + VI)		26,983.53	18,224.45
VIII	Tax expense:			
	(1) Current tax		7,785.22	8,268.42
	(2) Deferred tax		2,583.97	(2,329.58)
IX	Profit/(Loss) for the period from continuing operations (VII-VIII)		16,614.34	12,285.61
X	Profit/(loss) from discontinuing operations		0.45	(25.00)
XI	Tax expense of discontinuing operations		0.09	-
XII	Profit/(loss) from Discontinuing operations (after tax) (X-XI)		0.36	(25.00)
XIII	Share of Profit/(Loss) of associates		1.68	14.52
XIV	Profit (Loss) for the period (IX + XII + XIII)		16,616.38	12,275.13
XV	Relating to parent company		10,847.38	6,456.71
XVI	Relating to minority shareholders		5,769.00	5,818.42
XVII	Earnings per equity share			
	(1) Basic		45.21	17.02
	(2) Diluted		45.21	17.02

Consolidated cash flow statement

(Rupees in lakhs)

	Year ended 31-03-2012	Year ended 31-03-2011
A CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	26,983.98	18,199.45
Add: Depreciation and amortisation for the year	20,626.35	18,098.21
Amortisation of Foreign Currency Monetary Item		
Translation Difference Account	442.92	(1,769.25)
Movement in reserves on account of consolidation	(588.39)	(584.11)
Loss on sale of fixed assets	19.09	205.65
Profit on sale of fixed assets	(203.77)	(598.69)
Profit on sale of investments	(15.87)	(1,015.70)
Loss on sale of investments	62.95	19.05
Other non-operating income	(501.20)	(246.87)
Diminution in value of investments	(578.84)	688.26
Exceptional (Income)/loss	(2,534.45)	62.25
Dividend income	(88.66)	(72.05)
Interest income	(1,295.38)	(447.35)
Interest expenditure	12,031.54	11,878.86
	27,376.29	26,218.28
Operating profit before working capital changes	54,360.27	44,417.73
Adjustments for:		
Trade Receivables	3,606.34	(8,409.71)
Inventories	(8,970.05)	(30,684.56)
Other current assets	(221.30)	(6,726.95)
Short-term loans and advances	(886.36)	124.32
Trade payables	5,512.13	19,762.82
Other current liabilities (excluding current maturities of long term loans)	5,888.03	17,169.12
Other non-current liabilities	(3,712.30)	193.73
Short-term provisions	(532.92)	832.79
	683.57	(7,738.44)
Cash generated from operations	55,043.84	36,679.29
Direct taxes paid	(6,831.95)	(11,040.19)

(Rupees in lakhs)

	Year ended 31-03-2012	Year ended 31-03-2011
Net cash from operating activities (A)	48,211.89	25,639.10
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets (including capital work-in-progress)	(56,261.55)	(42,241.22)
Sale of fixed assets (net of depreciation)	4,103.49	3,617.14
Profit on sale of fixed assets	203.77	598.69
Loss on sale of fixed assets	(19.09)	(205.65)
Long-term loans and advances	3,200.75	10,978.23
Other non-current assets	44.97	28.99
Sale/(Purchase) of investments	(5,185.95)	13,830.90
Exceptional income/ (loss)	2,534.45	(62.25)
Profit on sale of investments	15.87	1,015.70
Loss on sale of investments	(62.95)	(19.05)
Movement in reserves on account of scheme	869.71	-
Interest received	1,295.38	447.35
Dividend received	88.66	72.05
Net Cash from/(used in) investing activities (B)	(49,172.49)	(11,939.12)
C CASH FLOW FROM FINANCING ACTIVITIES		
Borrowings:		
Long-term loans availed/(repaid)	4,646.41	(7,073.22)
Short-term loans availed	10,996.78	10,067.95
Long-term provisions	612.33	1,061.48
Other non-operating income	501.20	246.87
Interest paid	(12,031.54)	(11,878.86)
Dividend and dividend tax paid	(3,409.58)	(3,263.45)
Share application money received	-	75.00
Government grant	17.22	-
Net cash from financing activities (C)	1,332.82	(10,764.23)
D NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	372.22	2,935.75
Cash and cash equivalents at the beginning of the year		
Cash & bank	12,368.51	15,818.67

(Rupees in lakhs)

	Year ended 31-03-2012	Year ended 31-03-2011
Cash credit balance	<u>(24,754.11)</u>	<u>(31,140.02)</u>
	(12,385.60)	(15,321.35)
Cash and cash equivalents at the end of the year		
Cash & bank	14,373.84	12,368.51
Cash credit balance	(26,387.22) (12,013.38)	(24,754.11) (12,385.60)

Notes:

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

Consolidated Notes on accounts

I Share Capital

a) Details of authorised, issued and subscribed share capital

Particulars	As at 31-03-2012		As at 31-03-2011	
	Number	Rupees in lakhs	Number	Rupees in lakhs
<u>Authorised Capital</u>	5,00,00,000		4,00,00,000	2,000.00
Equity Shares of Rs.5/- each *		2,500.00		
<u>Issued,Subscribed & Paid up Capital</u>	1,89,67,584	948.38	3,79,35,168	1,896.76
Equity Shares of Rs.5/- each fully paid				
Out of the above:				
Equity shares allotted as fully paid up by way of bonus shares in the five years immediately preceding the date of Balance Sheet:				
a) Number of shares - 1,89,67,584				
b) Year of allotment - Year ended 31st March, 2010.	1,89,67,584	948.38	3,79,35,168	1,896.76

* The increase in authorised capital by Rs.500 lakhs (1,00,00,000 equity shares of Rs.5 each) is on account of aggregation of authorised share capital of Anusha Investments Limited, Chennai, the erstwhile wholly owned subsidiary company. This is approved by the Honourable High Court of Judicature at Madras vide its order dated 03-08-2012 on the composite scheme of arrangement including amalgamation and demerger.

(b) Reconciliation of equity shares outstanding at the beginning and at the end of 31st March 2012

Particulars	As at 31-03-2012		As at 31-03-2011	
	Number	Rupees in lakhs	Number	Rupees in lakhs
Shares outstanding at the beginning of the year	3,79,35,168	1,896.76	3,79,35,168	1,896.76
Shares Issued during the year	-	-	-	-
Reduction pursuant to composite scheme of arrangement sanctioned by the Honourable High Court of Judicature at Madras (vide its order dated 03-08-2012)	(1,89,67,584)	(948.38)	-	-
Shares outstanding at the end of the year	1,89,67,584	948.38	3,79,35,168	1,896.76

(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 1956.

ii) There are no restrictions attached to equity shares.

(d) **Details of shares held by holding/ultimate holding/subsidiaries/associates of holding company at the end of 31st March 2012**

Name of Shareholder	Relationship	Class	As at 31-03-2012		As at 31-03-2011	
			No. of Shares held	% of Holding	No. of Shares held	% of Holding
T V Sundram Iyengar & Sons Limited- Madurai	Holding company	Equity	38,07,330	20.07	76,14,660	20.07
Sundaram Industries Limited- Madurai	Fellow Subsidiary	Equity	60,62,522	31.96	1,21,25,044	31.96
Southern Roadways Limited- Madurai	Fellow Subsidiary	Equity	30,31,127	15.98	60,62,254	15.98

(e) **Details of shareholders holding more than five percent at the end of 31st March 2012 (other than I (d))**

Name of Shareholder	Class are	As at 31-03-2012		As at 31-03-2011	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
Sundaram Finance Limited – Chennai	Equity	22,73,085	11.98	45,46,170	11.98

II Reserves and Surplus

Particulars	As at 31-03-2012		As at 31-03-2011
	(Rs. in lakhs)		
a. Capital Reserves			
Opening Balance		11,698.42	11,698.42
Add: On account of amalgamation *		4,307.25	-
Government grant		17.22	-
		16,022.89	11,698.42
Less: On account of demerger *	3,819.64		-
Transferred to General Reserve *	2,278.92	6,098.56	
Closing Balance		9,924.33	11,698.42
b. Securities Premium Reserve			
Opening Balance		159.62	159.62
Less: Transfer on merger		159.62	-

Particulars	As at 31-03-2012		As at 31-03-2011	
	(Rs. in lakhs)			
Closing Balance		-	159.62	
c. General reserve				
Opening Balance		59,910.33	58,886.76	
Add: Transfer from the statement of Profit and Loss (after minority interest)	2,192.44		3,398.57	
Add: Transfer from capital reserves	2,278.92	4,471.36		
Less: capitalised by issue of Bonus shares	-	64,381.69	62,285.33	
On account of demerger *	1,841.49	1,841.49	2,375.00	
Closing Balance		62,540.20	59,910.33	
d. Statutory Reserve				
Opening Balance		2,844.98	2,451.18	
Add: Transfer from the statement of Profit and Loss		-	393.80	
Less: On account of demerger *		2,844.98	-	
Closing Balance		-	2,844.98	
e. Investment Subsidy				
Opening Balance		6.67		6.67
Less: On account of demerger *		6.67		-
Closing Balance		-		6.67
f. Investment Allowance reserve				
Opening Balance		16.40		16.40
Less: On account of demerger *		16.40		-
Closing Balance		-		16.40
g. Foreign Currency Translation Reserve				
Opening Balance		(1,670.34)		(1,323.64)
Add: Additions during the year		(590.07)		(346.70)
Closing Balance		(2,260.41)		(1,670.34)
h. Employee Stock Option Outstanding Account				
Opening Balance		0.15		3.77
Less: On account of demerger *		0.15		3.62
Closing Balance				0.15

Particulars	As at 31-03-2012		As at 31-03-2011	
	(Rs. in lakhs)			
i. Hedging reserve		(270.57)		
j. Surplus i.e. balance in Statement of Profit and Loss				
Opening balance		(21,405.39)		(25,154.81)
Add: Net Profit/(Loss) For the current year	16,616.38			12,275.13
On account of demerger	9,296.80	25,913.18		-
Less: Allocations / Appropriations		4,507.79		(12,879.68)
Interim Dividend Paid	1,214.90		1,960.97	
Interim Dividend payable	2,181.29		1,232.89	
Dividend tax	1,382.97		1,110.30	
Tax relating to earlier years	624.94		(34.84)	
Transfer to general reserve	3,283.00		4,256.39	
Transfer to minority interest	(3,525.18)	5,161.92	(4,766.60)	3,759.11
Closing Balance		(654.13)		(16,638.79)
Total (a+b+c+d+e+f+g+h+i+j)		69,279.42		56,327.44

* Transfer Pursuant to composite scheme of arrangement sanctioned by the Honourable High Court of Judicature at Madras

III Long-Term Borrowings

Particulars	As at 31-03-2012	As at 31-03-2011
	(Rs. in lakhs)	
<u>(a) Secured</u>		
Term loans		
From banks	68,663.93	61,408.62
From other parties	7,723.00	7,723.00
<u>(b) Unsecured</u>		
Sales Tax Deferral loan	21,825.00	18,468.00
From other parties	150.00	150.00
Total	98,361.93	87,749.62

IV Long-Term Provisions:

Particulars	As at 31-03-2012	As at 31-03-2011
	(Rs. in lakhs)	
<u>Deferred Tax Liability</u>		
on Depreciation	17,141.55	15,295.08
on Amortisation of Dies and Moulds	1,114.00	1,273.00
on Expenses admissible on payment basis	2,910.00	4,392.00
	21,165.55	20,960.08
Less: Deferred Tax Assets		
on Unabsorbed Business Loss	5,247.98	7,504.76
on Unabsorbed Capital Loss	922.36	682.00
on expenses will be allowed only on Payment Basis	6,765.35	6,629.25
on employee related schemes	-	1,049.75
on Other Timing Differences	711.73	4.07
	13,647.42	15,869.83
Total	7,518.13	5,090.25

V Other Long-term liabilities

Particulars	As at 31-03-2012	As at 31-03-2011
	(Rs. in lakhs)	
(a) Dues to Group companies	-	112.17
(b) Due to Others - Indemnity Deposits	-	3,500.00
(c) Trade Payables	-	0.01
(d) Others:		
- Foreign Currency Monetary Item Translation Difference	-	10.14
- Advance received for sale of land	-	100.00
- Unexpired AMC	-	0.12
Total	-	3,722.44

VI Long-Term Provisions

Particulars	As at 31-03-2012	As at 31-03-2011
	(Rs. in lakhs)	
(a) Employee benefits		
(i) Pension	7,035.38	6,331.05
(ii) Leave salary	711.05	612.16
(iii) Gratuity	-	7.85
(b) Others		
(i) Sales Tax	195.06	243.18
(ii) Warranty	-	134.92
(iii) Provision for tax (net of advance tax)	-	55.59
Total	7,941.49	7,384.75

VII Short-Term Borrowings

Particulars	As at 31-03-2012	As at 31-03-2011
	(Rs. in lakhs)	
<u>(a) Secured</u>		
From banks- Repayable on demand	26,387.22	24,754.11
<u>(b) Unsecured</u>		
From banks- Short term	21,064.73	10,046.49
From related parties	-	21.46
Total	47,451.95	34,822.06

Details of securities created for loans availed and referred to in VII(a) above.

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

Details of repayment terms of Long term loans

Total of loans repayable as at 31.03.2011	Loan repayable in 2011-12 (Current maturity- other current liability)	Balance Long-term loans as at 31-03-2011	Description	Frequency	No. of instalments due	Maturity	Total of loans repayable as at 31.03.2012	Loan repayable in 2012-13 (Current maturity- other current liability)	Balance Long-term loans as at 31-03-2012
1,222.20	1,222.20	-	External Commercial Borrowings	Half Yearly	-	March 2012	-	-	-
1,664.00	832.00	832.00	External Commercial Borrowings	Half Yearly	2	January 2013	957.50	957.50	-
4,460.00	1,784.00	2,676.00	External Commercial Borrowings	Half Yearly	3	September 2013	3,045.00	2,030.00	1,015.00
5,799.00	4,461.00	1,338.00	External Commercial borrowings	Half-yearly	1	May 2012	1,470.00	1,470.00	-
5,423.41	757.00	4,666.41	External Commercial borrowings	Half-yearly	20	Mar-23	19,745.58	655.00	19,090.58
22,700.00	3,405.00	19,295.00	Term Loan I	Quarterly	17	Apr 2016	19,295.00	4,540.00	14,755.00
12,300.02	3,690.02	8,610.00	Term Loan II	Quarterly	7	Nov 2013	8,609.93	4,919.93	3,690.00
1,250.00	1,250.00	-	Term Loan III	Quarterly	-	Jul 2012	-	-	-
1,693.75	1,225.00	468.75	Term Loan IV	Quarterly	16	Mar 2017	2,969.00	469.00	2,500.00
5,485.71	-	5,485.71	Term Loan V	Quarterly	35	June 2020	5,316.00	516.00	4,800.00
12,660.00	1,639.00	11,021.00	International Finance Corporation	Half-yearly	16	Sep 2018	12,773.00	2,461.00	10,312.00
-	-	-	Term Loan VI	Quarterly	36	May 2021	3,000.00	250.00	2,750.00
2,915.00	1,668.00	1,247.00	Term Loan VII	Quarterly	3	December 2012	1,247.00	1,247.00	-
5,000.00	-	5,000.00	Term Loan VIII	Quarterly	14	February 2016	5,000.00	714.30	4,285.70
751.16	-	751.16	Term Loan IX	Half Yearly	8	March 2016	5,000.00	1,250.00	3,750.00
17.59	-	17.59	Term Loan X	-	-	-	-	-	-
4,685.00	4,685.00	-	Term Loan XI	-	-	-	-	-	-
-	-	-	Buyer's credit	Bullet payment	NIL	July 2014 to December 2014	1,715.65	-	1,715.65
-	-	-	<u>Sales Tax Deferral</u>						
6,962.00	633.00	6,329.00	Phase-1	Yearly	10	2020-21	6,329.00	633.00	5,696.00
12,139.00	-	12,139.00	Phase-2	Yearly	12	2026-27	16,129.00	-	16,129.00

Total of loans repayable as at 31.03.2011	Loan repayable in 2011-12 (Current maturity- other current liability)	Balance Long-term loans as at 31-03-2011	Description	Frequency	No. of instalments due	Maturity	Total of loans repayable as at 31.03.2012	Loan repayable in 2012-13 (Current maturity- other current liability)	Balance Long-term loans as at 31-03-2012
7,723.00	-	7,723.00	State owned corporation	Yearly	2	2022-23	7,723.00	-	7,723.00
150.00	-	150.00	Soft loan from DSIR	Yearly	-	-	150.00	-	150.00
1,15,000.84	27,251.22	87,749.62	Total				1,20,474.66	22,112.73	98,361.93

Details of securities created:

- (i) External Commercial Borrowings secured by exclusive charge by way of hypothecation of specific movable properties including movable plant and equipment situated at Companies' Factories
- (ii) Term loans
 - (a) First and exclusive charge on specific plant and equipment situated at Companies' factories
 - (b) Charge on pari-passu basis on the movable plant and equipment, spares, tools and accessories and other movables, both present and future situated in all plants, with the existing term loan lenders.
- (iii) Buyer's credit : Secured by first and exclusive charge on specific plant and equipment situated at the Company's factories
- (iv) Soft loan from Department of Science & Industrial Research, Govt. of India (DSIR) is unsecured.
- (v) Soft loan- State owned corporation viz., SIPCOT

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

Amount payable in each installments:

Description	Currency	Amount
External commercial borrowings	JPY	111.55 million JPY
External commercial borrowings	JPY	215.26 million JPY
External commercial borrowings	USD	3 million, 2 million
External commercial borrowings	USD & JPY	1.69 million USD & 45.46 million JPY
Term Loan I	INR	1,135 lakhs
Term Loan II	INR	1,230 lakhs
Term Loan III	INR	1,250 lakhs
Term Loan IV	INR	156 lakhs
Term Loan V	INR	172 lakhs
Term Loan VI	INR	83.33 lakhs
Term Loan VII	INR	417 lakhs
Term Loan VIII	INR	357.15 lakhs
Term Loan IX	INR	625 lakhs
International Finance Corporation	USD	1.8 million, 5.8 million, 2.2 million & 1.1 million
Sales tax deferral Phase-1	INR	Not stipulated

Description	Currency	Amount
Sales tax deferral Phase-2	INR	Not stipulated
State owned corporation	INR	Not stipulated
Soft loan from DSIR:	Repayable in 5 yearly instalments " from the start of commercial sale of the product produced in the commercial plant, or a new producing plant installed on the basis of result of the Technology Development and Demonstration Programme (TDDP) project, whichever is earlier.	

VIII Other Current Liabilities

Particulars	As at 31-03-2012	As at 31-03-2011
	(Rs. in lakhs)	
(a) Current maturities of long-term debt		
Term loans	22,112.73	27,251.22
(b) Interest accrued but not due on borrowings	432.53	399.47
(c) Interest accrued and due on borrowings	82.63	259.05
(d) Income received in advance	-	144.11
(e) Unpaid dividends	236.96	165.38
(f) Foreign currency monetary item translation difference account	27.00	-
(g) Unpaid interest accrued on matured deposits	-	0.36
(h) Others		
(i) Statutory Dues	3,057.27	3,033.30
(ii) Security deposits/ Trade deposits	4,619.00	1,594.63
(iii) Employee related	2,509.69	2,291.50
(iv) For expenses	19,316.71	21,178.37
(v) Advance received for sale of shares	1,514.72	5,812.29
(vi) Capital goods	10,414.13	1,417.15
Total	64,323.37	63,546.83

IX Short-Term Provisions

Particulars	As at 31-03-2012	As at 31-03-2011
	(Rs. in lakhs)	
(a) Employee benefit - Leave salary	338.59	323.74
(b) Warranty	1,805.51	2,043.40
(c) Interim dividend payable	2,181.29	1,232.89
(d) Dividend tax payable	920.97	499.79
(e) Provision for taxation	169.48	46.83
(f) Others- For expenses	141.00	450.88
Total	5,556.84	4,597.53

X. Non-current assets - Fixed assets

Description	Tangible								Intangible (Software/Licence fees/ Intellectual Property Rights)		(Rupees in lakhs) Total (tangible and intangible)		
	Land		Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Vehicles	Total as at		As at		As at	
	Free hold	Lease hold						31/03/2012	31/03/2011	31/03/2012	31/03/2011	31/03/2012	31/03/2011
Cost of assets As at 01-04-2011	5,163.70	2,522.52	39,691.77	2,46,837.00	2,397.54	7,364.36	1,777.73	3,05,754.62	2,75,702.63	2,673.75	2,244.57	3,08,428.37	2,77,947.20
Additions	803.04	-	5,351.95	29,405.68	282.46	895.13	694.10	37,432.36	36,870.96	841.10	429.18	38,273.46	37,300.14
Sub-total	5,966.74	2,522.52	45,043.72	2,76,242.68	2,680.00	8,259.49	2,471.83	3,43,186.98	3,12,573.59	3,514.85	2,673.75	3,46,701.83	3,15,247.34
Sales / Deletion / Amortisation	-	(9.79)	(7.00)	(7,941.43)	(9.60)	(212.05)	(176.43)	(8,356.30)	(6,818.97)	-	-	(8,356.30)	(6,818.97)
Effect of Scheme	2,514.51	(199.15)	(1,203.52)	(4,518.71)	(436.33)	(1,847.72)	(43.25)	(5,734.17)		(1,246.13)		(6,980.30)	-
Total	8,481.25	2,313.58	43,833.20	2,63,782.54	2,234.07	6,199.72	2,252.15	3,29,096.51	3,05,754.62	2,268.72	2,673.75	3,31,365.23	3,08,428.37
Depreciation and amortisation													
Upto 31-03-2011	27.00	48.44	9,029.02	1,26,431.07	1,201.38	5,294.69	926.60	1,42,958.20	1,28,448.94	2,137.47	1,750.33	1,45,095.67	1,30,199.27
For the year	11.00	11.00	1,408.41	17,617.65	188.51	676.35	240.93	20,153.85	17,711.09	472.50	387.14	20,626.35	18,098.23
Sub-total	38.00	59.44	10,437.43	1,44,048.72	1,389.89	5,971.04	1,167.53	1,63,112.05	1,46,160.03	2,609.97	2,137.47	1,65,722.02	1,48,297.50
Withdrawn on								-		-	-	-	-
assets sold / deleted	-	-	(6.00)	(4,004.40)	(9.59)	(200.99)	(171.81)	(4,392.79)	(3,201.83)		-	(4,392.79)	(3,201.83)
Effect of Scheme	-	-	(657.41)	(3,399.97)	(165.52)	(1,560.37)	(42.02)	(5,825.29)	-	(1,015.03)	-	(6,840.32)	

(Rupees in lakhs)													
Description	Tangible									Intangible (Software/Licence fees/ Intellectual Property Rights)		Total (tangible and intangible)	
	Land		Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Vehicles	Total as at		As at		As at	
	Free hold	Lease hold						31/03/2012	31/03/2011	31/03/2012	31/03/2011	31/03/2012	31/03/2011
Total	38.00	59.44	9,774.02	1,36,644.35	1,214.78	4,209.68	953.70	1,52,893.97	1,42,958.20	1,594.94	2,137.47	1,54,488.91	1,45,095.67
Written down value													
As at 31-03-2012	8,443.25	2,254.14	34,059.18	1,27,138.19	1,019.29	1,990.04	1,298.45	1,76,202.54		673.78		1,76,876.32	
As at 31-03-2011	5,136.70	2,474.08	30,662.75	1,20,405.93	1,196.16	2,069.67	851.13		1,62,796.42		536.28		1,63,332.70
CAPITAL WORK- IN-PROGRESS (AT COST)													
(a) Building												3,335.55	1,141.08
(b) Plant & equipment												23,626.63	7,904.92
(C) Others												76.11	4.20
Total												27,038.29	9,050.20

Includes loss arising on account of restatement of external commercial borrowings attributable to acquisition of fixed assets

XI Non Current Investments

S.No	Particulars	As at 31-03-2012	As at 31-03-2011
		(Rs. in lakhs)	
A	<u>Trade Investments</u>		
	(a) Investment in Equity Instruments	4,828.66	1,033.98
	Add: Pro-rata share in the profit of associates (net)	60.86	68.75
	Less: Provision for diminution in the value of investments *	10.50	10.50
		4,879.02	1,092.23
	(b) Investment in Preference Shares	25,602.33	18,641.33
B	(c) Investment in Private Equity Funds	1,086.93	4,237.34
	Total (A)	31,568.28	23,970.90
	<u>Other Investments</u>		
	(a) Investment in Equity Instruments	0.07	0.07
	(b) Investment in Debentures or bonds	1,500.00	1,500.00
	(c) Employees Pension related Investments	2,054.63	2,054.63
	Total (B)	3,554.70	3,554.70
	Total (A) + (B)	35,122.98	27,525.60

* Note: All investments are carried at cost. Provision for diminution in value of investments has been created wherever necessary

XII Long-term loans and advances

Particulars	As at 31-03-2012	As at 31-03-2011
	(Rs. in lakhs)	
Unsecured, considered good		
(a) Loans and advances to related parties	1,091.82	226.19
(b) Capital advances	840.97	2,240.97
(c) Deposits made	2,178.92	4,572.10
(d) Advance payment of income tax (net of provisions)	935.44	2,457.78
(e) Others		
(i) Balance with Statutory Authorities	-	25.82
(ii) Advance to suppliers	-	224.66
(iii) Loans to employees	-	16.87
(iv) Interest Receivable	-	5.85
Total	5,047.15	9,770.24

XIII Other non-current assets

Particulars	As at 31-03-2012	As at 31-03-2011
	(Rs. in lakhs)	
(a) Upfront fees on long term borrowings	-	44.31
(b) Preliminary expenses	-	0.66
(c) Foreign Currency Monetary item translation Difference	20.31	-
(d) Taxes & Duties Recoverable (Advance Income Tax Net of Provisions)	22.09	19.72
Total	42.40	64.69

XIV Current Investments

Particulars	As at 31-03-2012	As at 31-03-2011
	(Rs. in lakhs)	
(a) Investment in Equity instruments	105.00	16.23
(b) Investments in Mutual Funds	647.43	3,147.63
Total	752.43	3,163.86
Less : Provision for diminution in the value of investments *	109.42	688.26
Net realisable value	643.01	2,475.60

* Note: All investments are carried at cost. Provision for diminution in value of investments has been created wherever necessary

Details of Non-current Investments

Sl. No.	Name of the body corporate	Subsidiary / associate / JV/ controlled entity	No. of Shares / Units		Extent of holding (%)		Rupees in lakhs	
			As at 31-03-2012	As at 31-03-2011	As at 31-03-2012	As at 31-03-2011	As at 31-03-2012	As at 31-03-2011
A	<u>Trade Investments</u>							
(a)	Investment in Equity Instruments - Fully paid-up							
	(i) Quoted							
	Suprajit Engineering Limited, Bengaluru	Others	28,92,000	28,92,000	-	-	8.00	8.00
	Suprajit Engineering Limited, Bengaluru	Others	57,72,000	57,72,000	-	-	43.29	43.29
	Ucal Fuel Systems Limited, Chennai	Others	91,760	91,760	-	-	25.00	25.00
	Bank of Baroda, Vadodara	Others	2,000	2,000	-	-	1.70	1.70
	India Nippon Electricals Limited, Chennai	Others	2,945	2,104	-	-	1.44	1.44
	Kinetic Engineering Limited, Pune	Others	60	60	-	-	0.08	0.08
	Mahindra & Mahindra Limited, Mumbai	Others	92	92	-	-	0.01	0.01
	Harita Seating Systems Limited, Chennai	Others	7,280	7,280	-	-	4.04	4.04

Sl. No.	Name of the body corporate	Subsidiary / associate / JV/ controlled entity	No. of Shares / Units		Extent of holding (%)		Rupees in lakhs	
			As at 31-03-2012	As at 31-03-2011	As at 31-03-2012	As at 31-03-2011	As at 31-03-2012	As at 31-03-2011
	Bosch Chassis Systems India Limited, Pune	Others	-	400	-	-	-	0.12
	Eicher Motors Limited, New Delhi	Others	100	100	-	-	0.03	0.03
	Premier Limited, Mumbai (formerly known as Premier Automobiles Limited)	Others	50	50	-	-	0.01	0.01
	LML Limited, Kanpur - Cost Rs.250/-	Others	25	25	-	-	-	-
	Bajaj Auto Limited, Pune Cost - Rs.348/-	Others	50	50	-	-	-	-
	Hero Motocorp Limited, New Delhi Cost Rs.186/-	Others	50	50	-	-	-	-
	Summit Securities Ltd, Mumbai	Others	11	11	-	-	-	-
	<u>(ii) Unquoted</u>							
	Emerald Haven Realty Limited, Chennai (formerly known as Green Earth Homes Limited)	Associate	4,00,00,000	-	48.78	-	4,000.00	-
	TVS Training and Services Private Limited, Chennai - Share application money	Others	-	-	-	-	50.00	-
	Sundaram Engineering Products Services Ltd	Associate	25,493	-	-	-	2.54	-
	TVS Wind Power Limited, Chennai	Others	41,00,000	41,00,000	-	-	41.00	410.00
	TVS Lanka (Private) Limited, Colombo	Others	50,00,000	50,00,000	-	-	208.00	208.00
	TVS Motor Services Limited, Chennai	Others	3,80,000	3,80,000	-	-	38.00	38.00
	TVS Global Automobile Traders FZCO, Dubai	Others	1	1	-	-	13.86	13.86
	Sundram Non Conventional Energy Systems Limited, Chennai	Associate	1,17,650	1,17,650	-	-	11.77	11.77
	L P Polymers Limited, Hyderabad	Others	1,00,000	1,00,000	-	-	10.00	10.00
	Orkay Industries Limited, Mumbai	Others	38	38	-	-	0.01	0.01
	PAL Peugeot Limited, New Delhi	Others	400	400	-	-	0.04	0.04
	Shree Chamundi Mopeds Limited, Tumkur (under liquidation)	Others	100	100	-	-	0.02	0.02
	DCM Daewoo Motors Limited, New Delhi	Others	100	100	-	-	0.02	0.02
	Athena Financial Services Limited, Pune	Others	33	33	-	-	0.02	0.02
	TVS Finance and Services Limited, Chennai	Controlled entity	78,00,000	78,00,000	-	-	0.78	0.78
	Arkay Energy (Rameswarm) Limited, Hyderabad	Others	-	10,50,000	-	-	-	105.00
	Modular Infotech Private Limited, Pune	Others	-	6,20,000	-	-	-	62.00
	Modular Infotech Private Limited, Pune	Others	-	9,07,255	-	-	-	90.73
	Elgi Ultra Industries Limited, Coimbatore	Others	-	100	-	-	-	0.01
	Less:Pro-rata share in the profit of associates	-	-	-	-	-	60.86	68.75
	Total (a)						4,889.52	1,102.73

Sl. No.	Name of the body corporate	Subsidiary / associate / JV/ controlled entity	No. of Shares / Units		Extent of holding (%)		Rupees in lakhs	
			As at 31-03-2012	As at 31-03-2011	As at 31-03-2012	As at 31-03-2011	As at 31-03-2012	As at 31-03-2011
(b)	Investment in Preference shares - Fully paid-up, Unquoted							
	TVS Finance and Services Limited, Chennai - 6% Non Cumulative Non convertible Redeemable Preference Shares	Others	75,68,000	75,68,000	-	-	0.76	0.76
	TVS Finance and Services Limited, Chennai - 9% Non Cumulative Non convertible Redeemable Preference Shares	Others	57,34,650	57,34,650	-	-	0.57	0.57
	TVS Motor Services Limited, Chennai - Non Cumulative Preference Shares	Others	1,00,00,000	1,00,00,000	-	-	1,000.00	1,000.00
	TVS Motor Services Limited, Chennai	Others	24,60,10,000	17,64,00,000	-	-	24,601.00	17,640.00
	Total (b)						25,602.33	18,641.33
(c)	Investments in Private equity instruments-unquoted							
	TVS Shriram Growth fund Scheme 1 of TVS Capital Funds Limited, Chennai	Others	27,443	-	-	-	274.43	-
	TVS Shriram Growth fund Scheme 1B of TVS Capital Funds Limited, Chennai	Others	11,250	-	-	-	112.50	-
	TVS Shriram Growth fund Scheme 1 of TVS Capital Funds Limited, Chennai	Others	70,000	70,000	-	-	700.00	700.00
	TVS Shriram Growth Fund, Chennai	-	-	-	-	-	-	1,087.34
	TVS Shriram Growth Fund, Chennai	-	-	-	-	-	-	2,450.00
	Total (c)						1,086.93	4,237.34
	Total A (a+b+c)						31,578.78	23,981.40
B	Other Investments							
(a)	Investment in equity instruments - Partly paid-up, Unquoted							
	Adyar Property Holding Company Limited, Chennai	Others	105	105	-	-	0.07	0.07
(b)	Investments in Bonds- Unquoted							
	Power Finance Corporation Limited, New Delhi	Others	150	150	-	-	1,500.00	1,500.00
(c)	Employees pension related - Unquoted							
	ICICI Prudential Life Insurance Company Limited, Mumbai	Others	-	-	-	-	554.63	554.63
	ICICI Prudential Life Insurance Group Superannuation Fund	Others	-	-	-	-	923.00	923.00
	Life Insurance Corporation Pension Policy	Others	-	-	-	-	577.00	577.00
	Total (B) (a+b+c)						3,554.70	3,554.70
	Total (A)+(B)						35,133.48	27,536.10

Note: All investments are carried at cost.

Summary of non-current investments

Rupees in lakhs

Sl. No.	Particulars	As at 31-03-2012		As at 31-03-2011	
		Cost	Market value	Cost	Market value
(a)	Quoted investments	83.60	1,813.86	83.72	1,725.46
(b)	Unquoted investments	35,049.88	-	27,452.38	-
	Total	35,133.48	1,813.86	27,536.10	1,725.46

Details of current investments

Sl. No.	Name of the body corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units		Rupees in lakhs	
			As at 31-03-2012	As at 31-03-2011	As at 31-03-2012	As at 31-03-2011
(A)	Investment in Equity Instruments - Fully paid-up					
	(a). Quoted					
	(i) ICICI Bank Limited., Mumbai	Others	-	34,346	-	6.87
	(ii) Housing Development Finance Corporation Limited, Mumbai	Others	-	3,48,700	-	9.31
	(iii) HDFC Bank Limited., Mumbai	Others	-	500	-	0.05
	(b). Unquoted					
	(i) Arkay Energy (Rameswarm) Limited, Hyderabad	Others	10,50,000	-	105.00	-
	Total (A)				105.00	16.23
(B)	Investments in Mutual Funds- Quoted					
i)	Sundaram Asset Management Company Limited, Chennai (Sundaram Energy Opportunities Fund - Growth option)	Others	-	10,00,000	-	100.00
ii)	TATA Asset Management Limited, Mumbai Tata Indo Global Infrastructure Fund - Growth option	Others	-	30,00,000	-	300.00
iii)	J M Financial Asset Management Private Limited, Mumbai (J M Basic Fund - Growth option)	Others	-	3,17,283	-	108.33
iv)	L&T Mutual Fund, Mumbai (L&T Opportunities Fund Cumulative plan)	Others	-	4,22,221	-	210.00
v)	L&T Mutual Fund, Mumbai (L & T Ultra Short Term Fund)	Others	97,342	-	16.67	-
vi)	Reliance Mutual Fund, Mumbai (Reliance liquidity fund - Growth)	Others	5,36,941	-	83.84	-
vii)	Kotak Mutual Fund, Mumbai (Kotak Liquid Institutional growth)	Others	9,73,575	-	203.06	-
viii)	JM Financial Mutual Fund, Mumbai, (JM Money Manager Fund)	Others	1,58,916	-	23.81	-

Sl. No.	Name of the body corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units		Rupees in lakhs	
			As at 31-03-2012	As at 31-03-2011	As at 31-03-2012	As at 31-03-2011
ix)	JM Financial Asset Management Pvt. Limited, Mumbai -	Others	-	1,76,249	-	24.00
	JM Money Manager Fund - Super Plus Plan - Growth					
x)	JM Financial Asset Management Pvt. Limited, Mumbai -	Others	-	24,41,665	-	400.00
	JM Emerging Leaders Fund - Growth Plan					
xi)	JP Morgan Asset Management India Pvt. Limited, Mumbai -	Others	-	19,00,536	-	222.00
	JP Morgan India Treasury Fund – Retail – Growth Plan					
xii)	Religare Asset Management Company Limited, Mumbai	Others	-	10,018	-	133.00
	Religare Ultra Short Term Fund - Regular Growth					
xiii)	Sundaram Asset Management Company Limited, Chennai -	Others	-	18,06,352	-	232.00
	Sundaram Ultra Short Term Fund - Retail - Growth					
xiv)	Tata asset Management Limited, Mumbai	Others	-	50,00,000	-	500.00
	Tata Indo-Global Infrastructure Fund - Growth					
xv)	L & T Small Cap Fund	Others	-	3,50,000	-	35.00
	L&T Mutual Fund, Mumbai					
xvi)	Sundaram Energy Opportunities Fund - Growth	Others	5,00,000	5,00,000	50.00	50.00
	of Sundaram Mutual Fund, Chennai					
	(Last year Sundaram BNP Paribas Mutual Fund)					
xvii)	JM Agri & Infra Fund - Growth	Others	-	10,00,000	-	100.00
	JM Financial Mutual Fund, Mumbai					
xviii)	BNP Paribas Money plus Institutional growth	Others	-	5,86,179	-	60.08
	BNP Paribas Mutual fund, Mumbai					
xix)	SBI Magnum Multicap Fund	Others	4,21,200	4,21,200	120.00	120.00
	SBI Mutual Fund, Mumbai					
xx)	Sundaram Capex Opportunities Fund	Others	4,54,707	4,54,707	150.00	150.00
	Sundaram Mutual Fund, Chennai					
xxi)	Sundaram Money fund Super Inst. Growth	Others	-	19,54,398	-	403.17
	Sundaram Mutual fund, Chennai					
xxii)	Morgan Stanley Growth Fund	Others	500	500	0.05	0.05
	Morgan Stanley Mutual Fund, Mumbai					
	Total (B)				647.43	3,147.63
	Total (A)+(B)				752.43	3,163.86

Summary of current investments

Rupees in lakhs

Sl. No.	Particulars	As at 31-03-2012		As at 31-03-2011	
		Cost	Market value	Cost	Market value
(a)	Quoted investments	647.43	543.17	3,163.86	5,293.77
(b)	Unquoted investments	105.00	-	-	-
	Total	752.43	543.17	3,163.86	5,293.77

XV Inventories (at weighted average cost or net realisable value whichever is less)

Particulars	As at 31-03-2012	As at 31-03-2011
	(Rupees in lakhs)	
(a) Raw Materials and components	26,132.85	24,235.10
(b) Goods-in transit- Raw Materials and components	5,656.58	4,090.84
(c) Work-in-process	8,310.55	6,804.57
(d) Finished goods	28,294.30	25,617.21
(e) Stock-in-trade	4,209.43	5,044.37
(f) Land held as Stock-in-trade	2,720.23	2,188.69
(g) Goods-in transit - Stock-in-trade	586.89	223.40
(h) Stores and spares	7,617.36	6,242.96
(i) Dies, moulds and tools	3,759.00	3,870.00
Total	87,287.19	78,317.14
Note: Work-in-process comprises of:		
(a) Semi finished castings pending for machining / under inspection	1,630.98	1,282.97
(b) Semi finished machined products	532.71	470.62
(c) Computer Peripherals	-	2.43
(d) Vehicle Pending Testing	256.00	219.00
(e) Semi-Finished Vehicles	5,307.00	4,471.00
(f) Rubber Components	160.23	64.77
(g) Plastic Components	220.96	189.88
(h) Moulds	202.67	103.90
	8,310.55	6,804.57

XVI Trade Receivables

Particulars	As at 31-03-2012	As at 31-03-2011
	(Rupees in lakhs)	
(a) Unsecured debts outstanding for a period exceeding six months		
(i) Considered good	2,048.07	2,771.75
(ii) Considered doubtful	803.43	990.53
	2,851.50	3,762.28
Less: Provision for doubtful debts	803.43	1,060.25
	2,048.07	2,702.03
(b) Other unsecured debts (considered good)	37,012.28	39,964.66
Total	39,060.35	42,666.69

XVII Cash and cash equivalents

Particulars	As at 31-03-2012	As at 31-03-2011
	(Rupees in lakhs)	
(a) Balances with banks	13,259.20	11,949.82
(b) Cheques/drafts on hand	836.01	74.60
(c) Cash on hand	38.67	25.73
(d) Earmarked balances with banks (for unpaid dividend)	236.96	165.36
(e) Bank Deposits with more than 12 months maturity	3.00	153.00
Total	14,373.84	12,368.51

XVIII Short-term loans and advances

Particulars	As at 31-03-2012	As at 31-03-2011
	(Rupees in lakhs)	
Unsecured considered good:		
(a) Loans and advances to related parties	445.78	1,812.20
(b) Others:		
(i) Employee related *	1,493.08	1,355.31
(ii) Excise current account	11,182.99	10,690.80
(iii) Vendor advance	7,557.02	7,499.99
(iv) Prepaid Expenses	278.72	361.91
(v) Advance payment of Income-tax	1,407.27	1,398.54
(vi) Export benefit	199.62	33.07
(vii) Balances with statutory authorities	50.37	178.94
(viii) VAT receivable	1,443.36	-
(ix) Interest receivable	-	1.66
(x) Other deposits	747.70	578.40
Total	24,805.91	23,910.82

* Due from officers- Rs.1.58 lakhs

XIX Other current assets

Particulars	As at 31-03-2012	As at 31-03-2011
	(Rupees in lakhs)	
(a) Claims receivable	10,407.45	10,042.97
(b) Upfront fees on long term borrowings	-	28.98
(c) Foreign Currency Monetary Item Translation Difference	381.04	-
(d) Premium on forward contracts	31.23	5.49
(e) Interest accrued on investments and Loans & advances	178.23	237.67
(f) Service Tax receivable	-	25.89
(g) Advances recoverable	-	54.61
Total	10,997.95	10,395.61

XX Revenue from operations

Particulars	Year ended 31-03-2012	Year ended 31-03-2011
	(Rupees in lakhs)	
(a) Sale of products	8,79,064.05	7,82,264.93
(b) Sale of services	1,821.55	4,004.88
(c) Other operating revenues	16,861.32	14,060.37
	8,97,746.92	8,00,330.18
Less: Excise duty and service tax	68,030.76	62,088.69
Total	8,29,716.16	7,38,241.49

XXI Other Income

Particulars	Year ended 31-03-2012	Year ended 31-03-2011
	(Rupees in lakhs)	
(a) Interest income	1,295.38	447.35
(b) Dividend	88.66	72.05
(c) Net gain on sale of investments	15.87	1,015.70
(d) Profit on sale of fixed assets	203.77	598.69
(e) Other non-operating income	501.20	246.87
Total	2,104.88	2,380.66

XXII Material Cost

Particulars	Year ended 31-03-2012	Year ended 31-03-2011
	(Rupees in lakhs)	
Cost of Materials consumed		
Opening stock of raw materials and components	24,235.10	15,454.46
Add: Purchases	4,95,037.40	4,78,021.49
	5,19,272.50	4,93,475.95
Less: Closing stock of raw materials and components	26,132.85	24,235.10
Cost of materials consumed	4,93,139.65	4,69,240.85
Purchases of traded goods	90,280.16	60,938.93
Changes in inventories of finished goods, work-in-process and stock-in-trade:		
Opening stock:		
Work-in-process	6,804.57	4,537.95

Particulars	Year ended 31-03-2012	Year ended 31-03-2011
	(Rupees in lakhs)	
Stock-in-trade	5,044.37	1,749.27
Finished goods	25,617.21	13,152.63
Total (A)	37,466.15	19,439.85
Closing stock:		
Work-in-process	8,310.55	6,804.57
Stock-in-trade	4,209.43	5,044.37
Finished goods	28,294.30	25,617.21
Total (B)	40,814.28	37,466.15
Changes in inventories (A)-(B)	(3,348.13)	(18,026.30)

XXIII Employee benefits expense

Particulars	Year ended 31-03-2012	Year ended 31-03-2011
	(Rupees in lakhs)	
(a) Salaries and wages	46,395.03	42,246.66
(b) Contribution to provident and other funds	3,551.31	3,325.63
(c) Welfare expenses	5,943.90	5,013.60
Total	55,890.24	50,585.89

XXIV Finance Costs

Particulars	Year ended 31-03-2012	Year ended 31-03-2011
	(Rupees in lakhs)	
(a) Interest expense	12,031.54	11,878.86
(b) Other borrowing costs	169.37	397.61
(c) Others-Exchange fluctuation	393.09	25.86
(d) Amortisation of Foreign currency monetary item translation difference	417.00	(1,702.00)
Total	13,011.00	10,600.33

XXV Other expenses

Particulars	Year ended 31-03-2012	Year ended 31-03-2011
	(Rupees in lakhs)	
(a) Consumption of stores, spares and tools	13,577.39	11,672.54
(b) Power and fuel	13,877.81	12,862.26
(c) Rent	2,858.78	2,303.48
(d) Repairs - buildings		

Particulars	Year ended 31-03-2012	Year ended 31-03-2011
	(Rupees in lakhs)	
	2,254.05	1,822.17
(e) Repairs - plant and equipment	7,247.22	6,796.96
(f) Repairs - others	171.50	383.91
(g) Insurance	481.61	497.87
(h) Rates and taxes, excluding, taxes on income	563.04	675.73
(i) Audit fees	121.21	97.51
(j) Packing and freight charges	29,711.13	25,051.60
(k) Sales related expenses	1,788.12	2,366.95
(l) Diminution in the value of investments (i.e. adjustment to the carrying amount of investments)	33.26	688.26
(m) Net loss on sale of investments and mutual funds	62.95	19.05
(n) Loss on sale of fixed assets	19.09	205.65
(o) Amortisation of foreign currency monetary item translation difference account	25.92	(67.25)
(p) Marketing and advertisement	37,564.91	39,999.52
(q) Miscellaneous expenses (under this head there is no expenditure which is in excess of 1% of revenue from operations or Rs.1 lakh, whichever is higher)	27,414.70	25,521.33
Total	1,37,772.69	1,30,897.54

XXVI Accounting Standards, Additional Disclosures and Notes on Accounts

1. Consolidation of accounts

A. Basis of accounting

The financial statements relate to Sundaram-Clayton Limited (parent company), its subsidiaries and associates are prepared under the historical cost convention and comply with the applicable accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

B. Principles of consolidation

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

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

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

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

C. Translation of foreign currency statements

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

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

Name of the Body corporate	Country of incorporation	Shareholding as on	Extent of holding (%)	
			Direct	Indirect
I) SUBSIDIARIES				
TVS Motor Company Ltd, Chennai	India	31-03-2012	57.40	-
Sundaram Auto Components Ltd, Chennai	India	31-03-2012	-	57.40
TVS Motor (Singapore) Pte Ltd, Singapore	Singapore	31-03-2012	-	57.40
TVS Motor Company (Europe) B.V., Amsterdam	Netherlands	31-03-2012	-	57.40
PT TVS Motor Company Indonesia, Jakarta	Indonesia	31-03-2012	-	57.40
TVS Energy Ltd., Chennai	India	31-03-2012	5.54	54.22
TVS Wind Energy Ltd., Chennai	India	31-03-2012	-	56.02
Sundaram Business Development Consulting (Shanghai) Co. Limited, China (Reporting Date : 31-12-2011)	China	31-03-2012	-	57.40
TVS Housing Ltd ,Chennai	India	31-03-2012	-	57.40
II) ASSOCIATES				
Sundram Non-Conventional Energy Systems Limited, Chennai	India	31-03-2012	23.53	-
TVS Wind Power Limited, Chennai	India	31-03-2012	-	43.75
Sundaram Engineering Products Services Ltd. Chennai.	India	31-03-2012	-	29.87
Emerald Haven Realty Ltd. Chennai (formerly Known as Green Earth Homes Limited)	India	31-03-2012	-	28.00
TVS Finance & Services Ltd, Chennai	India	06-07-2011	-	33.90

E. Other Significant Accounting Policies

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

S.No	Particulars	As at year ended 31-03-2012	As at year ended 31-03-2011
		(Rupees in Lakhs)	
2	Trade payables include		
	Amount due to Small Scale Industrial units	4,096.07	4,332.25
3	Contingent liability not provided for		
	(a) On counter guarantees given to bankers	2,308.30	2,367.42
	(b) On letters of credit opened with bankers	19,978.30	16,723.90
	(c) On partly paid shares	0.04	0.04
	(d) Estimated amount of contracts remaining to be executed on capital account	13,288.50	11,961.77
	(e) On guarantees furnished on behalf of loans granted to employees	125.74	125.94
	(f) On account of future export obligations (on account of import of capital goods under Export Promotion Capital Goods Scheme)	19,489.13	6,822.70
	(g) On bills of exchange discounted	4,218.80	2,317.16
	(h) Commitment for Capital contribution to TVS Shriram Growth Fund scheme of TVS Capital Funds.	637.50	2,142.40
	(i) Obligation arising out of agreements facilitating credit to a company	2,500.00	2,500.00
	(j) Others	-	750.38
4	Liability contested and not provided for		
	a) Excise duty	6,667.63	5,605.77
	b) Income tax	4,879.36	7,664.32
	c) Wealth tax	14.61	14.61
	d) Sales tax	291.00	661.53
	e) Service tax	1,339.78	1,933.29
	f) Customs	187.00	329.25
	g) Electricity Tax	18.00	18.00
	h) Employee settlement claims	-	6.00
	i) Land acquisition matters	-	181.00
	j) Others	446.42	96.92
5	Last year's figures have been regrouped wherever necessary to conform to this year's classification		

6. Segment revenues, results and other information

Information about primary business segments

(Rs. In lakhs)

Particulars	Business segments													
	Automotive components		Motor Vehicles		Computer peripherals		Financial Services		Energy business		Others		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
External sales-domestic	1,33,290.58	98,436.36	5,39,073.69	5,06,798.24	5,456.19	21,393.76	855.07	671.06	1,050.92	22.31	16.68	30.17	6,79,743.13	6,27,351.90
-exports	41,326.91	27,922.25	1,10,751.00	85,348.00	-	-	-	-	-	-	-	-	1,52,077.91	1,13,270.25
Inter segment sales	33,720.95	28,317.24	74,899.00	47,476.00	-	740.13	-	-	974.83	-	-	-	1,09,594.78	76,533.37
Total sales	2,08,338.44	1,54,675.85	7,24,723.69	6,39,622.24	5,456.19	22,133.89	855.07	671.06	2,025.75	22.31	16.68	30.17	9,41,415.82	8,17,155.52
Less: Inter segment sales	33,720.95	28,317.24	74,899.00	47,476.00	-	740.13	-	-	974.83	-	-	-	1,09,594.78	76,533.37
Net Revenue	1,74,617.49	1,26,358.561	6,49,824.69	5,92,146.24	5,456.19	21,393.76	855.07	671.06	1,050.92	22.31	16.68	30.17	8,31,821.04	7,40,622.15
Segment results before interest and tax	9,486.61	6,573.05	29,809.91	24,344.39	(267.17)	178.32	170.84	(1,142.51)	794.89	(36.22)	(3.77)	(31.62)	39,991.31	29,885.41
Add: Inter segment revenue													1.68	14.52
Less: Interest													(13,007.33)	(11,685.96)
Profit before tax													26,985.66	18,213.97
Taxes													10,369.28	5,938.84
Profit after tax													16,616.38	12,275.13
Segment Assets	1,08,432.90	91,701.13	2,49,398.00	2,38,934.00	-	12,336.13	-	10,517.21	44,497.71	15,606.24	3,003.73	11,640.53	4,05,332.34	3,80,735.24
Segment Liabilities	76,354.17	64,037.92	2,18,005.00	1,99,856.00	-	10,296.40	-	14,875.32	37,529.97	11,282.76	3,002.10	8,152.25	3,34,891.24	3,08,500.65

(Rs. In lakhs)

Particulars	Business segments													
	Automotive components		Motor Vehicles		Computer peripherals		Financial Services		Energy business		Others		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Total cost incurred during the year to acquire segment assets	9,605.51	10,496.00	22,021.00	13,354.00	-	242.36	-	48.86	6,467.21	13,647.97	8.12	2,033.72	38,101.84	39,822.91
Segment Depreciation	5,780.19	5,015.22	13,787.00	12,231.01	122.78	590.91	16.74	58.92	916.15	198.77	3.49	3.40	20,626.35	18,098.23
Non-cash expenses/(income) other than depreciation	31.16	(42.46)	(27.00)	3,381.00	-	-	-	-	16.55	6.62	-	-	20.71	3,345.16

Notes :

The Company and its subsidiaries cater mainly to the needs of the domestic market.

The export turnover is not significant in the context of the total turnover. As such there are no reportable geographical segments.

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

Related party disclosures

7 (a) List of Related Parties

Associate Companies	i)	TVS Finance & Services Ltd., Chennai. Upto 06.07.2011
	ii)	TVS Wind Power Ltd. Chennai
	iii)	Sundaram Engineering Products Services Ltd. Chennai
	iv)	Emerald Haven Realty Ltd. Chennai. From 26.03.2012 (Formerly known as Green Earth Homes Limited)
	v)	Sundram Non-Conventional Energy Systems Ltd., Chennai.
Key Management Personnel	i)	Mr. Venu Srinivasan, Chairman and Managing Director, Sundaram-Clayton Ltd., Chennai Chairman and Managing Director, TVS Motor Company Ltd., Chennai
	ii)	Dr. Lakshmi Venu Director-Strategy, Sundaram-Clayton Ltd., Chennai
	iii)	Mr. Sudarshan Venu, Vice President TVS Motor Company Ltd., Chennai

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

7(b) Particulars of transactions with related parties during the year 2011-12

Sl.No	Nature of transactions	Name of the Company	Amount (Rupees in lakhs)
1	Receiving of services	Sundram Non-Conventional Energy Systems Ltd. Chennai	55.00 (51.45)
2	Rendering of services	TVS Finance & Services Ltd. Chennai	0.15 (2.49)
3	Lease rent received	Sundram Non-Conventional Energy Systems Ltd. Chennai	0.48 (0.48)
4	Receivables	Sundram Non-Conventional Energy Systems Ltd. Chennai TVS Wind Power Limited, Chennai	- (1.07) 19.01 (12.20)
5	Payables	Sundram Non-Conventional Energy Systems Ltd. Chennai	1.82 (-)
6	Investments	Emerald Haven Realty Ltd. Chennai(formerly known as Green Earth Homes Ltd.) Sundaram Engineering Products Services Limited, Chennai	4,000.00 (-) 2.54 (-)
7	Inter Corporate Deposits Outstanding	TVS Wind Power Limited, Chennai	1,218.60 (-)
8	Interest received during the year	TVS Wind Power Limited, Chennai	132.11 (-)

Previous year's figures are furnished in brackets

Independent Auditors' Report to the shareholders of Sundaram-Clayton Limited, Chennai for the year ended 31st March 2013

To the Members of
Sundaram-Clayton Limited,
29 Haddows Road,
Chennai – 600006.

Report on the Financial Statements

We have audited the accompanying financial statements of Sundaram-Clayton Limited, Chennai – 600006 (“the Company”), which comprise the Balance Sheet as at 31st March 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date along with Notes on accounts.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 (“the Act”). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2013;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) we have 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 appears from our examination of those books;
 - c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) on the basis of written representations received from the directors as on 31st March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

M. BALASUBRAMANIAM
Partner
Membership No. : F7945

Place: Chennai
Date: 8th May 2013

**Independent Auditors' report to the shareholders of Sundaram-Clayton Limited,
Chennai for the year ended 31st March 2013 - continued**

Annexure referred to in our report of even date on the accounts for the year ended 31st March 2013.

- (i) (a) the Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Fixed assets are physically verified by the management at reasonable intervals. In our opinion, the interval is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The assets disposed off during the year are not substantial and therefore do not affect the going concern status of the Company.
- (ii) (a) The inventory has been physically verified at reasonable intervals during the year by the management. In our opinion, the frequency of such verification is adequate. The physical verification plan with regard to overseas inventory are planned to cover all the warehouses once in a cycle of three year. In respect of inventory with third parties, which have not been physically verified, there is a process of obtaining confirmation from such parties.
- (b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventory followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion, the Company has maintained proper records of inventory. The discrepancies between the physical stocks and the book stocks were not material and have been properly dealt with in the books of account.
- (iii) (a) During the year the Company has not granted loans and advances, to Companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) During the year the Company has not taken loan from any party covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, with regard to purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, no minor or major continuing failure has been noticed in the internal control system.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion, that the contracts or arrangements that need to be entered in the register maintained under section 301 of the Companies Act, 1956, have been properly entered in the said register.
- (b) In our opinion and according to the information and explanations given to us, transactions entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value by rupees five lakhs during the year in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposit from the public.
- (vii) The Company has an Internal Audit System, which in our opinion is commensurate with its size and nature of its business.

- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government under section 209(1)(d) of the Companies Act, 1956 for maintenance of cost records and are of the opinion that prima-facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) According to the records provided to us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess and other statutory dues with the appropriate authorities. However, there have been marginal delays in respect of Value Added Tax, Customs Duty and Income Tax deducted at source. The die casting divisions at Belagondapalli, Hosur and Mahindra World City, Kancheepuram are not covered under Employees' State Insurance Act, 1948.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess were in arrears as at 31st March 2013 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, the following are the details of the disputed dues that were not deposited with the authorities concerned.

Name of the Statute	Nature of dues		Amount (Rs. in crore)	Forum where dispute is pending
Income-Tax Act. 1961	Income Tax		1.88	Commissioner of Income tax (Appeals), Chennai
			0.50	The Hon'ble High Court of Judicature at Madras
Total			2.38	
Central Excise Act, 1944	Excise duty	a	0.06	The Hon'ble High Court of Judicature at Madras
		b	9.74	Commissioner of Central Excise, Chennai
Total			9.80	
Finance Act, 1994	Service tax	a	0.59	Central Excise and Service Tax Appellate Tribunal, Chennai
		b	0.46	Commissioner (Appeals), Chennai
		c	0.88	Commissioner of Central Excise, Chennai
		d	0.15	Additional Commissioner of Central Excise, Chennai
		e	0.20	Joint Commissioner of Service Tax, Chennai
		f	1.84	Commissioner of Service tax, Chennai
		g	0.05	Additional Commissioner of Service tax, Chennai
		h	0.03	Assistant Commissioner of Service tax, Chennai
Total			4.20	
Tamil Nadu Town and Country Planning Act, 1971	Fee payable to CMDA/Municipal Authorities		0.97	The Hon'ble High Court of Judicature at Madras

- (x) The Company neither has accumulated losses as at the end of the financial year nor has incurred cash losses during the financial year and in the immediately preceding financial year.
- (xi) Based on our verification and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to its banks.

- (xii) Based on our examination and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit/nidhi/mutual benefit fund/society and as such this clause of the Order is not applicable.
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments other than in mutual fund investments. Proper records have been maintained in respect of these transactions and contracts and timely entries have been made therein. The investments have been held by the Company in its own name.

We have not verified the original scrip in respect of investment of 375000 equity shares in Sai Regency Power Corporation Private Limited, Chennai. This is lodged with the investee company as per terms of investment.
- (xv) In our opinion, the terms and conditions of guarantees given by the Company for loans taken by others are not prejudicial to the interest of the Company.
- (xvi) The term loans availed by the Company were utilised for the purpose for which the loans were obtained.
- (xvii) On the basis of our examination, the Company has not used funds raised on short-term basis for long term investments.
- (xviii) During the year the Company has not allotted any shares on preferential basis to parties and Companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- (xix) During the year the Company has not issued any secured debenture.
- (xx) During the year the Company has not raised any money by public issue.
- (xxi) During the year the company had come across a fraud perpetrated by one of its employees causing a loss of about Rs.0.51 crores. However, the company has recovered the entire amount from the employee before the end of the accounting year.

For Sundaram & Srinivasan
Chartered Accountants
Firm Registration No. 004207S

Place: Chennai
Date: 08.05.2013

M BALASUBRAMANIAM
Partner
Membership No.F7945

SUNDARAM-CLAYTON LIMITED

Balance Sheet as at 31st March 2013

(Rupees in Crores)

Sl.No	Particulars	Note Number	As at 31-03-2013	As at 31-03-2012
I.	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	I	9.48	9.48
	(b) Reserves and surplus	II	282.58	273.01
2	Non-current liabilities			
	(a) Long-term borrowings	III	129.92	109.16
	(b) Deferred tax liabilities (Net)		16.89	20.01
	(c) Long-term provisions	IV	13.77	13.46
3	Current liabilities			
	(a) Short-term borrowings	V	257.58	218.56
	(b) Trade payables		107.41	101.65
	(c) Other current liabilities	VI	68.77	130.92
	(d) Short-term provisions	VII	27.61	43.20
	Total		914.01	919.45
II.	ASSETS			
1	Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets	VIII	396.28	309.53
	(ii) Intangible assets	VIII	0.26	0.79
	(iii) Capital work-in-progress	VIII	12.26	84.66
	(b) Non-current investments	IX	56.21	51.63
	(c) Long-term loans and advances	X	23.38	22.68
2	Current assets			
	(a) Current investments	XI	-	6.43
	(b) Inventories	XII	200.55	191.70
	(c) Trade receivables	XIII	160.78	158.53
	(d) Cash and cash equivalents	XIV	2.14	6.81
	(e) Short-term loans and advances	XV	59.20	82.83
	(f) Other current assets	XVI	2.95	3.86
	Total		914.01	919.45

SUNDARAM-CLAYTON LIMITED
Statement of Profit and Loss for the year ended 31st March 2013

(Rupees in Crores)

Sl.No	Particulars	Note Number	Year ended 31-03-2013	Year ended 31-03-2012
I	Revenue from operations	XVII	1,018.56	1,017.00
II	Other income	XVIII	38.12	34.23
III	Total Revenue (I + II)		1,056.68	1,051.23
IV	Expenses:			
	Cost of materials consumed	XIX	525.07	549.27
	Changes in inventories of finished goods, work-in-process and Stock-in-Trade	XIX	(7.15)	(13.15)
	Employee benefits expense	XX	133.23	119.43
	Finance costs	XXI	44.32	38.42
	Depreciation and amortization expense		51.25	47.34
	Other expenses	XXII	277.66	254.34
	Total expenses		1,024.38	995.65
V	Profit before exceptional items and tax (III-IV)		32.30	55.58
VI	Exceptional item - Profit on sale of long term investments		-	25.34
VII	Profit before tax (V + VI)		32.30	80.92
VIII	Tax expense:			
	(1) Current tax		-	10.35
	(2) Deferred tax		(3.12)	(1.72)
IX	Profit/(Loss) for the year from continuing operations (VII-VIII)		35.42	72.29
X	Profit/(loss) from discontinuing operations (Current Year – Nil; Last Year Rs.45,290)		-	-
XI	Tax expense of discontinuing operations (Current Year - Nil; Last Year Rs.9,000)		-	-
XII	Profit/(loss) from Discontinuing operations (after tax) (X-XI) (Current Year Nil; Last Year Rs.36,290)		-	-
XIII	Profit (Loss) for the year (IX + XII)		35.42	72.29

(Rupees in Crores)

Sl.No	Particulars	Note Number	Year ended 31-03-2013	Year ended 31-03-2012
XIV	Earnings per equity share [Vide Note No XXIII (1) (t)]:			
	(1) Basic		18.67	30.13
	(2) Diluted		18.67	30.13
	Accounting Standards, additional disclosures and notes on accounts	XXIII		

Cash Flow Statement For The Year Ended 31st March 2013

(Rupees in Crores)

	Year ended 31-03-2013	Year ended 31-03-2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	32.30	80.93*
Adjustments for:		
Depreciation and amortisation for the year	51.25	47.34
Other Non-Cash Items		
Amortisation of Foreign Currency Monetary Item Translation Difference account	1.67	0.26
Diminution in value of investments	-	0.31
Miscellaneous expenditure written off	-	0.02
Exceptional Income	-	(25.34)
Loss on sale/scrap of fixed assets	0.15	0.12
Profit on sale of fixed assets	(0.11)	(0.07)
Net (profit)/ loss on sale of investments	(1.36)	0.54
Dividend income	(36.21)	(33.46)
Interest income	(0.44)	(0.70)
Interest expense	38.23	33.53
	53.18	22.55
Operating profit before working capital changes	85.48	103.48
Adjustments for:		
Trade Receivables	(2.25)	(38.89)
Inventories	(8.85)	(25.68)
Other current assets	0.91	0.37
Short-term loans and advances	23.63	(29.50)
Trade Payables	5.76	10.23
Other Current liabilities (excluding current maturities of debt)	(26.95)	22.89
Short-Term Provisions	0.48	0.27
	(7.27)	(60.31)
Cash generated from operations	78.21	43.17
Direct taxes paid	(3.48)	(9.83)**
Net cash from operating activities (A)	74.73	33.34
* Includes profit from discontinuing operations Rs.45,290		
**Includes tax expense of discontinuing operations Rs.9,000		

(Rupees in Crores)

	Year ended 31-03-2013	Year ended 31-03-2013
B CASH FLOW FROM INVESTING ACTIVITIES		
Additions to fixed assets (including Capital work in progress)	(71.48)	(108.91)
Deletion to fixed assets (net of depreciation)	8.39	37.45
Profit on sale of fixed assets	0.11	0.07
Loss on sale/scrap of fixed assets	(0.15)	(0.12)
Long-term loans and advances	2.59	(4.07)
Purchase of investments	(6.09)	(49.39)
Sale of investments	7.94	59.71
Profit on sale of investments - exceptional item	-	25.34
Net profit / (loss) on sale of investments	1.36	(2.35)
Interest received	0.44	0.70
Dividend received	36.21	33.46
Net Cash from/(used in) investing activities (B)	(20.68)	(8.11)

Sundaram-Clayton Limited

Cash Flow Statement For The Year Ended 31st March 2013 (continued)

(Rupees in Crores)

	Year ended 31-03-2013	Year ended 31-03-2012
C CASH FLOW FROM FINANCING ACTIVITIES		
Borrowings:		
Term loans availed/(repaid)	(18.90)	4.73
Unsecured loan availed/ (repaid)	(30.81)	15.60
Long term provisions	0.31	1.25
Interest paid	(38.23)	(33.53)
Dividend and dividend tax paid	(42.42)	(12.71)
Net cash from financing activities (C)	<u>(130.05)</u>	<u>(24.66)</u>
D NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(76.00)	0.57
Cash and cash equivalents at the beginning of the year	6.81	2.15
Cash and Bank balances	(139.76)	(135.67)
Cash credit balance	<u>(132.95)</u>	<u>(133.52)</u>
Cash and cash equivalents at the end of the year	2.14	6.81
Cash and Bank balances	(211.09)	(139.76)
Cash credit balance	<u>(208.95)</u>	<u>(132.95)</u>
Notes:		
1 The above statement has been prepared in indirect method except in case of dividend, tax and purchase and sale of investments which have been considered on the basis of actual movement of cash		
2 Cash and cash equivalent include cash and bank balances.		

NOTES ON ACCOUNTS

I Share Capital

a) Details of authorised, issued and subscribed share capital

Particulars	As at 31-03-2013		As at 31-03-2012	
	Number	Rupees in Crores	Number	Rupees in Crores
<u>Authorised Capital</u>				
Equity Shares of Rs.5/- each	5,00,00,000	25.00	5,00,00,000	25.00
<u>Issued, Subscribed & Paid up Capital</u>				
Equity Shares of Rs.5/- each fully paid	1,89,67,584	9.48	1,89,67,584	9.48
Out of the above:				
Equity shares allotted as fully paid up by way of bonus shares in the five years immediately preceding the date of Balance Sheet:				
a) Number of shares - 1,89,67,584				
b) Year of allotment - Year ended 31st March, 2010.	1,89,67,584	9.48	1,89,67,584	9.48

(b) Reconciliation of equity shares outstanding at the beginning and at the end of 31st March 2013

Particulars	As at 31-03-2013		As at 31-03-2012	
	Number	Rupees in Crores	Number	Rupees in Crores
Shares outstanding at the beginning of the year	1,89,67,584	9.48	3,79,35,168	18.96
Shares Issued during the year	-	-	-	-
Reduction pursuant to composite scheme of arrangement sanctioned by the Honourable High Court of Judicature at Madras (vide its order dated 03-08-2012)	-	-	(1,89,67,584)	(9.48)
Shares outstanding at the end of the year	1,89,67,584	9.48	1,89,67,584	9.48

- (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 1956.

ii) There are no restrictions attached to equity shares.

- (d) Details of shares held by holding/ultimate holding/subsidiaries/associates of holding company at the end of 31st March 2013

Name of Shareholder	Relationship	Class of Share	As at 31-03-2013		As at 31-03-2012	
			No. of Shares held	% of Holding	No. of Shares held	% of Holding
T V Sundram Iyengar & Sons Limited- Madurai	Holding company	Equity	38,07,330	20.07	38,07,330	20.07
Sundaram Industries Limited- Madurai	Fellow Subsidiary	Equity	60,62,522	31.96	60,62,522	31.96
Southern Roadways Limited- Madurai	Fellow Subsidiary	Equity	30,31,127	15.98	30,31,127	15.98

- (e) Details of shareholders holding more than five percent at the end of 31st March 2013 (other than I (d))

Name of Shareholder	Class of Share	As at 31-03-2013		As at 31-03-2012	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
Sundaram Finance Limited- Chennai	Equity	22,73,085	11.98	22,73,085	11.98

SUNDARAM-CLAYTON LIMITED

NOTES ON ACCOUNTS (continued)

II Reserves and Surplus

(Rupees in Crores)

Particulars	As at 31-03-2013		As at 31-03-2012	
a.General reserve				
Opening Balance	210.55			180.53
Add: Transfer from the statement of Profit and Loss	3.54		7.23	
Transfer from capital reserves			22.79	30.02
Closing Balance		214.08		210.55
b. Foreign Currency Monetary Items Translation Difference Reserve				
Opening Balance	(0.70)		-	
Add: Created during the year	(0.97)		(0.96)	
Less: Transfer to Other Expenses	(1.67)		(0.26)	
Closing Balance		-		(0.70)
c. Surplus i.e. balance in Statement of Profit and Loss				
Opening balance	63.16		26.84	
Add: Net Profit for the current year	35.42	98.58	72.29	99.13
Less: Allocations / Appropriations				
First Interim Dividend Paid	17.07		-	
Second interim dividend payable	9.48		-	
Interim Dividend payable	-		21.81	
Dividend tax **	-		3.54	
Tax relating to earlier years	-		3.39	
Transfer to general reserve	3.54	30.09	7.23	35.97
Closing Balance		68.49		63.17
Total (e) = (a+b+c+d)		282.58		273.01

** The Company has set off its dividend distribution tax payable (in full) under section 115-O (IA) of the Income Tax Act, 1961 against the dividend distribution tax paid by one of the subsidiary companies on the dividend declared

SUNDARAM-CLAYTON LIMITED**NOTES ON ACCOUNTS (continued)**

(Rupees in Crores)

III Long-Term Borrowings

Particulars	As at 31-03-2013	As at 31-03-2012
(a) <u>Secured</u> Term loans From banks	126.92	107.66
(b) <u>Unsecured</u> From other parties	3.00	1.50
Total	129.92	109.16

SUNDARAM-CLAYTON LIMITED**NOTES ON ACCOUNTS (continued)****Details of repayment terms of Long term loans**

(Rupees in Crores)

Total of loans repayable	Loans repayable in 2012-13 (Current maturity)	Balance Long term loans as at 31-03-2012	Description	Frequency	No. of instalments due	Maturity	Total of loans repayable	Loans repayable in 2013-14 (Current maturity)	Balance Long term loans as at 31-03-2013
9.58	9.58	-	External Commercial Borrowings- I	Half Yearly	-	-	-	-	-
30.45	20.30	10.15	External Commercial Borrowings- II	Half Yearly	-	-	-	-	-
12.47	12.47	-	Rupee Term Loan I	Quarterly	-	-	-	-	-
50.00	7.14	42.86	Rupee Term Loan II	Quarterly	12	February 2016	42.86	14.29	28.57
50.00	12.50	37.50	Rupee Term Loan III	Half Yearly	6	March 2016	37.50	12.50	25.00
-	-	-	Rupee Term Loan IV	Quarterly	12	December 2017	45.00	-	45.00
17.15	-	17.15	Buyer's credit	Bullet payment	NIL	July 2014 to April 2015	28.35	-	28.35
169.65	61.99	107.66	Sub-total				153.71	26.79	126.92
1.50	-	1.50	Soft loan - Unsecured	Yearly			3.00	-	3.00
171.15	61.99	109.16	Total				156.71	26.79	129.92

Details of securities created:

- (i) Rupee Term Loans:
Secured by first and exclusive charge on specific plant and equipment situated at the Company's factories
- (ii) Buyer's credit
Secured by exclusive charge on specific plant and equipment situated at the Company's factories
- (iii) Soft loan is from Department of Science & Industrial Research, Govt. of India (DSIR). It is repayable in 5 yearly instalments " from the start of commercial sale of the product produced in the commercial plant ,or a new producing plant installed on the basis of result of the Technology Development and Demonstration Programme (TDDP) project, whichever is earlier "

Amount payable in each instalment

Description	Currency	Amount
Term Loan II	INR	3.573 crores
Term Loan III	INR	6.250 crores
Term Loan IV	INR	3.750 crores

SUNDARAM-CLAYTON LIMITED

NOTES ON ACCOUNTS (continued)

(Rupees in Crores)

IV Long-Term Provisions

Particulars	As at 31-03-2013	As at 31-03-2012
(a) Employee benefits		
(i) Pension	10.02	9.99
(ii) Leave salary	1.80	1.52
(b) Others		
Sales Tax	1.95	1.95
Total	13.77	13.46

V Short-Term Borrowings

Particulars	As at 31-03-2013	As at 31-03-2012
(a) <u>Secured</u>		
From banks- Repayable on demand	211.09	139.76
(b) <u>Unsecured</u>		
From banks- Short term	46.49	78.80
Total	257.58	218.56

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

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

SUNDARAM-CLAYTON LIMITED**NOTES ON ACCOUNTS (continued)**

(Rupees in Crores)

VI Other Current Liabilities

Particulars	As at 31-03-2013	As at 31-03-2012
(a) Current maturities of long-term debt		
Term loans	26.79	61.99
(b) Interest accrued but not due on borrowings	2.57	2.18
(c) Unpaid dividends	0.55	0.38
(d) Others		
(i) Tax deducted at source payable	1.60	1.03
(ii) Sales tax payable	1.77	4.97
(iii) Employee related	7.40	6.93
(iv) For expenses	10.13	25.43
(v) Advance received	17.96	15.15
(vi) Capital goods	-	12.86
Total	68.77	130.92

VII Short-Term Provisions

Particulars	As at 31-03-2013	As at 31-03-2012
(a) Employee benefit - Pension	12.54	12.50
(b) Employee benefit - Leave salary	1.14	0.83
(c) Warranty	2.96	2.83
(d) Interim dividend payable	9.48	21.81
(e) Dividend tax payable	-	3.54
(f) Provision for taxation (net of advance tax of Rs.11.91 Crores; PY Rs.4.18 Crores)	1.49	1.69
Total	27.61	43.20

Sundaram-Clayton Limited
Notes on accounts

(Rupees in Crores)

Non-current assets - VIII Fixed assets

Description	Tangible									Intangible* (Software)		Total (tangible and intangible)	
	Land		Buildin gs	Plant & equipme nt	Furnitu re & fixtures	Office equipme nt	Vehicl es	Total as at		As at		As at	
	Free hold	Lease hold						31-03- 2013	31-03- 2012	31-03- 2013	31-03- 2012	31-03- 2013	31-03- 2012
Cost of assets													
As at 01-04-2012	3.53	9.23	62.19	461.26	6.71	12.03	11.47	566.42	563.76	3.71	2.19	570.13	565.95
Acquisition through amalgamation	-	-	-	-	-	-	-	-	1.72	-	-	-	1.72
Additions #	-	1.68	42.58	93.73	0.96	1.75	4.65	145.35	58.87	0.51	1.52	145.86	60.39
Sub-total	3.53	10.91	104.77	554.99	7.67	13.78	16.12	711.77	624.35	4.22	3.71	715.99	628.06
Sales / Deletion / Amortisation	-	(0.17) **	-	(11.74)	(0.01)	(0.14)	(1.29)	(13.35)	(57.93)	-	-	(13.35)	(57.93)
Total	3.53	10.74	104.77	543.25	7.66	13.64	14.83	698.42	566.42	4.22	3.71	702.64	570.13
Depreciation and amortisation													
Upto 31-03-2012	-	-	13.47	228.79	2.55	8.32	3.76	256.89	230.81	2.92	1.85	259.81	232.66
Acquisition through amalgamation	-	-	-	-	-	-	-	-	0.19	-	-	-	0.19

Non-current assets - VIII Fixed assets (Contd.,)

(Rupees in Crores)

Description	Tangible									Intangible* (Software)		Total (tangible and intangible)	
	Land		Buildin gs	Plant & equipm ent	Furniture & fixtues	Office equipm ent	Vehic les	Total as at		As at		As at	
	Free hold	Lease hold						31-03- 2013	31-03- 2012	31-03- 2013	31-03- 2012	31-03- 2013	31-03- 2012
For the year	-	-	3.02	44.22	0.48	1.28	1.21	50.21	46.27	1.04	1.07	51.25	47.34
Sub-total	-	-	16.49	273.01	3.03	9.60	4.97	307.10	277.27	3.96	2.92	311.06	280.19
Withdrawn on assets sold / deleted	-	-	-	(3.69)	(0.01)	(0.13)	(1.13)	(4.96)	(20.38)	-	-	(4.96)	(20.38)
Total	-	-	16.49	269.32	3.02	9.47	3.84	302.14	256.89	3.96	2.92	306.10	259.81
Written down value													
As at 31-03-2013	3.53	10.74	88.28	273.93	4.64	4.17	10.99	396.28	-	0.26	-	396.54	-
As at 31-03-2012	3.53	9.23	48.72	232.47	4.16	3.71	7.71	-	309.53	-	0.79	-	310.32
CAPITAL WORK- IN-PROGRESS (AT COST) # (a) Building (b) Plant & equipment Total												0.31 11.95	30.53 54.13
												12.26	84.66
* Vide Note No. XXIII (1) (z) regarding Intangible Assets under Accounting Standard- 26													
** Charged under the head Rent paid													
# Addition includes loss arising on account of restatement of external commercial borrowing attributable to acquisition of plant and equipment amounting to Rs.4.86 Crores (previous year loss - Rs.8.44 crores) - vide notes on accounts Note No. XXIII (1) (k) under Accounting Standard -11.													

SUNDARAM-CLAYTON LIMITED

NOTES ON ACCOUNTS (continued)

(Rupees in Crores)

IX Non-current investments

	Particulars	As at 31-03-2013	As at 31-03-2012
A	Trade Investments		
	(a) Investment in Equity instruments	27.07	25.31
	(b) Investment in Preference shares	10.01	10.01
	(c) Investments in Private equity instruments	9.68	10.87
	Total - Trade Investments	46.76	46.19
	Less : Provision for diminution in the value of investments	-	0.11
	Net Total - Trade Investments (A)	46.76	46.08
B	Other Investments		
	Employees' pension related investments	9.45	5.55
	Total Other Investments (B)	9.45	5.55
	Total (A + B)	56.21	51.63

* Note: All investments are carried at cost. Provision for diminution in value of investments has been created wherever necessary

SUNDARAM-CLAYTON LIMITED

NOTES ON ACCOUNTS (continued)

Details of Non-current Investments

Sl. No.	Name of the body corporate	Subsidiary / associate / JV/ controlled entity	No. of Shares / Units		Extent of holding (%)	Extent of holding (%)	Rupees in Crores	
			As at 31-03-2013	As at 31-03-2012			As at 31-03-2013	As at 31-03-2012
A	<u>Trade Investments</u>							
	-							
(a)	<u>Investment in Equity Instruments - Fully paid-up</u>							
	<u>(i) Quoted</u>							
	TVS Motor Company Limited, Chennai	Subsidiary	27,26,82,786	27,26,82,786	57.40%	57.40%	19.59	19.59
	Suprajit Engineering Limited, Bengaluru	Others	57,72,000	57,72,000	-	-	0.43	0.43
	Harita Seating Systems Limited, Chennai	Others	7,280	7,280	-	-	0.04	0.04
	India Nippon Electricals Limited, Chennai	Others	-	2,945	-	-	-	0.02
	Eicher Motors Limited, New Delhi Cost Rs. 2,968	Others	-	100	-	-	-	-
	Mahindra & Mahindra Limited, Mumbai Cost Rs.945.48	Others	-	92	-	-	-	-
	Kinetic Engineering Limited, Pune Cost Rs.8400	Others	-	60	-	-	-	-
	Bajaj Auto Limited, Pune Cost - Rs.348/-	Others	-	50	-	-	-	-
	Hero Motocorp Limited, New Delhi Cost Rs.186/-	Others	-	50	-	-	-	-
	Premier Limited, Mumbai (formerly known as Premier Automobiles Limited) Cost Rs. 1327	Others	-	50	-	-	-	-
	LML Limited, Kanpur - Cost Rs.250/-	Others	-	25	-	-	-	-
	Summit Securities Limited, Mumbai	Others	-	11	-	-	-	-

Sl. No.	Name of the body corporate	Subsidiary / associate / JV/ controlled entity	No. of Shares / Units		Extent of holding (%)	Extent of holding (%)	Rupees in Crores	
			As at 31-03-2013	As at 31-03-2012			As at 31-03-2013	As at 31-03-2012
	<u>(ii) Unquoted</u>						-	
	TVS Energy Limited , Chennai	Subsidiary	45,00,000	45,00,000	5.54%	5.54%	4.50	4.50
	Sundaram-Clayton (USA) Limited Cost Rs.5572.75	Subsidiary	100	-	100%	100%	-	-
	TVS Training and Services Limited, Chennai	Associate	20,00,000	-	43.96%	-	2.00	0.50
	TVS Finance and Services Limited, Chennai	Others	78,00,000	78,00,000	-	-	0.01	0.01
	Sundram Non Conventional Energy Systems Limited, Chennai	Associate	1,17,650	1,17,650	23.53%	23.53%	0.12	0.12
	Sai Regency Power Corporation Private Limited, Chennai	Others	3,75,000	-	-	-	0.38	-
	L P Polymers Limited, Hyderabad	Others	-	1,00,000	-	-	-	0.10
	PAL Peugeot Limited, New Delhi (Cost LY Rs. 4000)	Others	-	400	-	-	-	-
	Shree Chamundi Mopeds Limited, Tumkur (under liquidation) (Cost LY Rs. 2400)	Others	-	100	-	-	-	-
	DCM Daewoo Motors Limited, New Delhi (Cost LY Rs.2050)	Others	-	100	-	-	-	-
	Orkay Industries Limited, Mumbai (Cost LY Rs.790)	Others	-	38	-	-	-	-
	Athena Financial Services Limited, Pune (Cost LY Rs.1500)	Others	-	33	-	-	-	-
	Total (a)						27.07	25.31

Sl. No.	Name of the body corporate	Subsidiary / associate / JV/ controlled entity	No. of Shares / Units		Extent of holding (%)	Extent of holding (%)	Rupees in Crores	
			As at 31-03-2013	As at 31-03-2012	As at 31-03-2013	As at 31-03-2012	As at 31-03-2013	As at 31-03-2012
(b)	<u>Investment in Preference shares - Fully paid-up</u>							
	Unquoted							
	TVS Finance and Services Limited, Chennai - 6% Non Cumulative Non convertible Redeemable Preference Shares	Others	75,68,000	75,68,000	-	-	0.01	0.01
	TVS Finance and Services Limited, Chennai - 9% Non Cumulative Non convertible Redeemable Preference Shares Cost Rs.57,347	Others	57,34,650	57,34,650	-	-	-	-
	TVS Motor Services Limited, Chennai - Non Cumulative Preference Shares	Others	1,00,00,000	1,00,00,000	-	-	10.00	10.00
	Total (b)						10.01	10.01
(c)	<u>Investments in Private equity instruments</u>							
	TVS Shriram Growth fund Scheme 1 of TVS Capital Funds Limited, Chennai	Others	85,516.22	97,443	-	-	8.55	9.74
	TVS Shriram Growth fund Scheme 1B of TVS Capital Funds Limited, Chennai (vide note no.XXIII(6))	Others	11,250	11,250	-	-	1.13	1.13
	Total (c)						9.68	10.87
	Total A (a+b+c)						46.76	46.19

Sl. No.	Name of the body corporate	Subsidiary / associate / JV/ controlled entity	No. of Shares / Units		Extent of holding (%)	Extent of holding (%)	Rupees in Crores	
			As at 31-03- 2013	As at 31-03- 2012	As at 31-03- 2013	As at 31-03- 2012	As at 31- 03-2013	As at 31- 03-2012
B	<u>Other Investments</u>							
	-							
(a)	<u>Investment in equity instruments - Partly paid-up- Unquoted</u>							
	Adyar Property Holding Company Limited, Chennai- Cost Rs. 7000	Others	105	105	-	-	-	-
(b)	<u>Employees' pension related</u>							
	ICICI Prudential Life Insurance Company Limited, Mumbai	Others	-	-	-	-	5.23	5.55
	Life Insurance Corporation of India, Chennai	Others	-	-	-	-	4.22	-
	Total B (a+b)						9.45	5.55
	Total (A)+(B)						56.21	51.74

Note: All investments are carried at cost.

Summary of non-current investments						Rupees in Crores	
Sl. No.	Particulars	As at 31-03-2013		As at 31-03-2012		Cost	Market value
		Cost	Market value	Cost	Market value		
(a)	Quoted investments	20.07	900.10	20.08	1,129.61		
(b)	Unquoted investments	36.14	-	31.66	-		
	Total	56.21	900.10	51.74	1,129.61		

SUNDARAM-CLAYTON LIMITED**NOTES ON ACCOUNTS (continued)**

(Rupees in Crores)

X Long-term loans and advances

Particulars	As at 31-03-2013	As at 31-03-2012
Unsecured, considered good		
(a) Capital advances	1.37	6.31
(b) Deposits made	16.66	14.31
(c) Advance payment of tax (net of provision of Rs.10.50 crores - Previous year Rs.17.98 crores)	5.35	2.06
Total	23.38	22.68

XI Current investments

Particulars	As at 31-03-2013	As at 31-03-2012
(a) Investments in Equity instruments	-	1.05
(b) Investments in Mutual Funds	-	6.47
Total	-	7.52
Less : Provision for diminution in the value of investments	-	1.09
Net realisable value	-	6.43

SUNDARAM-CLAYTON LIMITED

NOTES ON ACCOUNTS (continued)

Details of Current Investments

Sl. No.	Name of the body corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Rupees in Crores	
			As at 31-03-2013	As at 31-03-2012		As at 31-03-2013	As at 31-03-2012
(a)	<u>Investments in Equity Instruments - Fully paid-up</u>						
	-						
	(i) Arkay Energy (Rameswaram) Limited, Hyderabad	Others	-	10,50,000	Unquoted	-	1.05
	Total (a)		-			-	1.05
(b)	<u>Investments in Mutual Funds</u>						
	-						
i)	L&T Mutual Fund, Mumbai (L & T Ultra Short Term Fund)	Others	-	97,342	Quoted	-	0.16
ii)	Reliance Mutual Fund, Mumbai (Reliance liquidity fund - Growth)	Others	-	5,36,941	Quoted	-	0.84
iii)	Kotak Mutual Fund, Mumbai (Kotak Liquid Institutional growth)	Others	-	9,73,575	Quoted	-	2.03
iv)	JM Financial Mutual Fund, Mumbai, (JM Money Manager Fund)	Others	-	1,58,916	Quoted	-	0.24
v)	Sundaram Energy Opportunities Fund - Growth of Sundaram Mutual Fund, Chennai	Others	-	5,00,000	Quoted	-	0.50

Sl. No.	Name of the body corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Rupees in Crores	
			As at 31-03-2013	As at 31-03-2012		As at 31-03-2013	As at 31-03-2012
vi)	SBI Magnum Comma Fund	Others	-	4,21,200	Quoted	-	1.20
	SBI Mutual Fund, Mumbai						
vii)	Sundaram Capex Opportunities Growth	Others	-	4,54,707	Quoted	-	1.50
	Sundaram Mutual Fund, Chennai						
viii)	Morgan Stanley Growth Fund (Rs.5000)	Others	-	500	Quoted	-	-
	Morgan Stanley Mutual Fund, Mumbai						
	Total (b)					-	6.47
	Total (a)+(b)					-	7.52

Summary of current investments						Rupees in Crores	
Sl. No.	Particulars	As at 31-03-2013		As at 31-03-2012			
		Cost	Market value	Cost	Market value		
(a)	Quoted investments	-	-	6.47	5.43		
(b)	Unquoted investments	-	-	1.05	-		
	Total	-	-	7.52	5.43		

SUNDARAM-CLAYTON LIMITED**NOTES ON ACCOUNTS (continued)**

(Rupees in Crores)

XII Inventories (at weighted average cost or net realisable whichever is less)

Particulars	As at 31-03-2013	As at 31-03-2012
(a) Raw Materials and components *	24.93	24.83
(b) Goods-in transit- Raw Materials and components *	6.25	8.84
(c) Work-in-process *	19.82	21.64
(d) Finished goods *	98.01	89.04
(e) Stores and spares *	51.54	47.35
Total	200.55	191.70
Note: Work-in-process comprises of:		
(a) Semi finished castings pending for machining / under inspection	17.99	16.31
(b) Semi finished machined products	1.83	5.33
	19.82	21.64

* as certified by Chairman & Managing Director

XIII Trade Receivables

Particulars	As at 31-03-2013	As at 31-03-2012
(a) Unsecured debts outstanding for a period exceeding six months		
(i) Considered good	1.96	1.31
(ii) Considered doubtful	3.60	4.03
	5.56	5.34
Less: Provision for doubtful debts	3.60	4.03
	1.96	1.31
(b) Other unsecured debts (considered good)	158.82	157.22
Total	160.78	158.53

XIV Cash and cash equivalents

Particulars	As at 31-03-2013	As at 31-03-2012
(a) Balances with banks	1.49	3.60
(b) Cheques/drafts on hand	-	2.76
(c) Cash on hand	0.10	0.07
(d) Earmarked balances with banks (for unpaid dividend)	0.55	0.38
Total	2.14	6.81

SUNDARAM-CLAYTON LIMITED**NOTES ON ACCOUNTS (continued)****XV Short-term loans and advances**

(Rupees in Crores)

Particulars	As at 31-03-2013	As at 31-03-2012
Unsecured considered good:		
(a) Loans and advances to related parties	-	14.85
(b) Others:		
(i) Employee related	2.00	1.66
(ii) Excise current account	14.16	16.72
(iii) Vendor advance	31.59	41.50
(iv) Prepaid Expenses	3.25	2.48
(v) Export benefit	3.78	2.00
(vi) VAT receivable	2.78	1.92
(vii) Service Tax receivable	1.64	1.70
Total	59.20	82.83

XVI Other current assets

Particulars	As at 31-03-2013	As at 31-03-2012
(a) Claims receivable	2.30	3.60
(b) Upfront fees on long term borrowings	0.28	-
(c) Premium on forward contracts	0.32	0.19
(d) Interest accrued on investments and Loans & advances	0.05	0.07
Total	2.95	3.86

SUNDARAM-CLAYTON LIMITED**NOTES ON ACCOUNTS (continued)**

(Rupees in Crores)

XVII Revenue from operations

Particulars	Year ended 31-03-2013	Year ended 31-03-2012
(a) Sale of products	1,046.99	1035.24
(b) Sale of services #	18.02	17.88
(c) Other operating revenues	23.50	27.88
	1,088.51	1,081.00
Less: Excise duty and service tax	69.95	64.00
	1,018.56	1,017.00
# Refer Note No.XXIII (12) for broad head of sale of services		

XVIII Other Income

Particulars	Year ended 31-03-2013	Year ended 31-03-2012
(a) Interest income	0.44	0.70
(b) Dividend		
(i) From subsidiary	35.45	32.72
(ii) From others	0.76	0.74
(c) Net gain on sale of investments	1.36	-
(d) Profit on sale of fixed assets	0.11	0.07
Total	38.12	34.23

XIX Material Cost

Particulars	Year ended 31-03-2013	Year ended 31-03-2012
Cost of Materials consumed		
Opening stock of raw materials and components	24.83	22.68
Add: Purchases	525.17	551.42
	550.00	574.10
Less: Closing stock of raw materials and components	24.93	24.83
Cost of materials consumed	525.07	549.27
Changes in inventories of finished goods, work-in-process and stock-in-trade:		
Opening stock:		
Work-in-process	21.64	17.54
Finished goods	89.04	79.99
Total (A)	110.68	97.53

SUNDARAM-CLAYTON LIMITED**NOTES ON ACCOUNTS (continued)**

(Rupees in Crores)

Particulars	Year ended 31-03-2013	Year ended 31-03-2012
Closing stock:		
Work-in-process	19.82	21.64
Finished goods	98.01	89.04
Total (B)	117.83	110.68
Changes in inventories (A)-(B)	(7.15)	(13.15)
Refer Note No. XXIII (16) (I) for broad head of raw materials consumed.		

XX Employee benefits expense

Particulars	Year ended 31-03-2013	Year ended 31-03-2012
(a) Salaries and wages	109.39	94.32
(b) Contribution to provident and other funds	7.30	8.89
(c) Welfare expenses	16.54	16.22
Total	133.23	119.43

XXI Finance Costs

Particulars	Year ended 31-03-2013	Year ended 31-03-2012
(a) Interest expense	38.23	33.53
(b) Other borrowing costs	0.57	1.10
(c) Others-Exchange fluctuation	5.52	3.79
Total	44.32	38.42

SUNDARAM-CLAYTON LIMITED**NOTES ON ACCOUNTS (continued)****XXII Other expenses**

Particulars	Year ended 31-03-2013	Year ended 31-03-2012
(a) Consumption of stores, spares and tools*	74.31	79.02
(b) Power and fuel*	59.02	41.32
(c) Rent*	18.19	4.74
(d) Repairs - buildings*	12.18	9.99
(e) Repairs - plant and equipment*	16.22	14.87
(f) Repairs - others*	0.61	0.57
(g) Insurance	1.23	0.99
(h) Rates and taxes, excluding, taxes on income	0.95	0.97
(i) Audit fees (Vide Note No XXIII (7) in notes on accounts)	0.35	0.29
(j) Packing and freight charges*	40.20	44.83
(k) Warehousing charges	14.69	12.64
(l) Diminution in the value of investments (i.e. adjustment to the carrying amount of investments)	-	0.31
(m) Net loss on sale of investments (net of gain of Rs.0.48 crores)	-	0.54
(n) Loss on sale of fixed assets	0.15	0.12
(o) Amortisation of foreign currency monetary item translation difference account	1.67	0.26
(p) Miscellaneous expenses* (under this head there is no expenditure which is in excess of 1% of revenue from operations or Rs.1 lakh, whichever is higher)	37.89	42.88
Total	277.66	254.34
* Net of recoveries Refer Note No.XXIII (1) (e) on Accounting Standard - 5 for prior period items.		

Sundaram-Clayton Limited

XXIII Notes on Accounts (continued)

(Rupees in crores)

Sl.No	Particulars	As at / year ended 31-03-2013	As at / year ended 31-03-2012
		(Rupees in crores)	
1	Preamble: The company is engaged mainly in the business of manufacture and sale of non-ferrous gravity and pressure die castings. The method of accounting and compliance with various Accounting Standards is displayed below: ACCOUNTING STANDARDS		
a)	AS - 1 Disclosure of Accounting Policies The accounts are maintained on accrual basis as a going concern.		
b)	AS - 2 Valuation of Inventories Inventories are valued in accordance with the method of valuation prescribed by The Institute of Chartered Accountants of India at lower of weighted average cost or net realisable value.		
c)	AS - 3 Cash Flow Statement Cash flow statement is prepared under "Indirect Method" and the same is annexed.		
d)	AS - 4 Contingencies and Events Occurring After the Balance Sheet Date Disclosure of contingencies as required by the Accounting Standard is furnished in Note no -6		
e)	AS - 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies i) Prior period debits included in statement of profit and loss: Salaries & wages Other expenses	- 0.19	0.03 0.05

Sl.No	Particulars	As at / year ended 31-03-2013	As at / year ended 31-03-2012
		(Rupees in crores)	
	ii) There are no changes in accounting policies.		
f)	AS - 6 Depreciation Accounting Depreciation has been provided under the straight line method at the rates prescribed under Schedule XIV of the Companies Act, 1956 with applicable shift allowance. In respect of the assets added/sold during the year, pro-rata depreciation has been provided. Depreciation in respect of computers and vehicles has been provided @ 30% and 18% respectively which are higher than the rate prescribed in schedule XIV of the Companies Act, 1956. Depreciation in respect of assets acquired during the year whose actual cost does not exceed Rs. 5,000/- has been provided at 100%		
g)	AS - 7 Construction Contracts This accounting standard is not applicable.		
h)	AS - 8 Research and Development This accounting standard is withdrawn.		

Sl. No	Particulars	As at / year ended 31-03-2013	As at / year ended 31-03-2012
		(Rupees in crores)	
i)	AS - 9 Revenue Recognition The income of the company is derived from sale of gravity and pressure die-castings and from sale of services. (a) Sale of products is recognised when goods are despatched through nominated logistics. (b) Income from services are recognised on completion of services and when invoices are raised (c) Export sales are recognised on the basis of net export certificates Interest income is recognised on a time proportion basis taking into account the amount outstanding and rate applicable. Dividend from investments is recognised when the company in which they are held declares the dividend and when the right to receive is established. The revenue and expenditure are accounted on a going concern basis.		
j)	AS - 10 Accounting for Fixed assets All the fixed assets are valued at cost including expenditure incurred in bringing them to usable condition as reduced by depreciation.		
k)	AS - 11 Effects of Changes in Foreign Exchange Rates Foreign currency transactions Income and expenses in foreign currencies are converted at exchange rates prevailing on the date of the transaction. Foreign currency monetary assets, liabilities and loans are translated at the exchange rate Prevailing on the balance sheet date. In terms of Companies (Accounting Standards) Amendment Rules, 2009, and Companies (Accounting Standards) Amendment Rules, 2011 on Accounting Standard-11 (AS-11), notified by the Government of India, the Company has opted to adjust the changes in foreign exchange rates relating to long term foreign currency monetary items to the carrying cost of fixed asset and to Foreign Currency Monetary Item Translation Difference Account. The impact is set out below:		
	Gain / (Loss) arising from changes in foreign exchange rates relating to depreciable capital assets reduced / added to carrying cost of such assets	(4.86)	(8.44)
	Gain / (Loss) arising from changes in foreign exchange rates relating to other long term foreign currency monetary items (not relating to acquisition of depreciable assets) credited / debited to "Foreign Currency Monetary Item Translation Difference Account".	(0.97)	(0.96)
	Amortisation of "Foreign Currency Monetary Item Translation Difference account" by crediting / (debiting) the Statement of		

Sl. No	Particulars	As at / year ended 31-03-2013	As at / year ended 31-03-2012
		(Rupees in crores)	
	Profit and Loss.	(1.67)	(0.26)
	a) Derivative instruments Derivative contracts are entered into by the company only based on underlying exposures. The company has not entered into any derivative contracts of a speculative nature. b) Currency Option: The company has entered into European Currency options contract to limit the foreign exchange risk covering the total trade credit availed for USD 5.22 Million. The cost of option is apportioned over the period of the loan under the head Finance Cost.		
	Net gain / (loss) on foreign exchange fluctuation credited / debited to statement of profit and loss - under Other expenses in Note no XXII(p)	(3.07)	(1.83)

Sl. No	Particulars	As at / year ended 31-03-2013	As at / year ended 31-03-2012
		(Rupees in crores)	
l)	AS - 12 Accounting for Government Grants The company has not received any grants from the Government		
m)	AS - 13 Accounting for Investments Investments that are intended to be held for more than a year are classified as Non-current investments. Long term investments are carried at cost. Provision for diminution in value, if any, is made to recognise a decline other than temporary in the value of investments. Investment in TVS Shriram Growth Fund, Scheme 1B of TVS Capital Funds Limited, Chennai, viz., 11,250 units are carried at par value of Rs.1,000/- per unit aggregating to Rs.1.13 crores. However, the Fund has declared its Net Asset Value as at 31st March 2013 at Rs.935/- per unit. Thus, there is a diminution in value to the extent of Rs.65/- per unit aggregating to Rs.0.07 crores. This diminution is not provided for in the accounts as the management opines that the portfolio is relatively younger in its investment horizon of 4-5 years with life of the Fund of 7 years with returns commencing from year 4 onwards and hence the fall in value is only temporary. This opinion is based on the fact that the fund returns will start to rise steeply and the growth fund will make positive returns soon. <u>Investment in equity shares of Sai Regency Power Corporation Power Limited, Chennai – 3,75,000 equity shares</u> The shares are acquired subject to the Memorandum and Articles of Association of the investee company and is further subject to restriction on transfer as per the said Articles of Association. The said Articles provide that Investor should lodge the original Share Certificate with them. Accordingly, one scrip for 3,75,000 equity shares is lodged with the Investee Company. Thus, the Auditors have not verified the original. The Investee Company keeps the original as a lien against amount payable by the Investor for electricity power purchased from Investee.		
	Refer note no IX for aggregate value of quoted and unquoted investments Provision for diminution in value of investments - Sundaram Energy Opportunities Fund(Growth) of Sundaram Mutual Fund, Chennai - SBI Magnum Comma Fund of SBI Mutual Fund, Mumbai - Sundaram Capex Opportunities Fund of Sundaram Mutual Fund , Chennai Total	- - - -	0.02 0.13 0.17 0.31
n)	AS - 14 Accounting for Amalgamation During the year there was no amalgamation.		

Sl. No	Particulars	(Rupees in crores)
(o)	AS - 15 Accounting for retirement benefits Disclosure is made as per the requirements of the standard and the same is furnished below: A Defined contribution plans Contribution to provident fund is in the nature of defined contribution plan and are made to a recognised trust. The company contributes at the rates prescribed under the Employees' Provident and Miscellaneous Provisions Act, 1952 as Employer's contribution to the Fund. Such contributions by the employer viz. by the Company are invested by the Fund in Trust Securities. The company does not anticipate any decline in intrinsic worth of assets of the Trust Fund. As regards shortfall between interest rate determined by the Fund to be paid to the employees and the rate decided by the Government, the same will be accounted in the year of determination by the Government and such shortfall will be charged off to welfare expenses B Defined benefit plan (a) The company extends defined benefit plans in the form of leave salary to employees. In addition, the company also extends pension to senior managers of the company. Provision for leave salary and pension is made on actuarial valuation basis. (b) The company also extends defined benefit plan in the form of gratuity to employees. Contribution to gratuity is made to Life Insurance Corporation of India in accordance with the scheme framed by the Corporation.	

C	Disclosure as required by Accounting Standard 15	(Rupees in crores)		
		Leave salary	Pension	Gratuity
(a)	Expenses recognised in the Statement of Profit and Loss			
(i)	Current service cost	1.17	-	0.69
(ii)	Interest cost	0.12	1.63	0.72
(iii)	Expected return on plan assets	-	-	(0.88)
(iv)	Net actuarial loss /(gain) recognised in the year	0.97	2.66	0.44
	Total	2.26	4.29	0.97
(b)	Change in defined benefit obligation during the year ended 31st March 2013			
(i)	Present value of obligation as at beginning of the year (01-04-2012)	2.35	22.49	8.95
(ii)	Interest cost	0.12	1.63	0.72
(iii)	Current service cost	1.17	-	0.69
(iv)	Benefits paid	(1.67)	(4.22)	(0.33)
(v)	Actuarial loss on obligation	0.97	2.66	0.44
(vi)	Present value of obligation as at the end of the year (31-03-2013)	2.94	22.56	10.47

Sl. No	Particulars	(Rupees in crores)		
		Leave Salary	Pension	Gratuity
(c)	Change in fair value of plan assets during the year ended 31st March 2013			
(i)	Fair value of plan assets at the beginning of the year (01-04-2012)	-	-	9.57
(ii)	Expected return on plan assets	-	-	0.88
(iii)	Contributions made during the year	-	-	1.22
(iv)	Benefits paid	-	-	(0.33)
(v)	Actuarial gain on plan assets	-	-	-
(vi)	Fair value of plan assets as at the end of the year 31st March 2013	-	-	11.34
(d)	Balance Sheet movements			
(i)	Value of benefit obligations / (net assets) at the beginning of the year (01-04-2012)	2.35	22.49	-
(ii)	Contributions made during the year	-	-	1.22
(iii)	Expenses	2.26	4.29	(0.96)
(iv)	Benefits paid	(1.67)	(4.22)	-
(v)	Value of benefit	2.94	22.56	0.26
	Note: The net asset in respect of gratuity plan is not recognised as it is lying in irrevocable trust fund approved by Income tax authorities.			
(e)	Actuarial assumptions			
(i)	Discount rate used	8.00%	8.00%	8.00%
(ii)	Expected return on plan assets	NA	NA	9.30%
	Estimates of future salary increase considered in actuarial valuation take into account the inflation, seniority and other relevant factors.			

Sl. No	Particulars	As at / year ended 31-03-2013	As at / year ended 31-03-2012
		(Rupees in crores)	
p)	AS - 16 Borrowing costs The borrowing cost has been treated in accordance with Accounting Standard on borrowing cost (AS 16) issued by The Institute of Chartered Accountants of India. During the year, a sum of Rs. 1.48 crores (last year Rs 4.85 crores) being interest on borrowings attributable to qualifying assets have been capitalised under the various heads.		
q)	AS - 17 Segment reporting The company operates in only one segment viz., Automotive Components and there are no separate reportable Segments.		
r)	AS - 18 Related party disclosures Disclosures are made as per the requirements of the standard and clarifications issued by The Institute of Chartered Accountants of India.		
s)	AS -19 Accounting for leases The company has taken the following assets under operating lease 1 Vehicle The lease period is for 60 months.		
	The details of maturity profile of future operating lease payments are furnished below:	Rs in Crores	
	a. The total of future minimum lease payments under non-cancellable operating lease for each of the following periods: - Not later than one year - Later than one year and not later than five years - Later than five years	0.57 1.42 -	0.38 1.15 -
	b. Total of minimum sub-lease payments expected to be received under non-cancellable sub-leases at the Balance sheet date	Not applicable	Not applicable
	c. Lease payments recognised in the statement of profit and loss for the period under the head Rent paid	0.48	0.32

Sl. No	Particulars	As at / year ended 31-03-2013	As at / year ended 31-03-2012
		(Rupees in crores)	
2	Plant & Machinery , Electrical Equipment and other Equipment The lease period is for 10 years		
	The details of maturity profile of future operating lease payments are furnished below:		
	a. The total of future minimum lease payments under non-cancellable operating lease for each of the following periods:		
	- Not later than one year	13.54	10.25
	- Later than one year and not later than five years	75.27	52.25
	- Later than five years	24.22	31.75
	b. Total of minimum sub-lease payments expected to be received under non-cancellable sub-leases at the Balance sheet date	Not applicable	Not applicable
	c. Lease payments recognised in the statement of profit and loss for the period under the head Rent paid	11.86	0.72

[illegible]

Sl.No	Particulars	As at / year ended 31-03-2013	As at / year ended 31-03-2012
		(Rupees in crores)	
w)	AS - 23 Accounting for Investments in Associates in Consolidated Financial Statements I) The company holds 23.53% of the equity share capital of Sundram Non-Conventional Energy Systems Limited, Chennai (SNES). Hence SNES is an associate of the company II) Emerald Haven Realty Limited, Chennai (EHRL) (formerly known as Green Earth Homes Limited) is an associate of TVS Motor Company Limited which is a subsidiary of the company. The company indirectly holds 28% of the equity share capital of EHRL. Hence, EHRL is an associate of the company III) TVS Wind Power Limited, Chennai is a subsidiary of TVS Energy Limited, Chennai, which is a subsidiary of TVS Motor Company Limited, Chennai. The company indirectly holds 43.75% of the equity share capital of TVS Wind Power Limited, Hence, TVS Wind Power Limited is an associate of the company, IV) The Company holds 43.96% of the shares of TVS Training & Services Limited, Chennai (TVSTS). Hence, TVSTS is an associate of the company		

Sl. No	Particulars	As at / year ended 31-03-2013	As at / year ended 31-03-2012
		(Rupees in crores)	
x)	AS - 24 Discontinuing operations The Company has not discontinued any operation during the year	-	0.01
y)	AS - 25 Interim Financial Reporting The Company has elected to publish quarterly financial results which were subject to limited review by the statutory auditors.		
z)	AS - 26 Intangible Assets During the year, the Company acquired the following assets falling under the definition of intangible assets as per the Accounting Standard and the following disclosure is made in respect of those assets : Software : - Useful life of the assets - Amortisation rates used - Gross carrying amounts at the beginning and at the end of the period together with additions and deletions during the year Opening balance Additions during the year Total (A) Amortisation Opening balance For the year Total amortisation (B) Closing balance (A - B)	2 years 50% each year as depreciation 3.71 0.51 4.22 2.92 1.04 3.96 0.26	2 years 50% each year as depreciation 2.19 1.52 3.71 1.85 1.07 2.92 0.79
aa)	AS - 27 Financial reporting of interest in joint ventures There is no joint venture.		
ab)	AS - 28 Impairment of Assets The carrying amount of the assets net of accumulated depreciation as on the balance sheet date is not less than the recoverable amount of those assets.		

Sl. No	Particulars	As at / year ended 31-03-2013	As at / year ended 31-03-2012
		(Rupees in crores)	
ac)	AS - 29 Provisions, contingent liabilities and contingent assets		
	(i) Provisions		
	The management has an estimated warranty provision of Rs. 2.96 crores (previous year - Rs. 2.83 crores)		
	(ii) Contingent liabilities		
	Amount for which the company is contingently liable is disclosed in Note No. XXIII (6).		
	(iii) Contingent assets		
	Contingent assets which are likely to give rise to possibility of inflow of economic benefits - NIL		
	(iv) Contested liabilities are detailed in Note No. XXIII (10)		

Sl.No	Particulars	As at / year ended 31-03-2013	As at / year ended 31-03-2012
		(Rupees in crores)	
2	Dues from Subsidiaries		
	Debtors include due from subsidiaries		
	- Debts outstanding for a period exceeding six months	0.59	-
	- Other debts	11.75	10.41
3	Dues from Subsidiaries		
	Loans and advances include dues from subsidiaries		
	- TVS Motor Company Limited, Chennai	-	14.87
4	Trade payables include amount due to micro and small scale industrial units	1.30	4.56
	Disclosure under Micro, Small and Medium Enterprises Development Act, 2006		
	(i) The principal amount and interest due thereon remaining unpaid to any supplier at the end of each accounting year:		
	a) Principal (all are within agreed credit period and not due for payment)	1.30	4.56
	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 the 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

Sl.No	Particulars	As at / year ended 31-03-2013	As at / year ended 31-03-2012
		(Rupees in crores)	
5	Investment in Subsidiaries a) The Company holds 27,26,82,786 equity shares of Re.1 each in TVS Motor Company Limited, Chennai (TVSM). This amounts to 57.40% of the paid up capital of TVSM. Hence, TVSM is a subsidiary of the Company. b) The Company holds 45,00,000 equity shares of Rs.10 each and its subsidiary TVS Motor Company Limited, Chennai holds 7,67,50,000 equity shares of Rs.10 each in TVS Energy Limited, Chennai (TVS Energy). This aggregates to 59.76% of the paid up capital of TVS Energy. Hence, TVS Energy is a subsidiary of the Company. c) The Company holds 100 equity shares of USD 1 each in Sundaram-Clayton (USA) Limited This amounts to 100% of the paid up capital of SCL USA. Hence, it is a subsidiary of the Company.		
6	Contingent liability not provided for: a) on counter-guarantee given to bank b) On letters of credit opened with banks c) On partly paid shares d) Capital commitments not provided e) On guarantee furnished on behalf of employees f) On account of future export obligations (under Export Promotion Capital Goods scheme and Advance Licence) g) On commitment for capital contribution to TVS Shriram Growth Fund Scheme IB of TVS Capital Funds	0.73 53.93 - 9.80 0.01 219.42 6.38	0.50 89.39 - 55.42 0.01 174.86 6.38
7	Audit fees consists of a) Audit fees b) Certification fees c) Taxation matters d) Other services e) Reimbursement of expenses	0.20 0.03 0.02 0.07 0.03	0.18 0.02 0.01 0.04 0.04
8	Contribution to provident and other funds include: (a) Gratuity as per scheme framed by Life Insurance Corporation of India (LIC) (b) Pension fund (c) Deposit linked insurance as per scheme framed by LIC	1.30 0.07 0.16	2.30 1.36 0.10

Sl.No	Particulars	As at / year ended 31-03-2013	As at / year ended 31-03-2012
		(Rupees in crores)	
9	Repairs include Stores consumed	7.00	10.04
10	Liability contested and not provided for		
	a) Excise duty	9.80	8.38
	b) Service tax	4.20	4.87
	c) Income Tax	2.48	0.67
	d) Wealth tax	-	0.15
	e) Others	0.97	2.59
11	Research and development expenditure incurred and claimed under Income tax Act, 1961		
	a) Revenue Expenditure - This consists of		
	Salaries & wages	4.28	4.11
	Materials/consumables/spares	0.15	0.24
	Tools & Accessories	0.24	0.02
	Consultancy	-	0.04
	Repairs and maintenance	0.44	-
	Testing Expenses	0.10	0.13
	Software/data processing	0.10	0.16
	Foreign and inland travel	0.13	0.18
	Administrative and other expenses	0.06	-
	Electricity	0.60	0.44
	Total - A	6.09	5.32
	b) Capital expenditure		
	Plant & Equipment (included in total cost of additions under Plant and Equipment, Dies & Jigs)	0.87	7.80
	Buildings (included under in total cost of additions under Building)	1.03	0.41
	Plant and equipment (included under capital work-in-progress of machinery)	-	0.04
	Total - B	1.90	8.25
	Total expenditure (A + B)	7.99	13.57
	Less: Sale of prototypes	-	0.22
	Net R & D expenditure	7.99	13.35
12	Sale of services		
	a) Management services	17.25	17.20
	b) Others	0.77	0.68
	Total	18.02	17.88

XXIII NOTES ON ACCOUNTS (continued)

(Rupees in crores)

13	Disclosure made in terms of clause 32 of the listing agreement with stock exchanges				
	Particulars	Name of the company	Amount outstanding as on 31-03-2013	Maximum amount due at any time during the year	Amount outstanding as on 31-03-2012
a)	Loans and advances				
(i)	Loans and advances in the nature of loans made to subsidiary company	TVS Motor Company Limited, Chennai	-	14.87	14.87
(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 372A of the Companies Act, 1956	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 Energy Limited, Chennai (45,00,000 Equity shares of Rs.10/- each fully paid up) TVS Motor Company Limited, Chennai (27,26,82,786 equity shares of Re.1/- each fully paid up) Sundaram-Clayton (USA) Limited, USA (100 equity shares of USD 1 each fully paid up) (Previous year- Nil)	4.50 19.59 0.001	4.50 19.59 0.001	4.50 19.59 -
(ii)	In associate company	Sundram Non-conventional Energy Systems Limited, Chennai (1,17,650 Equity shares of Rs 10/- each fully paid-up) TVS Training & Services Limited, Chennai (20,00,000 Equity shares of Rs 10/- each fully paid-up)	0.12 2.00	0.12 2.00	0.12 -

Sundaram-Clayton Limited
XXIII NOTES ON ACCOUNTS (continued)

14 Related party disclosures

LIST OF RELATED PARTIES

- | | | |
|----|----------------------|---|
| a) | Reporting entity: | Sundaram-Clayton Limited, Chennai (SCL) |
| b) | Holding Company | T V Sundram Iyengar & Sons Limited, Madurai |
| c) | Subsidiary companies | <div style="display: flex; align-items: flex-start;"> <div style="margin-right: 10px;"> (i) (ii) (iii) (iv) (v) (vi) (vii) (viii) (ix) (x) </div> <div> TVS Motor Company Limited, Chennai (TVSM)
 Sundaram Auto Components Limited, Chennai - Subsidiary of TVSM
 Sundaram Business Development Consulting (Shanghai) Co. Ltd, China- Subsidiary of TVSM
 Sundaram-Clayton (USA) Limited, USA
 TVS Energy Limited, Chennai (TVSEL) - Subsidiary of TVSM
 TVS Wind Energy Limited, Chennai - Subsidiary of TVSEL
 TVS Housing Limited, Chennai - Subsidiary of TVSM
 TVS Motor (Singapore) Pte. Limited, Singapore - (TVSM Singapore) Subsidiary of TVSM
 PT TVS Motor Company Indonesia, Jakarta - Subsidiary of TVSM Singapore
 TVS Motor Company (Europe) B.V. Amsterdam -(TVSM Europe) Subsidiary of TVSM </div> </div> |

- | | | |
|----|---------------------|---|
| d) | Fellow Subsidiaries | <div style="display: flex; align-items: flex-start;"> <div style="margin-right: 10px;"> (I) (i) (ii) (iii) (iv) (v) (vi) (vii) (viii) (ix) (x) (xi) (xii) </div> <div> <u>Indian Companies</u>
 Lucas Indian Service Limited, Chennai
 Lucas-TVS Limited, Chennai
 NK Telecom Products Limited, Madurai
 NK Telesystems Limited, Madurai
 NSM Holdings Limited, Madurai
 Rajgarhia Automobile Solution Limited, Kolkata
 Southern Roadways Limited, Madurai
 Sundaram Industries Limited, Madurai
 Sundaram Textiles Limited, Madurai
 The Associated Auto Parts Limited, Mumbai
 TOR Projects & Services Limited, Madurai
 TVS Automobile Solutions Limited, Madurai </div> </div> |
|----|---------------------|---|

(xiii) TVS Automotive Systems Limited, Chennai

Sundaram-Clayton Limited**XXIII NOTES ON ACCOUNTS (continued)**

- (xiv) TVS Interconnect Systems Limited, Madurai
- (xv) Prime Property Holdings Limited, Chennai
- (xvi) Tumkur Property Holdings Limited, Chennai
- (xvii) Sundaram Investment Limited, Chennai
- (xviii) Sundaram Engineering Products Services Limited, Chennai
- (xix) TVS Capital Funds Limited, Chennai
- (xx) TVS Electronics Limited, Chennai
- (xxi) TVS Investments Limited, Chennai
- (xxii) TVS-E Access (India) Limited, Chennai
- (xxiii) TVS-E Servicetec Limited, Chennai
- (xxiv) Pusam Rubber Products Limited, Madurai
- (xxv) Essex Automobile Solutions Limited, Gujarat
- (xxvi) Navratna Insurance Broking Limited, Coimbatore
- (xxvii) Focuz Automobile Services Limited, Kerala
- (xxviii) GS Automotive Service Equipments (Chennai) Private Limited, Madurai
- (xxix) TVS Wind Power Limited, Chennai – Subsidiary of TVSEL
- (xxx) SANRAV Automobile Solutions (Chennai) Private Limited, Madurai

Sundaram-Clayton Limited**XXIII NOTES ON ACCOUNTS (continued)****14 Related party disclosures (continued)****LIST OF RELATED PARTIES**

d)	Fellow Subsidiaries	(II)	<u>Overseas Company</u>
		(i)	Sundaram Lanka Tyres Limited, Sri Lanka
e)	Associate companies	(i)	Sundram Non-Conventional Energy Systems Limited, Chennai
		(ii)	Emerald Haven Realty Limited, Chennai (formerly known as Green Earth Homes Limited)
		(iii)	TVS Training and Services Limited, Chennai (effective 20th February 2013)
f)	Key management personnel(KMP)	(i)	Mr. Venu Srinivasan, Chairman and Managing director
		(ii)	Dr . Lakshmi Venu, Director - Strategy
g)	Relative of KMP	(i)	Mrs . Mallika Srinivasan
		(ii)	Mr. Sudarshan Venu, Director
h)	Enterprise over which KMP and their relatives have significant influence		Harita-NTI Limited, Chennai

Sundaram-Clayton Limited

XXIII Notes on Accounts (continued)

15 Related party transactions

(Rupees in crores)

SI No	Nature of transactions	Name of the company	Holding Company	Subsidiaries	Fellow Subsidiaries	Associates	KMP - Significant Influence	KMP	Relative of KMP	Total
1	Purchase of goods	T V Sundram Iyengar & Sons Ltd, Madurai	0.12	-	-	-	-	-	-	0.12
		Sundaram Auto Components Limited, Chennai	-	0.20	-	-	-	-	-	0.20
		Harita NTI Ltd, Chennai	-	-	-	-	2.62	-	-	2.62
			0.12 (0.12)	0.20 (0.23)	- -	- -	2.62 (1.90)	- -	- -	2.95 (2.25)
2	Sale of goods (including sub contract charges)	TVS Motor Company Ltd, Chennai	-	168.53	-	-	-	-	-	168.53
		TVS Electronics Ltd, Chennai	-	-	-	-	-	-	-	-
			- -	168.53 (173.58)	- (0.05)	- -	- -	- -	- -	168.53 (173.63)
3	Purchase of power	Sundram Non Conventional Energy Systems Ltd, Chennai	-	-	-	0.83	-	-	-	0.83
		TVS Energy Limited, Chennai	-	10.83	-	-	-	-	-	10.83
			-	10.83	-	0.83	-	-	-	11.66
			-	(7.11)	-	(0.55)	-	-	-	(7.66)

(Rupees in crores)

SI No	Nature of transactions	Name of the company	Holding Company	Subsidiaries	Fellow Subsidiaries	Associates	KMP - Significant Influence	KMP	Relative of KMP	Total
4	Rendering of services	TVS Motor Company Ltd, Chennai	-	14.48	-	-	-	-	-	14.48
		Sundaram Auto Components Ltd, Chennai	-	2.21	-	-	-	-	-	2.21
		TVS Electronics Ltd, Chennai	-	-	0.07	-	-	-	-	0.07
		TVS Energy Limited, Chennai	-	1.57	-	-	-	-	-	1.57
		Sundaram Investment Limited, Chennai	-	-	0.03	-	-	-	-	0.03
		Harita NTI Ltd, Chennai	-	-	-	-	0.23	-	-	0.23
			-	18.26	0.10	-	0.23	-	-	18.59
			-	(17.74)	(0.05)	-	(0.37)	-	-	(18.16)
5	Receiving of services	Sundaram Auto Components Limited, Chennai	-	0.14	-	-	-	-	-	0.14
		TVS E-Servicetec Limited, Chennai	-	-	0.25	-	-	-	-	0.25
		Sundaram-Clayton (USA) Limited, USA	-	0.02	-	-	-	-	-	0.02
		TVS Electronics Limited, Chennai	-	-	0.06	-	-	-	-	0.06
			-	0.16	0.31	-	-	-	-	0.47
			-	(0.31)	(0.35)	-	-	-	-	(0.66)
6	Lease rent	Sundram Non Conventional Energy Systems Ltd, Chennai	-	-	-	0.01	-	-	-	0.01
			-	-	-	(0.01)	-	-	-	(0.01)
7	Remuneration paid		-	-	-	-	-	1.71	-	1.71
			-	-	-	-	-	(1.85)	-	(1.85)
Previous year's figures are furnished in brackets										

Sundaram-Clayton Limited

XXIII NOTES ON ACCOUNTS (continued)

15 Related party transactions (continued)

(Rupees in crores)

Sl No	Nature of transactions	Name of the company	Holding Company	Subsidiaries	Fellow Subsidiaries	Associates	KMP - Significant Influence	KMP	Relative of KMP	Total
8	Inter corporate deposits outstanding	TVS Motor Company Ltd, Chennai	-	-	-	-	-	-	-	-
			-	- (14.87)	-	-	-	-	-	- (14.87)
9	Investments made	TVS Training & Services Limited, Chennai	-	-	-	1.50	-	-	-	1.50
				-		1.50 (0.50)		-	-	1.50 (0.50)
10	Dividend received	Sundram Non-conventional Energy Systems Limited, Chennai	-	-	-	0.35	-	-	-	0.35
		TVS Motor Company Ltd, Chennai	-	35.45	-	-	-	-	-	35.45
			-	35.45 (32.72)	-	0.35 -	-	-	-	35.80 (32.72)

(Rupees in crores)

Sl No	Nature of transactions	Name of the company	Holding Company	Subsidiaries	Fellow Subsidiaries	Associates	KMP - Significant Influence	KMP	Relative of KMP	Total
11	Interest Income	TVS Motor Company Ltd, Chennai	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-
			-	(0.02)	-	-	-	-	-	(0.02)
12	Outstanding as on 31st March 2013 Receivables	TVS Motor Company Ltd, Chennai	-	11.46	-	-	-	-	-	11.46
		TVS Electronics Ltd, Chennai	-	-	0.04	-	-	-	-	0.04
		Sundaram Auto Components Ltd, Chennai	-	0.88	-	-	-	-	-	0.88
		TVS Investments Limited, Chennai	-	-	0.01	-	-	-	-	0.01
		Emerald Haven Realty Limited, Chennai	-	-	-	0.16	-	-	-	0.16
		Sundaram Investment Limited, Chennai	-	-	0.05	-	-	-	-	0.05
		Harita NTI Limited	-	-	-	-	0.23	-	-	0.23
			-	12.35	0.10	0.16	0.23	-	-	12.84
13	Payables	T V Sundram Iyengar & Sons Ltd, Madurai	0.02	-	-	-	-	-	-	0.02
		TVS-E Servicetec Limited, Chennai	-	-	-	-	-	-	-	-
		Sundram Non-Conventional Energy Systems Limited, Chennai	-	-	-	0.02	-	-	-	0.02
										-

(Rupees in crores)

Sl No	Nature of transactions	Name of the company	Holding Company	Subsidiaries	Fellow Subsidiaries	Associates	KMP - Significant Influence	KMP	Relative of KMP	Total
		TVS Energy Limited, Chennai	-	0.05	-	-	-	-	-	0.05
		Harita NTI Ltd, Chennai	-	-	-	-	0.16	-	-	0.16
			0.02 (0.01)	0.05 -	- (0.01)	0.02 (0.02)	0.16 (0.16)+	- -	- -	0.25 (0.20)

Previous year's figures are furnished in brackets

XXIII NOTES ON ACCOUNTS (continued)				
16 I. RAW MATERIALS CONSUMED (Rupees in Crores)				
		Year ended 31-03-2013		Year ended 31-03-2012
1. a) Basic raw materials Aluminium alloys and ingots		498.17		517.98
b) Intermediates and components (which individually do not account for 10 % or more of the total value of consumption)		26.90		31.29
Total		525.07		549.27
2 Consumption of raw materials and components	% of total consumption		% of total consumption	
a) Imported	61%	321.61	65%	355.61
Indigeneous	39%	203.46	35%	193.66
Total	100%	525.07	100%	549.27
II CONSUMPTION OF MACHINERY SPARES	% of total consumption		% of total consumption	
a) Imported	27%	0.34	9%	0.22
b) Indigeneous	73%	0.94	91%	2.22
	100%	1.28	100%	2.44
III IMPORTS (CIF value)				
		Year ended 31-03-2013		Year ended 31-03-2012
a) Raw materials		368.11		374.96
b) Spares, stores and components		13.73		19.40
c) Capital goods		25.52		19.72
d) Trading goods		-		0.30

(Rs. In Crores)

		Year ended 31-03-2013	Year ended 31-03-2012
IV	EXPENDITURE IN FOREIGN CURRENCY		
a)	Travel	0.96	1.03
b)	Consultancy	2.53	2.32
c)	Legal and trade marks	1.47	1.78
d)	Subscriptions	0.12	0.07
e)	Computer software	-	0.09
f)	Rework charges	2.12	4.08
g)	Interest on foreign currency loan	6.40	9.21
h)	Warehousing fees	12.45	9.48
i)	Salaries	2.47	2.77
j)	Insurance	0.17	0.11
k)	Rent	0.16	0.10
l)	Others	1.07	2.24
V	EARNINGS IN FOREIGN EXCHANGE		
a)	Exports (on FOB basis)	456.88	413.27
b)	Freight recovery	19.84	36.28
c)	Insurance recovery	0.04	0.04

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

SUNDARAM-CLAYTON LIMITED

STATEMENT UNDER SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARIES

Name of the subsidiaries	TVS Motor Company Limited, Chennai	TVS Energy Limited, Chennai	Sundaram-Clayton (USA) Limited, USA
1. Financial year of the subsidiaries ended on	31-03-2013	31-03-2013	31-03-2013
2. Shares of the subsidiaries held by the company as on 31st March 2013			
a) Number and face value-equity	27,26,82,786 Equity shares of Re 1/- each fully paid	45,00,000 Equity shares of Rs 10/- each fully paid	100 Equity shares of USD 1 each fully paid
b) Extent of holding	57.40%	5.54% and 94.46% by TVSM	100.00%
3. Net aggregate amount of profit/losses of the subsidiaries not dealt with in the company's account so far as it concerns the members of the holding company	Rs. In crores	Rs. In crores	Rs. In crores
a) for the financial year of the subsidiary	31.15	0.25	0.07
b) for the previous financial years since they became subsidiaries	201.57	(0.74)	-

SUNDARAM-CLAYTON LIMITED

STATEMENT UNDER SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARIES

Name of the subsidiaries	TVS Motor Company Limited, Chennai	TVS Energy Limited, Chennai	TVS Energy Limited, Chennai
4. Net aggregate amount of profit/losses of the subsidiaries dealt with in the company's account so far as it concerns the members of the holding company	Rs. In crores	Rs. In crores	Rs. In crores
a) for the financial year of the subsidiary	35.45	-	-
b) for the previous financial years since they became subsidiaries	53.95	-	-
5. Change of interest of the company in the subsidiaries between the end of the financial year of the subsidiary and the financial year of the company.	Not applicable as the subsidiaries close the accounts on 31st March		
6. Material changes between the end of the financial year of the subsidiary and the end of financial year of the company in respect of subsidiaries	Not applicable as the subsidiaries close the accounts on 31st March		
i) Fixed assets			
ii) Investments			
iii) Money lent			
iv) Borrowings other than for meeting current liabilities			

SUNDARAM-CLAYTON LIMITED

Notes:

1. SCL, Chennai holds 57.40% of the paid up equity capital of TVS Motor Company Limited (TVSM), Chennai. Hence, TVSM is a subsidiary of SCL, Chennai u/s 4(1)(b) of the Companies Act, 1956 (the Act)
2. Sundaram Auto Components Limited (SACL), Chennai, TVS Housing Limited, Chennai and Sundaram Business Development Consulting (Shanghai) Co. Ltd, China are wholly-owned subsidiaries of TVSM, and hence they are subsidiaries of SCL, u/s 4(1)(c) of the Act.
3. TVS Motor (Singapore) Pte Limited, Singapore, TVS Motor Company (Europe) BV, Amsterdam, are wholly owned subsidiaries of TVSM and PT.TVS Motor Company Indonesia, Jakarta, is a subsidiary of TVSM and hence they are subsidiaries of SCL, Chennai u/s 4(1)(c) of the Act.
4. SCL, Chennai and its subsidiary TVS Motor Company Limited, Chennai together hold 100% of the paid up equity capital of TVS Energy Limited, Chennai. Hence, TVS Energy Limited is a subsidiary of SCL, Chennai u/s 4(1)(b) of the Act.
5. TVS Wind Energy Limited, Chennai is a subsidiary of TVS Energy Limited and hence it is a subsidiary of SCL u/s 4(1)(c) of the Act.
6. TVS Wind Power Limited, Chennai is a subsidiary of TVS Energy Limited and hence it is a subsidiary of SCL u/s 4(1)(c) of the Act.
7. SCL, Chennai holds 100% of the paid up equity capital of Sundaram-Clayton (USA) Limited, USA Hence, SCL-USA is a subsidiary of SCL, Chennai u/s 4(1)(b) of the Companies Act, 1956 (the Act)

Sundaram– Clayton Limited

Auditors' report to the shareholders of Sundaram-Clayton Limited, Chennai 600 006 for the year ended 31st March 2012.

We have audited the attached balance sheet of Sundaram-Clayton Limited, Chennai - 600 006 as at 31st March 2012 and the statement of profit and loss for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We have conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 and amended by the Companies (Auditor's report) (Amendment) Order, 2004 issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to above, we state that—
 - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit.
 - (ii) in our opinion, proper books of account, as required by law, have been kept by the Company so far as appears from our examination of such books.
 - (iii) the balance sheet, statement of profit and loss and cash flow statement, dealt with by this report, are in agreement with the books of accounts.
 - (iv) in our opinion, the balance sheet, statement of profit and loss and the cash flow statement dealt with by this report comply with the Accounting Standards, referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - (v) on the basis of written representations received from the Directors of the Company, as on 31st March 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 on the said date.
 - (vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - a. in so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March 2012;
 - b. in so far as it relates to the Statement of Profit and Loss of the profit of the Company for the year ended on that date; and
 - c. in so far as it relates to the Cash Flow Statement, of the cash flows for the year ended on that date.

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

Place : Chennai
Date : 28th August 2012

M BALASUBRAMANIAM
Partner
Membership No.F7945

Auditors' report to the shareholders of Sundaram-Clayton Limited, Chennai 600 006 for the year ended 31st March 2012.

Annexure referred to in our report of even date of the accounts for the year ended 31st March 2012.

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Fixed assets are physically verified by the management at reasonable intervals as per the Company's policy. In terms of this policy, the Company has carried out the verification last during the year 2010-2011. The next verification of assets is planned to be undertaken shortly. In our opinion, the interval is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The assets disposed off during the year are not substantial and therefore do not affect the going concern status of the Company. Further the investments transferred on demerger also do not affect the going concern status of the Company.
- (ii) (a) The inventory other than overseas inventory has been physically verified at reasonable intervals during the year by the management. In our opinion, the frequency of such verification is adequate. In respect of inventory with third parties, which have not been physically verified, there is a process of obtaining confirmation from such parties.
- (b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventory followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion, the Company has maintained proper records of inventory. The discrepancies between the physical stocks and the books were not material and have been properly dealt with in the books of account.
- (iii) (a) During the year the company has granted loan of Rs. 1485 lakhs to one of its subsidiaries covered in the register maintained under section 301 of the Companies Act, 1956 (through its erstwhile wholly owned subsidiary company viz. Anusha Investments Limited, Chennai). Balance due as at the year end is Rs. 1485 lakhs along with interest accrued thereon amounting to Rs. 1.92 lakhs.
- (b) In our opinion, the rate of interest and other terms and conditions on which such loans and advances are made are not prima facie prejudicial to the interest of the Company.
- (c) The loan amount of Rs. 1485 lakhs along with the interest thereon was recovered by the Company on 3rd April, 2012.
- (d) As on the date of Balance Sheet, there was no overdue amount recoverable on the said loans and advances.
- (e) During the year, the Company has not availed any loan, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, no minor or major continuing failure has been noticed in the internal control system.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been properly entered in the said register.
- (b) In our opinion and according to the information and explanations given to us, the transactions entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value by rupees five lakhs in respect of each party during the year, have been made at prices

which are reasonable having regard to the prevailing market prices at the relevant time.

- (vi) The Company has not accepted any deposit from the public.
- (vii) The Company has an Internal Audit System which, in our opinion, is commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government under Section 209 (1)(d) of the Companies Act, 1956 for maintenance of cost records and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) According to the records provided to us, the Company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Investors Education and Protection Fund, Income tax, Sales tax, Wealth tax, Customs duty, Excise duty, Service tax and Cess and other statutory dues with the appropriate authorities. However, delays have been noticed in respect of payments of service tax (three instances) and tax deducted at source (one instance). The die casting divisions at Belagondapalli near Hosur and Mahindra World City, Kancheepuram are not covered under the Employees' State Insurance Act, 1948.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty, Service tax and Cess were in arrears, as at 31st March 2012 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, the following are the details of the disputed dues, that were not deposited with the authorities concerned.

Name of the Statue	Nature of dues	Amount (Rs. in lakhs)	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	(a) 50.30	The Hon'ble High Court of Judicature at Madras
		(b) 7.18	Commissioner of Income Tax (Appeals), Chennai
Total		57.48	
Wealth Tax Act, 1957	Wealth tax	14.61	Commissioner of Income tax (Appeals), Chennai
Central Excise Act, 1944	Interest on Excise duty	(a) 5.97	The Hon'ble High Court of Judicature at Madras
	Excise duty	(b) 831.96	Commissioner of Central Excise, Chennai
Total		837.93	
Finance Act, 1994	Service tax	(a) 52.54	Central Excise and Service Tax Appellate Tribunal, Chennai
		(b) 45.50	Commissioner (Appeals), Chennai
Finance Act, 1994	Service Tax	(c) 144.20	Commissioner of Service tax, Chennai
		(d) 66.57	Additional Commissioner of Service tax, Chennai

Name of the Statue	Nature of dues	Amount (Rs. in lakhs)	Forum where dispute is pending
		(e) 19.61	Joint Commissioner of Service tax, Chennai
		(f) 3.13	Asst. Commissioner of Service tax, Chennai
		(g) 155.83	Commissioner of Central Excise, Chennai
Total		487.38	
Tamilnadu Town and Country Planning Act, 1971	Fee payable to CMDA / Municipal Authorities	69.42	The Hon'ble High Court of Judicature at Madras

- (x) The Company neither has accumulated losses as at the end of the financial year nor has incurred cash losses during the financial year and in the immediately preceding year.
- (xi) Based on our verification and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to its banks.
- (xii) Based on our examination and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit / nidhi / mutual benefit fund / society and as such this clause of the Order is not applicable.
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments other than in mutual fund investments. Proper records have been maintained in respect of these transactions and contracts and timely entries have been made therein. The investments are held by the Company in its own name, other than those acquired on amalgamation, which are pending transfer in Company's name.
- (xv) In our opinion, the terms and conditions of guarantees granted by the Company for loans taken by others are not prejudicial to the interests of the Company.
- (xvi) The term loans availed by the Company were applied for the purpose for which the loans were obtained.
- (xvii) On the basis of our examination, the Company has not used funds raised on short term basis for long term investments.
- (xviii) During the year the Company has not allotted any shares on preferential basis to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) During the year, the Company has not issued any secured debentures.
- (xx) During the year the Company has not raised any money through public issue.
- (xxi) The Company has received an intimation from a Chennai based Bank that a person has drawn fraudulently Rs.190 lakhs from the Bank under bill discounting facilities towards forged invoices for canteen supplies to the Company. The fact that the Company has no relation with the said person and it has no connection with the invoices raised has been intimated to the Bank by the Company. Hence the Company is not liable to pay the said amount of Rs.190 lakhs. Accordingly, this has been included under 'Liabilities contested and not provided for.'

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

Place : Chennai
Date : 28th August 2012

M BALASUBRAMANIAM
Partner
Membership No.F7945

Balance Sheet as at 31st March 2012

(Rupees in lakhs)

Sl.No	Particulars	Note Number	As at 31-03-2012	As at 31-03-2011
	1	2	3	4
I.	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	I	948.38	1,896.76
	(b) Reserves and surplus	II	27,371.11	24,132.93
2	Non-current liabilities			
	(a) Long-term borrowings	III	10,916.35	10,656.16
	(b) Deferred tax liabilities (Net)		2,001.17	2,173.17
	(c) Long-term provisions	IV	2,596.09	2,471.42
3	Current liabilities			
	(a) Short-term borrowings	V	21,856.11	19,789.44
	(b) Trade payables		10,165.41	9,142.45
	(c) Other current liabilities	VI	13,090.78	8,273.07
	(d) Short-term provisions	VII	3,070.36	1,609.23
	Total		92,015.76	80,144.63
II.	ASSETS			
	Non-current assets			
1	(a) Fixed assets			
	(i) Tangible assets	VIII	30,953.44	33,295.56
	(ii) Intangible assets	VIII	79.33	34.03
	(iii) Capital work-in-progress	VIII	8,466.14	3,285.56
	(b) Non-current investments	IX	5,163.26	6,284.07
	(c) Long-term loans and advances	X	2,268.17	1,867.09
	(d) Other non-current assets	XI	20.31	44.31
2	Current assets			
	(a) Current investments	XII	643.01	553.64
	(b) Inventories	XIII	19,169.90	16,601.64
	(c) Trade receivables	XIV	15,852.86	11,963.07
	(d) Cash and cash equivalents	XV	680.37	214.72
	(e) Short-term loans and advances	XVI	8,283.04	5,548.69
	(f) Other current assets	XVII	435.93	452.25
	Total		92,015.76	80,144.63

Statement of Profit and Loss for the year ended 31st March 2012

(Rupees in lakhs)

Sl.No	Particulars	Note Number	Year ended 31-03-2012	Year ended 31-03-2011
	1	2	3	4
I	Revenue from operations	XVIII	1,01,700.15	80,565.11
II	Other income	XIX	3,422.89	2,224.24
III	Total Revenue (I + II)		1,05,123.04	82,789.35
IV	Expenses:			
	Cost of materials consumed	XX	54,927.13	44,984.44
	Purchases of Stock-in-Trade [vide Note XXIV(1)(x)]	XX	-	127.40
	Changes in inventories of finished goods, work-in-process and Stock-in-Trade	XX	(1,314.73)	(3,270.42)
	Employee benefits expense	XXI	11,942.87	9,629.99
	Finance costs	XXII	3,841.75	2,174.14
	Depreciation and amortization expense		4,733.90	4,083.09
	Other expenses	XXIII	25,433.98	20,540.12
	Total expenses		99,564.90	78,268.76
V	Profit before exceptional items and tax (III-IV)		5,558.14	4,520.59
VI	Exceptional item - Profit on sale of long term investments		2,534.45	-
VII	Profit before tax (V + VI)		8,092.59	4,520.59
VIII	Tax expense:			
	(1) Current tax		1,035.00	656.27
	(2) Deferred tax		(172.00)	138.48
IX	Profit/(Loss) for the period from continuing operations (VII-VIII)		7,229.59	3,725.84
X	Profit/(loss) from discontinuing operations [vide Note No. XXIV(1)(x)]		0.45	-
XI	Tax expense of discontinuing operations		0.09	-
XII	Profit/(loss) from Discontinuing operations (after tax) (X-XI)		0.36	-
XIII	Profit (Loss) for the period (IX + XII)		7,229.95	3,725.84
XIV	Earnings per equity share [Vide Note No XXIV (1) (t)]:			
	(1) Basic		30.13	9.82
	(2) Diluted		30.13	9.82

Cash flow statement for the year ended 31st March 2012

(Rupees in lakhs)

	Year ended 31-03-2012	Year ended 31-03-2011
A CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	8,093.04	4,520.59
Adjustments for:		
Depreciation and amortisation for the year	4,733.90	4,083.09
Other Non Cash Items		
Amortisation of Foreign Currency Monetary item		
Translation Difference account	25.92	(67.25)
Diminution in value of investments	31.24	180.91
Miscellaneous expenditure written off	2.42	24.80
Exceptional Income	(2,534.45)	
Loss on sale/scrap of fixed assets	11.50	94.52
Profit on sale of fixed assets	(6.77)	(212.94)
Net (profit)/ loss on sale of investments	53.95	(28.42)
Dividend income	(3,346.28)	(1,744.29)
Interest income	(69.84)	(41.53)
Interest expense	3,352.92	2,229.22
	2,254.51	4,518.11
Operating profit before working capital changes	10,347.55	9,038.70
Adjustments for:		
Trade Receivables	(3,889.79)	(4,659.44)
Inventories	(2,568.26)	(4,700.04)
Other current assets	37.38	(267.87)
Short-term loans and advances	(2,949.42)	(1,564.97)
Trade Payables	1,022.96	5,812.59
Other Current liabilities (excluding current maturities of long term debt)	2,289.11	1,419.18
Short-Term Provisions	27.17	19.83
	(6,030.85)	(3,940.72)
Cash generated from operations	4,316.70	5,097.98
Direct taxes paid	(983.11)	(671.20)
Net cash from operating activities (A)	3,333.59	4,426.78

(Rupees in lakhs)			
	Year ended 31-03-2012		Year ended 31-03-2011
B CASH FLOW FROM INVESTING ACTIVITIES			
Additions to fixed assets (including Capital work in progress)	(10,891.47)		(10,167.10)
Deletion to fixed assets (net of depreciation)	3,744.86		159.57
Profit on sale of fixed assets	6.77		212.94
Loss on sale/scrap of fixed assets	(11.50)		(94.52)
Long-term loans and advances	(407.18)		(767.09)
Purchase of investments	(4,939.27)		(1,414.34)
Sale of investments	5,970.71		1,739.22
Profit on sale of investments - exceptional item	2,534.45		
Net profit / (loss) on sale of investments (excluding diminution provision of Rs.180.91 lakhs provided last year)	(234.86)		28.42
Interest received	69.84		41.53
Dividend received	3,346.28		1,744.29
Net Cash from/(used in) investing activities (B)	(811.37)		(8,517.08)
C CASH FLOW FROM FINANCING ACTIVITIES			
Borrowings:			
Term loans availed/(repaid)	472.94		2,499.09
Unsecured loan availed/ (repaid)	1,560.00		(2,260.05)
Long term provisions	124.67		496.46
Miscellaneous expenditure not written off - Upfront fee on loans	-		(25.12)
Interest paid	(3,352.92)		(2,229.22)
Dividend and dividend tax paid	(1,270.67)		(1,426.32)
Net cash from financing activities	(2,465.98)		(2,945.16)
D NE INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	56.24		(7,035.46)
Cash and cash equivalents at the beginning of the year			
Cash and Bank balances	214.72		207.07
Cash credit balance	(13,566.69)	(13,351.97)	(6,523.58)
			(6,316.51)

(Rupees in lakhs)			
	Year ended 31-03-2012		Year ended 31-03-2011
Cash and cash equivalents at the end of the year			
Cash and Bank balances	680.37		214.72
Cash credit balance	(13,976.10)	(13,295.73)	(13,566.69) (13,351.97)

Notes:

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

Notes on Accounts:

I Share Capital

a) Details of authorised, issued and subscribed share capital

Particulars	As at 31-03-2012		As at 31-03-2011	
	Number	Rupees in lakhs	Number	Rupees in lakhs
<u>Authorised Capital</u>				
Equity Shares of Rs.5/- each *	5,00,00,000	2,500.00	4,00,00,000	2,000.00
<u>Issued, Subscribed & Paid up Capital</u>				
Equity Shares of Rs.5/- each fully paid	1,89,67,584	948.38	3,79,35,168	1,896.76
Out of the above: Equity shares allotted as fully paid up by way of bonus shares in the five years immediately preceding the date of Balance Sheet:				
a) Number of shares - 1,89,67,584				
b) Year of allotment - Year ended 31st March, 2010.	1,89,67,584	948.38	3,79,35,168	1,896.76

* The increase in authorised capital by Rs.500 lakhs (1,00,00,000 equity shares of Rs.5 each) is on account of aggregation of authorised share capital of Anusha Investments Limited, Chennai, the erstwhile wholly owned subsidiary company. This is approved by the Honourable High Court of Judicature at Madras vide its order dated 03-08-2012 on the composite scheme of arrangement including amalgamation and demerger.

(b) Reconciliation of equity shares outstanding at the beginning and at the end of 31st March 2012

Particulars	As at 31-03-2012		As at 31-03-2011	
	Number	Rupees in lakhs	Number	Rupees in lakhs
Shares outstanding at the beginning of the year	3,79,35,168	1,896.76	3,79,35,168	1,896.76
Shares Issued during the year	-	-	-	-
Reduction pursuant to composite scheme of arrangement sanctioned by the Honourable High Court of Judicature at Madras (vide its order dated 03-08-2012)	(1,89,67,584)	(948.38)	-	-
Shares outstanding at the end of the year	1,89,67,584	948.38	3,79,35,168	1,896.76

(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 1956.

ii) There are no restrictions attached to equity shares.

(d) **Details of shares held by holding/ultimate holding/subsidiaries/associates of holding company at the end of 31st March 2012**

Name of Shareholder	Relationship	Class	As at 31-03-2012		As at 31-03-2011	
			No. of Shares held	% of Holding	No. of Shares held	% of Holding
T V Sundram Iyengar & Sons Limited- Madurai	Holding company	Equity	38,07,330	20.07	76,14,660	20.07
Sundaram Industries Limited- Madurai	Fellow Subsidiary	Equity	60,62,522	31.96	1,21,25,044	31.96
Southern Roadways Limited- Madurai	Fellow Subsidiary	Equity	30,31,127	15.98	60,62,254	15.98

(e) **Details of shareholders holding more than five percent at the end of 31st March 2012 (other than I (d))**

Name of Shareholder	Class are	As at 31-03-2012		As at 31-03-2011	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
Sundaram Finance Limited – Chennai	Equity	22,73,085	11.98	45,46,170	11.98

II Reserves and Surplus

Particulars	As at 31-03-2012 (Rs. in Lakhs)		As at 31-03-2011 (Rs. in Lakhs)	
a. Capital Reserves				
Opening Balance		3,397.00		3,397.00
Add: On account of amalgamation *		4,307.25		-
		7,704.25		3,397.00
Less: On account of demerger *	5,425.33			-
Transferred to General Reserve *	2,278.92	7,704.25		
Closing Balance		-		3,397.00
* Transfer Pursuant to composite scheme of arrangement sanctioned by the Honourable High Court of Judicature at Madras				
b. General reserve				
Opening Balance		18,052.41		17,679.82
Add: Transfer from the statement of Profit and Loss	723.00		372.59	
Transfer from capital reserves	2,278.92	3,001.92	-	372.59
Closing Balance		21,054.33		18,052.41
c. Surplus i.e. balance in Statement of Profit and Loss				
Opening balance		2,683.52		1,482.39
Add: Net Profit For the current year		7,229.95		3,725.84
		9,913.47		5,208.23

Particulars	As at 31-03-2012 (Rs. in Lakhs)		As at 31-03-2011 (Rs. in Lakhs)	
Less: Allocations / Appropriations				
First Interim Dividend Paid	-		948.38	
Second interim dividend payable	-		1,232.89	
Interim Dividend payable	2,181.29		-	
Dividend tax	353.86		41.53	
Tax relating to earlier years	338.54		(70.68)	
Transfer to general reserve	723.00	3,596.69	372.59	2,524.71
Closing Balance		6,316.78		2,683.52
Total (d) = (a+b+c)		27,371.11		24,132.93

III Long-Term Borrowings

Particulars	As at 31-03-2012 (Rs. in lakhs)	As at 31-03-2011 (Rs. in lakhs)
<u>(a) Secured</u>		
Term loans		
From banks	10,766.35	10,506.16
<u>(b) Unsecured</u>		
From other parties	150.00	150.00
Total	10,916.35	10,656.16

Details of repayment terms of Long term loans

Total of loans repayable	Loans repayable in 2011-12 (Current maturity)	Balance Long term loans as at 31-03-2011	Description	Frequency	No. of instalments due	Maturity	Total of loans repayable	Loans repayable in 2012-13 (Current maturity)	Balance Long term loans as at 31-03-2012
1,222.20	1,222.20	-	External Commercial Borrowings- I	Half Yearly	-	March 2012	-	-	-
1,664.00	832.00	832.00	External Commercial Borrowings- II	Half Yearly	2	January 2013	957.50	957.50	-
4,460.00	1,784.00	2,676.00	External Commercial Borrowings- III	Half Yearly	3	September 2013	3,045.00	2,030.00	1,015.00
2,915.00	1,668.00	1,247.00	Rupee Term Loan I	Quarterly	3	December 2012	1,247.00	1,247.00	-
5,000.00	-	5,000.00	Rupee Term Loan II	Quarterly	14	February 2016	5,000.00	714.30	4,285.70
751.16	-	751.16	Rupee Term Loan III	Half Yearly	8	March 2016	5,000.00	1,250.00	3,750.00
-	-	-	Buyer's credit	Bullet payment	NIL	July 2014 to December 2014	1,715.65	-	1,715.65
16,012.36	5,506.20	10,506.16	Sub-total				16,965.15	6,198.80	10,766.35
150.00	-	150.00	Soft loan from DSIR	Yearly			150.00	-	150.00
16,162.36	5,506.20	10,656.16	Total				17,115.15	6,198.80	10,916.35

Details of securities created:

- (i) External Commercial Borrowings (ECB):
Secured by first and exclusive charge on specific plant and equipment situated at the Company's factories
- (ii) Rupee Term Loans:

Secured by first and exclusive charge on specific plant and equipment situated at the Company's factories

- (iii) Buyer's credit
Secured by first and exclusive charge on specific plant and equipment situated at the Company's factories
- (iv) Soft loan from Department of Science & Industrial Research, Govt. of India (DSIR) is unsecured

Amount payable in each instalments:

Description	Currency	Amount
ECB II	JPY	¥11,15,50,000
ECB III	JPY	¥21,52,60,000
Term Loan I	INR	417 lakhs
Term Loan II	INR	357.15 lakhs
Term Loan III	INR	625 lakhs

Soft loan from DSIR: Repayable in 5 yearly instalments " from the start of commercial sale of the product produced in the commercial plant ,or a new producing plant installed on the basis of result of the Technology Development and Demonstration Programme (TDDP) project, whichever is earlier ".

IV Long-Term Provisions:

Particulars	As at 31-03-2012 (Rs. in lakhs)	As at 31-03-2011 (Rs. in lakhs)
(a) Employee benefits		
(i) Pension	2,249.33	2,144.41
(ii) Leave salary	151.70	131.95
(b) Others		
Sales Tax	195.06	195.06
Total	2,596.09	2,471.42

V Short-Term Borrowings:

Particulars	As at 31-03-2012 (Rs. in lakhs)	As at 31-03-2011 (Rs. in lakhs)
<u>(a) Secured</u>		
From banks- Repayable on demand	13,976.10	13,566.69
<u>(b) Unsecured</u>		
From banks- Short term	7,880.01	6,222.75
Total	21,856.11	19,789.44

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

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

VI Other current liabilities

Particulars	As at 31-03-2012 (Rs. in lakhs)	As at 31-03-2011 (Rs. in lakhs)
(a) Current maturities of long-term debt		
Term loans	6,198.80	5,506.20
(b) Interest accrued but not due on borrowings	217.51	180.95
(c) Unpaid dividends	37.96	40.50
(d) Others		
(i) Tax deducted at source payable	102.81	124.82
(ii) Sales tax payable	497.33	113.74
(iii) Employee related	692.69	522.34
(iv) For expenses	2,543.43	562.40
(v) Advance received	1,514.72	1,222.12
(vi) Capital goods	1,285.53	-
Total	13,090.78	8,273.07

VII Short-Term provisions

Particulars	As at 31-03-2012 (Rs. in lakhs)	As at 31-03-2011 (Rs. in lakhs)
(a) Employee benefit - Leave salary	83.22	71.05
(b) Warranty	282.51	267.51
(c) Interim dividend payable	2,181.29	1,232.89
(d) Dividend tax payable	353.86	37.78
(e) Provision for taxation (net of advance tax of Rs.417.86 lakhs)	169.48	-
Total	3,070.36	1,609.23

Non-current assets - VIII Fixed assets

(Rupees in lakhs)

Description	Tangible									Intangible* (Software)		Total (tangible and intangible)	
	Land		Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Vehicles	Total as at		As at		As at	
	Free hold	Lease hold						31-03-2012	31-03-2011	31-03-2012	31-03-2011	31-03-2012	31-03-2011
Cost of assets													
As at 01-04-2011	259.72	932.45	5,887.19	46,844.07	497.92	1,124.45	830.52	56,376.32	48,908.72	218.59	155.32	56,594.91	49,064.04
Acquisition through amalgamation	89.52	-	80.25	0.75	-	-	1.10	171.62	-	-	-	171.62	-
Additions #	3.58	-	252.09	5,008.89	174.32	115.84	332.12	5,886.84	7,895.05	152.76	63.27	6,039.60	7,958.32
Sub-total	352.82	932.45	6,219.53	51,853.71	672.24	1,240.29	1,163.74	62,434.78	56,803.77	371.35	218.59	62,806.13	57,022.36
Sales / Deletion / Amortisation	-	** (9.79)	-	(5,727.91)	(1.60)	(36.65)	(16.43)	(5,792.38)	(427.45)	-	-	(5,792.38)	(427.45)
Total	352.82	922.66	6,219.53	46,125.80	670.64	1,203.64	1,147.31	56,642.40	56,376.32	371.35	218.59	57,013.75	56,594.91
Depreciation and amortisation													
Upto 31-03-2011	-	-	1,146.93	20,642.41	222.40	772.34	296.68	23,080.76	19,301.45	184.56	148.66	23,265.32	19,450.11
Acquisition through amalgamation	-	-	17.64	0.75	-	-	1.10	19.49	-	-	-	19.49	-
For the year	-	-	182.20	4,225.16	34.07	92.65	92.36	4,626.44	4,047.19	107.46	35.90	4,733.90	4,083.09

Non-current assets - VIII Fixed assets

(Rupees in lakhs)

Description	Tangible									Intangible* (Software)		Total (tangible and intangible)	
	Land		Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Vehicles	Total as at		As at		As at	
	Free hold	Lease hold						31-03-2012	31-03-2011	31-03-2012	31-03-2011	31-03-2012	31-03-2011
Sub-total	-	-	1,346.77	24,868.32	256.47	864.99	390.14	27,726.69	23,348.64	292.02	184.56	28,018.71	23,533.20
Withdrawn on assets sold / deleted	-	# -	-	(1,989.60)	(1.59)	(32.71)	(13.83)	(2,037.73)	(267.88)	-	-	(2,037.73)	(267.88)
Total	-	-	1,346.77	22,878.72	254.88	832.28	376.31	25,688.96	23,080.76	292.02	184.56	25,980.98	23,265.32
Written down value													
As at 31-03-2012	352.82	922.66	4,872.76	23,247.08	415.76	371.36	771.00	30,953.44	-	79.33	-	31,032.77	-
As at 31-03-2011	259.72	932.45	4,740.26	26,201.66	275.52	352.11	533.84	-	33,295.56	-	34.03	-	33,329.59
CAPITAL WORK-IN-PROGRESS (AT COST) #													
(a) Building												3,053.55	1,088.08
(b) Plant & equipment												5,412.59	2,197.48
Total												8,466.14	3,285.56

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

** Charged under the head rent paid

Addition includes loss arising on account of restatement of external commercial borrowing attributable to acquisition of plant and equipment amounting to Rs. 843.79 lakhs (previous year gain - Rs.54.56 lakhs) - vide notes on accounts Note No. XXIV (1)(k) under Accounting Standard -11.

IX Non-current investments

S.No	Particulars	As at 31-03-2012 (Rs. in lakhs)	As at 31-03-2011 (Rs. in lakhs)
A	Trade Investments		
	(a) Investment in Equity instruments	710.00	5,729.37
	(b) Equity Instruments acquired through Amalgamation	1,820.80	-
	(c) Investment in Preference shares	1,001.33	-
	(d) Investments in Private equity instruments	1,086.93	-
	Total - Trade Investments	4,619.06	5,729.37
	Less : Provision for diminution in the value of investments *	10.50	-
	Net Total - Trade Investments (A)	4,608.56	5,729.37
B	Other Investments		
	(a) Investment in Equity instruments	0.07	0.07
	(b) Employees pension related investments	554.63	554.63
	Total Other Investments (B)	554.70	554.70
	Total (A + B)	5,163.26	6,284.07

* Note: All investments are carried at cost. Provision for diminution in value of investments has been created wherever necessary

Details of Non-current Investments

Sl. No.	Name of the body corporate	Subsidiary / associate / JV/ controlled entity	No. of Shares / Units		Extent of holding (%)		Rupees in lakhs	
			As at 31-03-2012	As at 31-03-2011	As at 31-03-2012	As at 31-03-2011	As at 31-03-2012	As at 31-03-2011
(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)	(10)
A	<u>Trade Investments</u>							
(a)	<u>Investment in Equity Instruments - Fully paid-up</u>							
	<u>(i) Quoted</u>							
	TVS Motor Company Limited, Chennai	Subsidiary	4,20,00,000	4,20,00,000	8.84%	8.84%	210.00	210.00
	<u>(ii) Unquoted</u>							
	TVS Energy Limited , Chennai	Subsidiary	45,00,000	45,00,000	5.54%	8.00%	450.00	450.00
	Anusha Investments Limited, Chennai	Subsidiary	-	5,00,000	-	100.00%	-	500.00
	TVS Investments Limited, Chennai	Subsidiary	-	2,71,88,318	-	100.00%	-	4,459.37
	Sundaram Investment Limited , Chennai	Subsidiary	-	1,00,000	-	100.00%	-	5.00
	Arkay Energy (Rameswarm) Limited, Hyderabad	Others	-	10,50,000	-	-	-	105.00
	TVS Training and Services Private Limited, Chennai - Share application money	Others	-	-	-	-	50.00	-
	Total (a)						710.00	5,729.37
(b)	<u>Equity Instruments acquired through Amalgamation</u>							
	<u>(i) Quoted</u>							
	TVS Motor Company Limited, Chennai	Subsidiary	23,06,82,786	-	48.56%	-	1,749.24	-
	Suprajit Engineering Limited, Bengaluru	Others	57,72,000	-	-	-	43.29	-
	Harita Seating Systems Limited, Chennai	Others	7,280	-	-	-	4.04	-
	India Nippon Electricals Limited, Chennai	Others	2,945	-	-	-	1.44	-
	Eicher Motors Limited, New Delhi	Others	100	-	-	-	0.03	-
	Mahindra & Mahindra Limited, Mumbai	Others	92	-	-	-	0.01	-
	Kinetic Engineering Limited, Pune	Others	60	-	-	-	0.08	-
	Bajaj Auto Limited, Pune Cost - Rs.348/-	Others	50	-	-	-	-	-
	Hero Motocorp Limited, New Delhi Cost Rs.186/-	Others	50	-	-	-	-	-
	Premier Limited, Mumbai (formerly known as Premier Automobiles Limited)	Others	50	-	-	-	0.01	-
	LML Limited, Kanpur - Cost Rs.250/-	Others	25	-	-	-	-	-
	Summit Securities Limited, Mumbai	Others	11	-	-	-	-	-
	<u>(ii) Unquoted</u>							
	TVS Finance and Services Limited, Chennai (associate upto 6-July-11)	Others	78,00,000	-	-	-	0.78	-
	Sundram Non Conventional Energy Systems Limited, Chennai	Associate	1,17,650	-	-	-	11.77	-
	L P Polymers Limited, Hyderabad	Others	1,00,000	-	-	-	10.00	-
	PAL Peugeot Limited, New Delhi	Others	400	-	-	-	0.04	-
	Shree Chamundi Mopeds Limited, Tumkur (under liquidation)	Others	100	-	-	-	0.02	-
	DCM Daewoo Motors Limited, New Delhi	Others	100	-	-	-	0.02	-

Sl. No.	Name of the body corporate	Subsidiary / associate / JV/ controlled entity	No. of Shares / Units		Extent of holding (%)		Rupees in lakhs	
			As at 31-03-2012	As at 31-03-2011	As at 31-03-2012	As at 31-03-2011	As at 31-03-2012	As at 31-03-2011
(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)	(10)
	Orkay Industries Limited, Mumbai	Others	38	-	-	-	0.01	-
	Athena Financial Services Limited, Pune	Others	33	-	-	-	0.02	-
	Total (b)			-	-	-	1,820.80	-
(c)	<u>Investment in Preference shares - Fully paid-up</u>			-	-	-		-
	(Acquisition through amalgamation)- Unquoted			-	-	-		-
	TVS Finance and Services Limited, Chennai - 6% Non Cumulative Non convertible Redeemable Preference Shares	Others	75,68,000	-	-	-	0.76	-
	TVS Finance and Services Limited, Chennai - 9% Non Cumulative Non convertible Redeemable Preference Shares	Others	57,34,650	-	-	-	0.57	-
	TVS Motor Services Limited, Chennai - Non Cumulative Preference Shares	Others	1,00,00,000	-	-	-	1,000.00	-
	Total (c)			-	-	-	1,001.33	-
(d)	<u>Investments in Private equity instruments</u>			-	-	-		-
	TVS Shriram Growth fund Scheme 1 of TVS Capital Funds Limited, Chennai	Others	27,443	-	-	-	274.43	-
	TVS Shriram Growth fund Scheme 1B of TVS Capital Funds Limited, Chennai	Others	11,250	-	-	-	112.50	-
	<u>Acquisition through amalgamation</u>							
	TVS Shriram Growth fund Scheme 1 of TVS Capital Funds Limited, Chennai	Others	70,000		-	-	700.00	-
	Total (d)						1,086.93	-
	Total A (a+b+c+d)						4,619.06	5,729.37
B	<u>Other Investments</u>							
(a)	<u>Investment in equity instruments - Partly paid-up- Unquoted</u>							
	Adyar Property Holding Company Limited, Chennai	Others	105	105	-	-	0.07	0.07
(b)	<u>Employees pension related</u>							
	ICICI Prudential Life Insurance Company Limited, Mumbai		-	-	-	-	554.63	554.63
	Total B (a+b)						554.70	554.70
	Total (A)+(B)						5,173.76	6,284.07

Note: All investments are carried at cost.

Summary of non-current investments					
Sl. No.	Particulars	As at 31-03-2012		As at 31-03-2011	
		Cost	Market value	Cost	Market value
(a)	Quoted investments	2,008.14	1,12,960.80	210.00	25,137.00
(b)	Unquoted investments	3,165.62	-	6,074.07	-
	Total	5,173.76	1,12,960.80	6,284.07	25,137.00

Notes:

1. Sundaram-Clayton Limited (SCL) holds 57.4% of the paid up equity capital of TVS Motor Company Limited (TVSM) directly, pursuant to the scheme of amalgamation of Anusha Investments Limited with SCL
2. SCL and its subsidiary TVSM together hold 100% of the paid up equity capital of TVS Energy Limited, Chennai. Hence, TVS Energy Limited is a subsidiary of SCL u/s 4(1)(b) of the Act.

X Long-term loans and advances

Particulars	As at 31-03-2012	As at 31-03-2011
	Rupees in lakhs	
Unsecured, considered good		
(a) Capital advances	631.17	938.22
(b) Deposits made	1,430.56	716.33
(c) Advance payment of tax (net of provision of Rs. 1,797.53 lakhs - Previous year Rs.751.52 lakhs)	206.44	212.54
Total	2,268.17	1,867.09

XI Other non-current assets

Particulars	As at 31-03-2012	As at 31-03-2011
	Rupees in lakhs	
(a) Upfront fees on long term borrowings	-	44.31
(b) Foreign Currency Monetary Item Translation Difference	20.31	-
Total	20.31	44.31

XII Current investments

Particulars	As at 31-03-2012	As at 31-03-2011
	Rupees in lakhs	
(a) Investments in Equity instruments	105.00	16.23
(b) Investments in Mutual Funds	647.43	718.32
Total	752.43	734.55
Less : Provision for diminution in the value of investments *	109.42	180.91
Net realisable value	643.01	553.64

* **Note:** All investments are carried at cost. Provision for diminution in value of investments has been created wherever necessary

Details of Current Investments

Sl. No.	Name of the body corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Rupees in lakhs	
			As at 31-03-2012	As at 31-03-2011		As at 31-03-2012	As at 31-03-2011
(a)	Investments in Equity Instruments - Fully paid-up						

Sl. No.	Name of the body corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Rupees in lakhs	
			As at 31-03-2012	As at 31-03-2011		As at 31-03-2012	As at 31-03-2011
	(i) Arkay Energy (Rameswarm) Limited, Hyderabad	Others	10,50,000	-	Unquoted	105.00	-
	(ii) ICICI Bank Limited, Mumbai	Others	-	34,346	Quoted	-	6.87
	(iii) Housing Development Finance Corporation Limited, Mumbai	Others	-	3,48,700	Quoted	-	9.31
	(iv) HDFC Bank Limited, Mumbai	Others	-	500	Quoted	-	0.05
	Total (a)					105.00	16.23
(b)	Investments in Mutual Funds						
(i)	Sundaram Asset Management Company Limited, Chennai (Sundaram Energy Opportunities Fund - Growth option)	Others	-	10,00,000	Quoted	-	100.00
ii)	TATA Asset Management Limited, Mumbai (Tata Indo Global Infrastructure Fund - Growth option)	Others	-	30,00,000	Quoted	-	300.00
iii)	J M Financial Asset Management Private Limited, Mumbai (J M Basic Fund - Growth option)	Others	-	3,17,283	Quoted	-	108.32
iv)	L&T Mutual Fund, Mumbai (L& T Opportunities Fund Cumulative plan)	Others	-	4,22,221	Quoted	-	210.00
v)	L&T Mutual Fund, Mumbai (L & T Ultra Short Term Fund)	Others	97,342	-	Quoted	16.67	-
vi)	Reliance Mutual Fund, Mumbai (Reliance liquidity fund - Growth)	Others	5,36,941	-	Quoted	83.84	-
vii)	Kotak Mutual Fund, Mumbai (Kotak Liquid Institutional growth)	Others	9,73,575	-	Quoted	203.06	-
viii)	JM Financial Mutual Fund, Mumbai, (JM Money Manager Fund)	Others	1,58,916	-	Quoted	23.81	-
	Acquisition through amalgamation						
i)	Sundaram Energy Oppurtunities Fund - Growth	Others	5,00,000	-	Quoted	50.00	-
	of Sundaram Mutual Fund, Chennai						
	(Last year Sundaram BNP Paribas Mutual Fund)						
ii)	SBI Magnum Comma Fund	Others	4,21,200	-	Quoted	120.00	-
	SBI Mutual Fund, Mumbai						
iii)	Sundaram Capex Oppurtunities Growth	Others	4,54,707	-	Quoted	150.00	-
	Sundaram Mutual Fund, Chennai						
iv)	Morgan Stanley Growth Fund	Others	500	-	Quoted	0.05	-
	Morgan Stanley Mutual Fund, Mumbai						
	Total (b)					647.43	718.32

Sl. No.	Name of the body corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Rupees in lakhs	
			As at 31-03-2012	As at 31-03-2011		As at 31-03-2012	As at 31-03-2011
	Total (a)+(b)					752.43	734.55

Summary of current investments

Rupees in lakhs					
Sl. No.	Particulars	As at 31-03-2012		As at 31-03-2011	
		Cost	Market value	Cost	Market value
(a)	Quoted investments	647.43	543.17	734.55	3,377.58
(b)	Unquoted investments	105.00	-	-	-
	Total	752.43	543.17	734.55	3,377.58

XIII Inventories (at weighted average cost or net realisable value whichever is less)

Particulars	As at 31-03-2012	As at 31-03-2011
	Rupees in lakhs	
(a) Raw Materials and components *	2,483.29	2,268.47
(b) Goods-in transit- Raw Materials and components *	884.26	807.04
(c) Work-in-process *	2,163.69	1,753.59
(d) Finished goods *	8,903.89	7,999.26
(e) Stores and spares *	4,734.77	3,773.28
Total	19,169.90	16,601.64
Note: Work-in-process comprises of:		
(a) Semi finished castings pending for machining / under inspection	1,630.98	1,282.97
(b) Semi finished machined products	532.71	470.62
	2,163.69	1,753.59
* as certified by Chairman & Managing Director		

XIV Trade Receivables

Particulars	As at 31-03-2012	As at 31-03-2011
	Rupees in lakhs	
(a) Unsecured debts outstanding for a period exceeding six months		
(i) Considered good	130.92	24.29
(ii) Considered doubtful	403.10	109.22
	534.02	133.51
Less: Provision for doubtful debts	403.10	109.22
	130.92	24.29
(b) Other unsecured debts (considered good)	15,721.94	11,938.78
Total	15,852.86	11,963.07

XV Cash and cash equivalents

Particulars	As at 31-03-2012	As at 31-03-2011
	Rupees in lakhs	
(a) Balances with banks	359.67	126.39
(b) Cheques/drafts on hand	275.68	41.18
(c) Cash on hand	7.06	6.65
(d) Earmarked balances with banks (for unpaid dividend)	37.96	40.50
Total	680.37	214.72

XVI Short-term loans and advances

Particulars	As at 31-03-2012	As at 31-03-2011
	Rupees in lakhs	
Unsecured considered good:		
(a) Loans and advances to related parties	1,485.00	28.27
(b) Others:		
(i) Employee related	166.08	130.17
(ii) Excise current account	1,672.13	1,087.15
(iii) Vendor advance	4,149.75	3,668.98
(iv) Prepaid Expenses	248.24	181.41
(v) Advance payment of Income-tax (net of provisions of Rs.Nil - Previous year Rs.407.57 Lakhs)	-	215.07
(vi) Export benefit	199.62	33.07
(vii) VAT receivable	192.36	132.32
(viii) Service Tax receivable	169.86	72.25
Total	8,283.04	5,548.69

XVII Other current assets

Particulars	As at 31-03-2012	As at 31-03-2011
	Rupees in lakhs	
(a) Claims receivable	360.45	417.78
(b) Upfront fees on long term borrowings	-	28.98
(c) Foreign Currency Monetary Item Translation Difference	50.04	-
(d) Premium on forward contracts	18.61	5.49
(e) Interest accrued on investments and Loans & advances	6.83	-
Total	435.93	452.25

XVIII Revenue from operations

Particulars	Year ended 31-03-2012	Year ended 31-03-2011
	Rupees in lakhs	
(a) Sale of products	1,03,524.13	81,698.50
(b) Sale of traded goods *	-	204.18
(c) Sale of services #	1,620.67	1,308.38
(d) Other operating revenues	2,788.16	3,093.63
	1,07,932.96	86,304.69
Less: Excise duty	6,232.81	5,739.58
	1,01,700.15	80,565.11
* Refer Note No.XXIV (1) (x) - Accounting Standard- 24		
# Refer Note No.XXIV (12) for broad head of sale of services		

XIX Other Income

Particulars	Year ended 31-03-2012	Year ended 31-03-2011
	Rupees in lakhs	
(a) Interest income	69.84	41.53
(b) Dividend		
(i) From subsidiary	3,272.19	1,715.00
(ii) From others	74.09	29.29
(c) Net gain on sale of investments	-	28.42
(d) Profit on sale of fixed assets	6.77	212.94
(e) Net gain on foreign currency transactions and translation	-	197.06
Total	3,422.89	2,224.24

XX Material Cost

Particulars	Year ended 31-03-2012	Year ended 31-03-2011
	Rupees in lakhs	
Cost of Materials consumed		
Opening stock of raw materials and components	2,268.47	2,434.87
Add: Purchases	55,141.95	44,818.04
	57,410.42	47,252.91
Less: Closing stock of raw materials and components	2,483.29	2,268.47
Cost of materials consumed	54,927.13	44,984.44
Purchases of traded goods	-	127.40
Changes in inventories of finished goods, work-in-process and stock-in-trade:		
Opening stock:		
Work-in-process	1,753.59	1,509.43
Stock-in-trade	-	70.27
Finished goods	7,999.26	4,902.73
Total (A)	9,752.85	6,482.43
Closing stock:		
Work-in-process	2,163.69	1,753.59
Stock-in-trade	-	-
Finished goods	8,903.89	7,999.26
Total (B)	11,067.58	9,752.85
Changes in inventories (A)-(B)	(1,314.73)	(3,270.42)
Refer Note No. XXIV (16) (I) for broad head of raw materials consumed.		

XXI Employee benefits expense

Particulars	Year ended 31-03-2012	Year ended 31-03-2011
	Rupees in lakhs	
(a) Salaries and wages	9,431.72	7,287.27
(b) Contribution to provident and other funds	888.99	1,089.55
(c) Welfare expenses	1,622.16	1,253.17
Total	11,942.87	9,629.99

XXII Finance Costs

Particulars	Year ended 31-03-2012	Year ended 31-03-2011
	Rupees in lakhs	
(a) Interest expense	3,352.92	2,229.22
(b) Other borrowing costs	109.99	24.80
(c) Others-Exchange fluctuation	378.84	(79.88)
Total	3,841.75	2,174.14

XXIII Other expenses

Particulars	Year ended 31-03-2012	Year ended 31-03-2011
	Rupees in lakhs	
(a) Consumption of stores, spares and tools*	7,902.25	6,464.88
(b) Power and fuel*	4,132.19	4,456.51
(c) Rent*	474.04	247.76
(d) Repairs - buildings*	998.50	687.42
(e) Repairs - plant and equipment*	1,487.03	1,318.48
(f) Repairs - others*	57.19	50.91
(g) Insurance	98.68	109.13
(h) Rates and taxes, excluding, taxes on income	96.74	81.28
(i) Audit fees (Vide Note No XXIV (7) in notes on accounts)	29.30	29.82
(j) Packing and freight charges*	4,483.51	3,508.26
(k) Warehousing charges	1,264.30	714.86
(l) Diminution in the value of investments (i.e. adjustment to the carrying amount of investments)	31.24	180.91
(m) Net loss on sale of investments (net of gain of Rs. 48.06 lakhs)	53.95	-
(n) Loss on sale of fixed assets	11.50	94.52
(o) Amortisation of foreign currency monetary item translation difference account	25.92	(67.25)
(p) Miscellaneous expenses* (under this head there is no expenditure which is in excess of 1% of revenue from operations or Rs.1 lakh, whichever is higher)	4,287.64	2,662.63
Total	25,433.98	20,540.12

* Net of recoveries

Refer Note No.XXIV (1) (e) on Accounting Standard - 5 for prior period items.

XXIV Notes on Accounts

Sl.No	Particulars	As at / year ended 31-03-2012	As at / year ended 31-03-2011
	Preamble: a) The company is engaged mainly in the business of manufacture and sale of non ferrous gravity and pressure die castings. The company has also derived income from sale of certain electronic hardware items which is non core and non strategic in nature till 06-07-2011. b) Composite Scheme of Arrangement A composite Scheme of arrangement including amalgamation and demerger ("the Scheme") pursuant to the provisions of Section 391 to 394 (both inclusive) of the Companies Act, 1956 between Sundaram-Clayton Limited (SCL), Anusha Investments Limited (AIL) and Sundaram Investment Limited (SIL) was approved both by the shareholders of the respective Companies at the Court convened meeting held on 18th May 2012 and by the Hon'ble High Court of Judicature at Madras vide its order dated 3rd August 2012. The said Order of the Hon'ble High Court was filed with Registrar of Companies, Chennai on 21st August, 2012.		
	The Scheme inter alia provides for: 1. Amalgamation of AIL viz., the transferor company with SCL viz., the demerged company; 2. Demerger of "Non-automotive related business" of SCL, (after amalgamation of AIL with SCL) into SIL; 3. Reduction and re-organization of equity share capital of SCL consequent to the demerger of the Non-automotive related business into SIL as per the provisions contained in the Scheme; and 4. Non-listing of shares of SIL and exit option to the shareholders of SIL. The Appointed Date as per the Scheme is 7th July 2011 and the Effective Date is 21st August 2012, the date on which the Order was filed with Registrar of Companies, Chennai.		

Sl.No	Particulars	As at / year ended 31-03-2012	As at / year ended 31-03-2011
	Amalgamation of AIL into SCL Accordingly, SCL has accounted for the amalgamation of AIL in its books with effect from the Appointed Date and the following treatment of the Scheme has been accorded in SCL's books of account: 1) With effect from the Appointed Date, viz., 7th July, 2011, AIL, a 100% subsidiary of SCL is amalgamated with SCL and all the assets and liabilities of AIL have been transferred to and vested in or deemed to have been transferred to and vested in SCL as a going concern and have been recorded in the books of SCL at book value. 2) Amalgamation has been recorded in the books of SCL as per provisions of the Scheme and as per the Purchase Method of Accounting under Accounting Standard 14 – Accounting for Amalgamations (AS – 14). 3) As AIL is a wholly owned subsidiary of SCL, no shares of SCL are issued on amalgamation. The equity shares of AIL held by SCL and its six nominees stand cancelled pursuant to the provisions of the Scheme and AIL, on the Scheme becoming effective stood dissolved without the process of being wound up. 4) All inter-company loan/ investments have been cancelled and the difference, if any, arising by such effects, has been debited / credited to the Capital Reserve of SCL. 5) The authorised share capital of AIL of Rs.500 lakhs is merged with the authorised share capital of SCL. Consequently, the authorised share capital of SCL stands increased to Rs.2,500 lakhs (previously Rs.2,000 lakhs).		
	Demerger of Non-Automotive Division of merged SCL into SIL: SCL (post-merger of AIL) has accounted for demerger of the Non Automotive Division of SCL in its books with effect from the Appointed Date as detailed below: 1) With effect from the Appointed Date, the entire Non-Automotive Division of SCL has been demerged from SCL and transferred to and vested or deemed to have been transferred and vested into SIL as a going concern and have been recorded in the books of SCL at book value as directed by the said Hon'ble High Court. 2) The difference between the book value of the Assets over the book value of Liabilities of the "Non-automotive related business" transferred to SIL and the reduction of Rs. 948.38 lakhs in equity share capital of SCL has been reduced in accordance with the provisions contained in the Scheme from the capital reserve of SCL. 3) As directed by the Hon'ble High Court of Judicature at Madras, the balance in capital reserve of SCL, after giving		

Sl.No	Particulars	As at / year ended 31-03-2012	As at / year ended 31-03-2011
	effect to the above adjustment, has been treated as general reserve. Reduction and Re-organization of Share Capital Consequent to the demerger of Non-Automotive Division under the Scheme, equity share capital of SCL has been reduced by Rs.9,48,37,920 as being no longer represented by available assets. Post capital reduction, paid up equity share capital of SCL comprises of 1,89,67,584 numbers of equity shares of Rs.5/- each fully paid-up as against 3,79,35,168 numbers of equity shares prior to demerger.		

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

Sl.No	Particulars	As at / year ended 31-03-2012	As at / year ended 31-03-2011
		(Rs. in Lakhs)	
1	ACCOUNTING STANDARDS		
a)	AS - 1 Disclosure of Accounting Policies The accounts are maintained on accrual basis as a going concern.		
b)	AS - 2 Valuation of Inventories Inventories are valued in accordance with the method of valuation prescribed by The Institute of Chartered Accountants of India at lower of weighted average cost or net realisable value.		
c)	AS - 3 Cash Flow Statement		
d)	AS - 4 Contingencies and Events Occurring After the Balance Sheet Date Please refer Preamble (b) regarding the order received from the Hon'ble High Court of Judicature at Madras sanctioning the composite scheme of arrangement on 3rd August 2012. As per the scheme, a sum of Rs.1,821 lakhs has been deposited in to an escrow account of the designated entity for complying with the exit option provided to the public shareholders. Towards this a liability has been created and accounted under the head Other current liabilities		
e)	AS - 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies i) Prior period debits included in profit and loss account: Salaries & wages Other expenses	2.70 4.87	2.29 3.17

Sl.No	Particulars	As at / year ended 31-03-2012	As at / year ended 31-03-2011
		(Rs. in Lakhs)	
	ii) There are no changes in accounting policies.		
f)	AS - 6 Depreciation Accounting Depreciation has been provided under the straight line method at the rates prescribed under Schedule XIV of the Companies Act, 1956 with applicable shift allowance. In respect of the assets added/sold during the year, pro-rata depreciation has been provided. Depreciation in respect of computers and vehicles has been provided @ 30% and 18% respectively which are higher than the rate prescribed in schedule XIV of the Companies Act, 1956. Depreciation in respect of assets acquired during the year whose actual cost does not exceed Rs. 5,000/- has been provided at 100%		
g)	AS - 7 Construction Contracts This accounting standard is not applicable.		
h)	AS - 8 Research and Development This accounting standard is withdrawn.		
i)	AS - 9 Revenue Recognition The income of the company is derived from sale of gravity and pressure die castings, traded goods (upto 06-07-2011) net of trade discount and from sale of services. Interest income is recognised on a time proportion basis taking into account the amount outstanding and rate applicable. Dividend from investments is recognised when the company in which they are held declares the dividend and when the right to receive is established. The revenue and expenditure are accounted on a going concern basis.		
j)	AS - 10 Accounting for Fixed assets All the fixed assets are valued at cost including expenditure incurred in bringing them to usable condition as reduced by depreciation.		
k)	AS - 11 Effects of Changes in Foreign Exchange Rates Foreign currency transactions Income and expenses in foreign currencies are converted at exchange rates prevailing on the date of the transaction. Foreign currency monetary assets, liabilities and external commercial borrowings are translated at the exchange rate prevailing on the balance sheet date. In terms of Companies (Accounting Standards) Amendment Rules, 2009, and Companies (Accounting Standards) Amendment Rules, 2011 on Accounting Standard-11 (AS-11), notified by the Government of India, the company has opted to adjust the changes in foreign exchange rates relating to long term foreign currency monetary items to the carrying cost of fixed		

Sl.No	Particulars	As at / year ended 31-03-2012	As at / year ended 31-03-2011
		(Rs. in Lakhs)	
	asset and to Foreign Currency Monetary Item Translation Difference Account. The impact is set out below:		
	Gain / (Loss) arising from changes in foreign exchange rates relating to depreciable capital assets reduced / added to carrying cost of such assets	(843.79)	54.56
	Gain / (Loss) arising from changes in foreign exchange rates relating to other long term foreign currency monetary items (not relating to acquisition of depreciable assets) credited / debited to "Foreign Currency Monetary Item Translation Difference Account".	(96.27)	10.12
	Amortisation of "Foreign Currency Monetary Item Translation Difference account" by crediting / (debiting) the Statement of Profit and Loss.	(25.92)	67.25
	a) Derivative instruments Derivative contracts are entered into by the company only based on underlying transaction. The company has not entered into any derivative contracts of a speculative nature. b) Currency Swaps: The company has entered into two currency swap contracts covering the total external commercial borrowings – JPY equivalent to USD 15 Million, with an option to fix the repayment liability of the company in Indian Rupees. (Outstanding ECB loan at the end of the year is JPY equivalent to USD 8 Million) c) Interest Rate Structure (IRS): The company has entered into one derivative contract (included in currency swaps above) in respect of external commercial borrowings amounting to JPY equivalent to USD 10 Million to convert the floating interest rate to fixed interest rate. (Outstanding at the end of the year is USD 6 million) Net gain / (loss) on foreign exchange fluctuation credited / debited to statement of profit and loss - under Other expenses in Note no XXIII	(183.06)	197.06
I)	AS - 12 Accounting for Government Grants The company has not received any grants from the Government		

Sl.No	Particulars	As at / year ended 31-03-2012	As at / year ended 31-03-2011
		(Rs. in Lakhs)	
m)	AS - 13 Accounting for Investments		
	Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as Long term investments.		
	Current investments are carried at lower of cost or realisable value determined on individual basis. Long term investments are carried at cost. Provision for diminution in value, if any, is made to recognise a decline other than temporary in the value of investments.		
	Investment in TVS Shriram Growth Fund, Scheme 1 of TVS Capital Funds Limited, Chennai, viz., 97,443 units are carried at par value of Rs.1,000/- per unit aggregating to Rs.974.43 lakhs. However, the Fund has declared its Net Asset Value as at 31 st March 2012 at Rs.943/- per unit. Thus there is a diminution in value to the extent of Rs.57/- per unit aggregating to Rs.55.54 lakhs. This diminution is not provided for in the accounts as the management opines that the portfolio is relatively younger in its investment horizon of 4-5 years with life of the Fund of 7 years with returns commencing from year 4 onwards and hence the fall in value is only temporary. This opinion is based on the fact that the fund returns will start to rise steeply and the growth fund will make positive returns soon.		
	Refer note no IX and XII for aggregate value of quoted and unquoted investments.		
	Provision for diminution in value of investments		
	- Sundaram Energy Opportunities Fund(Growth) of Sundaram Mutual Fund, Chennai	1.78	-
	- SBI Magnum Comma Fund of SBI Mutual Fund, Mumbai	12.93	-
	- Sundaram Capex Opportunities Fund of Sundaram Mutual Fund , Chennai	16.53	-
	- Sundaram Energy Opportunities Fund with Sundaram Asset Management Company Limited , Chennai	-	21.50
n)	- Tata Indo Global Infrastructure Fund with TATA Asset Management Limited, Mumbai	-	67.57
	- JM Basic Fund with J M Financial Asset Management Private Limited, Mumbai	-	64.96
	- L & T Opportunities Fund with L&T Mutual Fund, Mumbai	-	26.88
	Total	31.24	180.91
	AS - 14 Accounting for Amalgamation		
	Anusha Investments Limited, erstwhile subsidiary of the company, amalgamated with the company through a composite scheme of arrangement sanctioned by the Hon'ble High Court of Judicature at Madras. Please refer Preamble (b)		

Sl.No	Particulars	As at / year ended 31-03-2012	As at / year ended 31-03-2011
		(Rs. in Lakhs)	
o)	AS - 15 Accounting for retirement benefits Disclosure is made as per the requirements of the Standard and the same is furnished below: A Defined contribution plans Contribution to provident fund is in the nature of defined contribution plan and are made to a recognised trust. B Defined benefit plan (a) The Company extends defined benefit plans in the form of leave salary to employees. In addition, the Company also extends pension to senior managers of the Company. Provision for leave salary and pension is made on actuarial valuation basis. (b) The Company also extends defined benefit plan in the form of gratuity to employees. Contribution to gratuity is made to Life Insurance Corporation of India in accordance with the scheme framed by the Corporation. C Disclosure as required by Accounting Standard 15		

Rupees in lakhs)

S.No	Particulars	Leave salary	Pension	Gratuity
(a)	Expenses recognised in the Statement of Profit and Loss			
(i)	Current service cost	103.49	-	53.57
(ii)	Interest cost	11.12	170.35	52.74
(iii)	Expected return on plan assets	-	-	(64.13)
(iv)	Net actuarial loss /(gain) recognised in the year	47.76	(34.70)	167.98
	Total	162.37	135.65	210.16
(b)	Change in defined benefit obligation during the year ended 31st March 2012			
(i)	Present value of obligation as at beginning of the year (01-04-2011)	203.00	2,144.41	659.31
(ii)	Interest cost	11.12	170.35	52.74
(iii)	Current service cost	103.49	-	53.57
(iv)	Benefits paid	(130.45)	(30.73)	(38.60)
(v)	Actuarial loss on obligation	47.76	(34.70)	167.98
(vi)	Present value of obligation as at the end of the year (31-03-2012)	234.92	2,249.33	895.00
(c)	Change in fair value of plan assets during the year ended 31st March 2012			

Rupees in lakhs)

S.No	Particulars	Leave salary	Pension	Gratuity
(i)	Fair value of plan assets at the beginning of the year (01-04-2011)	-	-	708.39
(ii)	Expected return on plan assets	-	-	64.13
(iii)	Contributions made during the year	-	-	222.79
(iv)	Benefits paid	-	-	(38.60)
(v)	Actuarial gain on plan assets	-	-	-
(vi)	Fair value of plan assets as at the end of the year 31 st March 2012	-	-	956.71
(d)	Balance Sheet movements			
(i)	Value of benefit obligations / (net assets) at the beginning of the year (01-04-2011)	203.00	2,144.41	-
(ii)	Contributions made during the year	-	-	222.79
(iii)	Expenses	162.37	135.65	(210.16)
(iv)	Benefits paid	(130.45)	(30.73)	-
(v)	Value of benefit	234.92	2,249.33	12.63
	Note: The net asset in respect of gratuity plan is not recognised as it is lying in irrevocable trust fund approved by Income tax authorities.			
(e)	Actuarial assumptions			
(i)	Discount rate used	8.00%	8.00%	8.00%
(ii)	Expected return on plan assets	NA	NA	8.00%
	Estimates of future salary increase considered in actuarial valuation take into account the inflation, seniority and other relevant factors.			

Sl.No	Particulars	As at / year ended 31-03-2012	As at / year ended 31-03-2011
		(Rs. in Lakhs)	
p)	AS - 16 Borrowing costs The borrowing cost has been treated in accordance with Accounting Standard on borrowing cost (AS 16) issued by the Institute of Chartered Accountants of India. During the year, a sum of Rs.484.85 lakhs (last year Rs 295.78 lakhs) being interest on borrowings attributable to qualifying assets have been capitalised under the various heads.		
q)	AS - 17 Segment reporting The company operates in only one segment viz., Automotive Components and there are no separate reportable segments. The income from trading in non-automotive business till the date of demerger i.e 6th July 2011 being only Rs.26.34 lakhs and less than 10% of total income. Hence, this is not recognised as a separate segment.		
r)	AS - 18 Related party disclosures Disclosures are made as per the requirements of the standard and clarifications issued by The Institute of Chartered Accountants of India.		
s)	AS -19 Accounting for leases The company has taken the following assets under operating lease 1. Vehicle The lease period is for 60 months. The details of maturity profile of future operating lease payments are furnished below: a. The total of future minimum lease payments under non-cancellable operating lease for each of the following periods: - Not later than one year 37.72 28.42 - Later than one year and not later than five years 114.52 107.57 - Later than five years - - b. Total of minimum sub-lease payments expected to be received under non-cancellable sub-leases at the Balance sheet date Not applicable Not applicable c. Lease payments recognised in the statement of profit and loss for the period under the head Rent paid 31.64 6.52 2. Plant & Machinery , Electrical Equipments and other Equipments The lease period is for 10 years. The details of maturity profile of future operating lease payments are furnished below:		

Sl.No	Particulars	As at / year ended 31-03-2012	As at / year ended 31-03-2011
		(Rs. in Lakhs)	
	a. The total of future minimum lease payments under non-cancellable operating lease for each of the following periods: - Not later than one year - Later than one year and not later than five years - Later than five years b. Total of minimum sub-lease payments expected to be received under non-cancellable sub-leases at the Balance sheet date c. Lease payments recognised in the statement of profit and loss for the period under the head Rent paid	1,025.08 5,225.04 3,174.89 Not applicable 72.19	- - - Not applicable -
t)	AS - 20 Earnings per share (EPS) Earnings per share is calculated by dividing the profit attributable to the shareholders by the number of equity shares outstanding as at the close of the year. Profit after tax Number of equity shares Face value of the share (in rupees) Weighted average number of equity shares Earnings per share (EPS) (in rupees) Diluted earnings per share (in rupees) The number of equity shares considered for calculation of EPS is after giving effect to the scheme of demerger	7,229.95 1,89,67,584 5 2,39,94,512 30.13 30.13	3,725.84 3,79,35,168 5 3,79,35,168 9.82 9.82
u)	AS - 21 Consolidated financial statements Consolidated financial statements of the company and its subsidiaries are enclosed.		
v)	AS - 22 Accounting for taxes on income Current tax is determined as per the provisions of section 115JB of the Income Tax Act, 1961. Deferred tax liability and asset are recognised, subject to the consideration of prudence, on timing differences using the tax rates substantively enacted on the Balance Sheet date. Deferred tax liabilities Tax on depreciation - timing difference	3,583.81	3,559.76

Sl.No	Particulars	As at / year ended 31-03-2012	As at / year ended 31-03-2011
		(Rs. in Lakhs)	
	Less: Deferred tax assets		
	On employee related schemes	1,031.94	981.75
	On other provision which will be allowed on payment basis like provision for warranty, provision for doubtful debts, deductions for demerger expenses etc.	550.70	404.84
	Total B	1,582.64	1,386.59
	Net Deferred Tax Liability C=A-B	2,001.17	2,173.17
w)	AS - 23 Accounting for Investments in Associates in Consolidated Financial Statements I) The company holds 23.53% of the equity share capital of Sundram Non-Conventional Energy Systems Limited, Chennai (SNES) . Hence SNES is an associate of the company. II) Emerald Haven Realty Limited, Chennai (EHRL) (formerly known as Green Earth Homes Limited) is an associate of TVS Motor Company Limited which is a subsidiary of the company. The company indirectly holds 28% of the equity share capital of EHRL. Hence, EHRL is an associate of the company III) TVS Wind Power Limited, Chennai is a subsidiary of TVS Energy Limited, Chennai, which is a subsidiary of TVS Motor Company Limited, Chennai. The company indirectly holds 43.75% of the equity share capital of TVS Wind Power Limited, Hence, TVS Wind Power Limited is an associate of the company, IV) Sundaram Engineering Products Services Limited, Chennai (SEPSL) is a subsidiary of TVS Motor Company Limited which is a subsidiary of the company. The company indirectly holds 29.87% of the equity share capital of SEPSL. Hence, SEPSL is an associate of the company V) TVS Finance and Services Limited, Chennai (associate till 6-07-2011)		
x)	AS - 24 Discontinuing operations Consequent to the scheme of demerger of non-automotive business, the business of dealing in purchase and sale of electronic hardware items were discontinued on and from 07.07.2011. The profit of the said business from 01.04.2011 to 06.07.2011 is Rs. 0.45 lakhs as detailed below Sales 26.34 Less: Cost of sales 25.89 Profit before tax 0.45 Less: Tax 0.09 Profit after tax 0.36 Refer item No. XII in the Statement of Profit and Loss		

Sl.No	Particulars	As at / year ended 31-03-2012	As at / year ended 31-03-2011
		(Rs. in Lakhs)	
y)	AS - 25 Interim Financial Reporting The Company has elected to publish quarterly financial results which were subject to limited review by the statutory auditors.		
z)	AS - 26 Intangible Assets During the year, the Company acquired the following assets falling under the definition of intangible assets as per the Accounting Standard and the following disclosure is made in respect of those assets : Software : - Useful life of the assets - Amortisation rates used - Gross carrying amounts at the beginning and at the end of the period together with additions and deletions during the year Opening balance 218.59 155.32 Additions during the year 152.76 63.27 Less: Deletions during the year - - Total (A) 371.35 218.59 Amortisation Opening balance 184.56 148.66 For the year 107.46 35.90 Less: Deletions during the year - - Total amortisation (B) 292.02 184.56 Closing balance (A - B) 79.33 34.03		
aa)	AS - 27 Financial reporting of interest in joint ventures There is no joint venture.		
ab)	AS - 28 Impairment of Assets The carrying amount of the assets net of accumulated depreciation as on the balance sheet date is not less than the recoverable amount of those assets.		

Sl.No	Particulars	As at / year ended 31-03-2012	As at / year ended 31-03-2011
		(Rs. in Lakhs)	
ac)	AS - 29 Provisions, contingent liabilities and contingent assets		
	(i) Provisions The management has made an estimated warranty provision of Rs. 282.51 lakhs (previous year - Rs. 267.51 lakhs)		
	(ii) Contingent liabilities Amount for which the company is contingently liable is disclosed in Note No. XXIV (6).		
	(iii) Contingent assets Contingent assets which are likely to give rise to possibility of inflow of economic benefits – NIL		
	(iv) Contested liabilities are detailed in Note No. XXIV (10)		
2	Dues from Subsidiaries Debtors include due from subsidiaries - Debts outstanding for a period exceeding six months - Other debts	0.48 1,040.94	3.34 408.20
3	Dues from Subsidiaries Loans and advances include dues from subsidiaries - TVS Motor Company Limited, Chennai (including interest accrued of Rs. 1.92 lakhs) - Sundaram Auto Components Limited, Chennai - Anusha Investments Limited, Chennai (erstwhile subsidiary of the company)	1,486.92 - -	- 28.23 0.04
4	Trade payables include amount due to micro and small scale industrial units. Disclosure under Micro, Small and Medium Enterprises Development Act, 2006 (i) The principal amount and interest due thereon remaining unpaid to any supplier at the end of each accounting year: a) Principal (all are within agreed credit period and not due for payment) b) Interest (as no amount is overdue) (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 the payment made to the supplier beyond the appointed day during each accounting year.	455.75 455.75 Nil Nil	475.87 475.87 Nil Nil

Sl.No	Particulars	As at / year ended 31-03-2012	As at / year ended 31-03-2011
		(Rs. in Lakhs)	
	(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
5	Investment in Subsidiaries: a) The Company holds 27,26,82,786 equity shares of Re.1 each in M/s.TVS Motor Company Limited, Chennai (TVSM). This amounts to 57.40% of the paid up capital of TVSM. Hence, TVSM is a subsidiary of the Company. b) The Company holds 45,00,000 equity shares of Rs.10 each and its subsidiary TVS Motor Company Limited, Chennai holds 7,67,50,000 equity shares of Rs.10 each in M/s.TVS Energy Limited, Chennai (TVS Energy). This aggregates to 59.76% of the paid up capital of TVS Energy. Hence, TVS Energy is a subsidiary of the Company.		
6	Contingent liability not provided for: a) on counter-guarantee given to bank b) On letters of credit opened with banks c) On partly paid shares d) Capital commitments not provided e) On guarantee furnished on behalf of employees f) On account of future export obligations (under Export Promotion Capital Goods scheme and Advance Licence) g) On commitment for capital contribution to TVS Shriram Growth Fund Scheme IB of TVS Capital Funds	50.30 8,938.63 0.04 5,541.50 0.74 17,486.40 637.50	577.87 3,747.89 0.04 4,683.07 0.94 6,822.70 -
7	Audit fees consists of a) Audit fees b) Certification fees c) Taxation matters d) Other services	18.00 2.50 1.50 3.70	16.00 2.50 1.50 6.50

Sl.No	Particulars	As at / year ended 31-03-2012	As at / year ended 31-03-2011
		(Rs. in Lakhs)	
	e) Reimbursement of expenses	3.60	3.32
8	Contribution to provident and other funds include:		
	(a) Gratuity as per scheme framed by Life Insurance Corporation of India (LIC)	229.53	51.50
	(b) Pension fund	135.66	544.59
	(c) Deposit linked insurance as per scheme framed by LIC	10.06	12.91
9	Repairs include		
	Stores consumed	1,004.34	168.21
10	Liability contested and not provided for		
	a) Excise duty	837.93	679.19
	b) Customs duty	-	206.00
	c) Service tax	487.38	279.93
	d) Income Tax	67.48	-
	e) Wealth tax	14.61	14.61
	f) Others	259.42	96.92
11	Research and development expenditure incurred and claimed under Income tax Act, 1961		
	a) Revenue Expenditure - This consists of		
	Salaries & wages	411.48	385.96
	Materials/consumables/spares	24.37	-
	Tools & Accessories	1.74	-
	Consultancy	3.89	10.75
	Testing Expenses	13.05	17.37
	Software/data processing	15.66	13.43
	Foreign and inland travel	17.85	19.00
	Administrative and other expenses	0.21	0.38
	Electricity	44.42	-
	Total - A	532.67	446.89

Sl.No	Particulars	As at / year ended 31-03-2012	As at / year ended 31-03-2011
		(Rs. in Lakhs)	
	b) Capital expenditure		
	Plant & Equipment (included in total cost of additions of Rs 5,008.89 lakhs under Plant and Equipment, Dies & Jigs)	779.77	85.03
	Buildings (included under capital work in Progress - Building - Rs 3,053.55 lakhs)	40.57	27.25
	Plant and equipment (included under capital work-in-progress of machinery under installation - Rs.5,412.59 lakhs)	4.10	13.42
	Total - B	824.44	125.70
	Total expenditure (A + B)	1,357.11	572.59
	Less: Sale of prototypes	22.37	-
	Net R & D expenditure	1,334.74	572.59
12	Sale of services		
	a) Management services	1,559.25	1,188.00
	b) Others	61.42	120.38
	Total	1,620.67	1,308.38

13. Disclosure made in terms of clause 32 of the listing agreement with stock exchanges

(Rupees in lakhs)

S.No	Particulars	Name of the company	Amount outstanding as on 31-03-2012	Maximum amount due at any time during the year	Amount outstanding as on 31-03-2011
a)	Loans and advances				
(i)	Loans and advances in the nature of loans made to subsidiary company	TVS Motor Company Limited, Chennai	1,486.92	1,486.92	-
(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 372A of the Companies Act, 1956	NIL	-	-	-

(Rupees in lakhs)

S.No	Particulars	Name of the company	Amount outstanding as on 31-03-2012	Maximum amount due at any time during the year	Amount outstanding as on 31-03-2011
(iv)	Loans and advances in the nature of loans made to firms/companies in which directors of the company are interested	NIL	-	-	-

S.No	Particulars	Name of the company	Amount outstanding as on 31-03-2012	Maximum amount due at any time during the year	Amount outstanding as on 31-03-2011
b)	Investments by the company				
(i)	In subsidiary companies	TVS Energy Limited, Chennai (45,00,000 Equity shares of Rs.10/- each fully paid up) TVS Investments Limited, Chennai *	450.00 -	450.00 4,459.37	450.00 4,459.37
		(2,71,88,318 Equity shares of Rs.10/- fully paid up) Sundaram Investment Limited, Chennai *	-	5.00	5.00
		(1,00,000 Equity shares of Rs 5/- each fully paid up) TVS Motor Company Limited, Chennai (27,26,82,786 equity shares of Re.1/- each fully paid up) (Previous year- 4,20,00,000 equity shares of Rs.1 each fully paid up)	1,959.24	1,959.24	210.00
(ii)	In associate company	Sundram Non-conventional Energy Systems Limited (1,17,650 Equity shares of Rs 10/- each fully paid-up)	11.77	11.77	-
* Subsidiary till 06-07-2011					

14. Related Party disclosure

LIST OF RELATED PARTIES			
a)	Reporting entity:		Sundaram-Clayton Limited, Chennai (SCL)
b)	Holding Company		T V Sundram Iyengar & Sons Limited, Madurai
c)	Subsidiary companies	(i)	TVS Motor Company Limited, Chennai (TVSM)
		(ii)	Sundaram Auto Components Limited, Chennai - Subsidiary of TVSM
		(iii)	Sundaram Business Development Consulting (Shanghai) Co. Ltd, China- Subsidiary of TVSM
		(iv)	Sundaram Engineering Products Services Limited, Chennai- Subsidiary of TVSM
		(v)	TVS Energy Limited, Chennai (TVSEL) - Subsidiary of TVSM
		(vi)	TVS Wind Energy Limited, Chennai - Subsidiary of TVSEL
c)	Subsidiary companies	(vii)	TVS Wind Power Limited, Chennai - Subsidiary of TVSEL
		(viii)	TVS Housing Limited, Chennai - Subsidiary of TVSM
		(ix)	TVS Motor (Singapore) Pte. Limited, Singapore - (TVSM Singapore) Subsidiary of TVSM
		(x)	PT TVS Motor Company Indonesia, Jakarta - Subsidiary of TVSM Singapore
		(xi)	TVS Motor Company (Europe) B.V. Amsterdam -(TVSM Europe) Subsidiary of TVSM
d)	Fellow Subsidiaries	(I)	<u>Indian Companies</u>
		(i)	FLEXOL Packaging (India) Limited, Chennai
		(ii)	Lucas Indian Service Limited, Chennai
		(iii)	Lucas-TVS Limited, Chennai
		(iv)	NK Telecom Products Limited, Madurai
		(v)	NK Telesystems Limited, Madurai
		(vi)	NSM Holdings Limited, Madurai
		(vii)	Rajgarhia Automobile Solution Limited, Kolkata
		(viii)	Southern Roadways Limited, Madurai
		(ix)	Sundaram Industries Limited, Madurai
		(x)	Sundaram Textiles Limited, Madurai
		(xi)	The Associated Auto Parts Limited, Mumbai
		(xii)	TOR Projects & Services Limited, Madurai

		(xiii)	TVS GMR Aviation Logistics Limited, Madurai
		(xiv)	TVS Automobile Solutions Limited, Madurai
		(xv)	TVS Automotive Systems Limited, Chennai
		(xvi)	TVS Commutation Solutions Limited, Madurai
		(xvii)	TVS Dynamic Global Freight Services Limited, Chennai
		(xviii)	TVS Interconnect Systems Limited, Madurai
		(xix)	TVS Logistics Services Limited, Madurai
		(xx)	TVS RHR Finished Vehicles Logistics Solutions Limited, Chennai
		(xxi)	TVSNet Technologies Limited, Madurai
		(xxii)	Prime Property Holdings Limited, Chennai
		(xxiii)	Tumkur Property Holdings Limited, Chennai
		(xxiv)	Sundaram Investment Limited, Chennai
		(xxv)	Sravanaa Properties Limited, Chennai
d)	Fellow Subsidiaries	(xxvi)	TVS Capital Funds Limited, Chennai
		(xxvii)	TVS Electronics Limited, Chennai
		(xxviii)	TVS Investments Limited, Chennai
		(xxix)	TVS-E Access (India) Limited, Chennai
		(xxx)	TVS-E Servicetec Limited, Chennai
d)	Fellow Subsidiaries	(II)	<u>Overseas Companies</u>
		(i)	Iranian Automotive Systems, Iran
		(ii)	Manufacturers Equipment & Supply Co.,(MESCO) USA
		(iii)	Msys Software Solutions Limited, United Kingdom
		(iv)	Multipart Limited, United Kingdom (formerly known as IH Crick Property Co Limited, United Kingdom)
		(v)	Sundaram Lanka Tyres Limited, Sri Lanka
		(vi)	TVS America Inc., USA
		(vii)	TVS Automotive Europe Limited, United Kingdom
		(viii)	TVS Autoserv GmbH, Germany
		(ix)	TVS C J Components Limited, United Kingdom
		(x)	TVS Logistics Iberia S.L., Spain
		(xi)	TVS Logistics Investment United Kingdom Limited, United Kingdom
		(xii)	TVS Logistics Investments USA Inc., USA

		(xiii)	TVS Logistics Siam Limited, Thailand
		(xiv)	TVS Supply Chain Solutions Limited (formerly Multipart Solutions Limited), UK
e)	Associate companies	(i)	Sundram Non-Conventional Energy Systems Limited, Chennai
		(ii)	Emerald Haven Realty Limited, Chennai (formerly known as Green Earth Homes Limited)
		(iii)	TVS Finance & Services Limited, Chennai upto 06.07.2011
f)	Key management personnel(KMP)	(i)	Mr . Venu Srinivasan, Chairman and Managing director
		(ii)	Dr . Lakshmi Venu, Director - Strategy
g)	Relative of KMP	(i)	Mrs . Mallika Srinivasan
		(ii)	Mr. Sudarshan Venu, Director
h)	Enterprise over which KMP and their relatives have significant influence		Harita-NTI Limited, Chennai

15. Related party transactions

(Rupees in lakhs)

Sl. No	Nature of transactions	Name of the company	Holding Company	Subsidiaries	Fellow Subsidiaries	Associates	KMP - Significant Influence	KMP	Relative of KMP	Total
1	Purchase of goods	T V Sundram Iyengar & Sons Ltd, Madurai Sundaram Auto Components Limited, Chennai Harita NTI Ltd, Chennai	11.97	-	-	-	-	-	-	11.97
			-	23.00	-	-	-	-	-	23.00
			-	-	-	-	190.00	-	-	190.00
			11.97	23.00	-	-	190.00	-	-	224.97
			(17.09)	(10.23)	-	-	(208.51)	-	-	(235.83)
2	Sale of goods (including sub contract charges)	TVS Motor Company Ltd, Chennai TVS Electronics Ltd, Chennai	-	17,332.13	-	-	-	-	-	17,332.13
			-	26.34	5.31	-	-	-	-	31.65
			-	17,358.47	5.31	-	-	-	-	17,363.78
			-	(15,847.59)	-	-	-	-	-	(15,847.59)
			-	-	-	-	-	-	-	-
3	Purchase of power	Sundram Non Conventional Energy Systems Ltd, Chennai TVS Energy Limited, Chennai	-	-	-	55.00	-	-	-	55.00
			-	711.00	-	-	-	-	-	711.00
			-	711.00	-	55.00	-	-	-	766.00
			-	(288.81)	-	(51.45)	-	-	-	(340.26)
			-	-	-	-	-	-	-	-
4	Rendering of services	TVS Motor Company Ltd, Chennai TVS Finance & Services Ltd, Chennai Sundaram Auto Components Ltd, Chennai TVS Electronics Ltd, Chennai TVS Energy Limited, Chennai Harita NTI Ltd, Chennai	-	1,443.93	-	-	-	-	-	1,443.93
			-	-	-	0.15	-	-	-	0.15
			-	237.00	-	-	-	-	-	237.00
			-	1.84	5.46	-	-	-	-	7.30
			-	91.25	-	-	-	-	-	91.25
			-	-	-	-	37.00	-	-	37.00
			-	1,774.02	5.46	0.15	37.00	-	-	1,816.63
			-	(1,283.95)	-	(2.49)	(34.08)	-	-	(1,320.52)
5	Receiving of services	Sundaram Auto Components Limited, Chennai TVS E-Servicetec Limited, Chennai TVS Logistics Services Limited, Madurai TVS Dynamic Global Freight Services Limited, Chennai	-	11.00	-	-	-	-	-	11.00
			-	20.43	35.30	-	-	-	-	55.73
			-	-	361.00	-	-	-	-	361.00
			-	-	449.00	-	-	-	-	449.00
			-	31.43	845.30	-	-	-	-	876.73
			-	(258.85)	-	-	-	-	-	(258.85)
6	Lease rent	Sundram Non Conventional Energy Systems Ltd, Chennai	-	-	-	0.48	-	-	-	0.48

(Rupees in lakhs)

Sl. No	Nature of transactions	Name of the company	Holding Company	Subsidiaries	Fellow Subsidiaries	Associates	KMP - Significant Influence	KMP	Relative of KMP	Total
			-	-	-	(0.48)	-	-	-	(0.48)
7	Remuneration paid		-	-	-	-	-	185.39	0.05	185.44
			-	-	-	-	-	(99.87)	(0.05)	(99.92)
8	Inter corporate deposits outstanding	TVS Motor Company Ltd, Chennai	-	1,486.92	-	-	-	-	-	1,486.92
			-	-	-	-	-	-	-	-
9	Dividend received	TVS Motor Company Ltd, Chennai	-	3,272.19	-	-	-	-	-	3,272.19
			-	(1,715.00)	-	-	-	-	-	(1,715.00)
10	Interest Income	TVS Motor Company Ltd, Chennai	-	1.92	-	-	-	-	-	1.92
			-	-	-	-	-	-	-	-
11	Outstanding as on 31st March 2012	TVS Motor Company Ltd, Chennai	-	1,067.76	-	-	-	-	-	1,067.76
	Receivables	TVS Electronics Ltd, Chennai	-	-	1.74	-	-	-	-	1.74
		Sundaram Auto Components Ltd, Chennai	-	69.01	-	-	-	-	-	69.01
		TVS Investments Limited, Chennai	-	-	0.07	-	-	-	-	0.07
		TVS Housing Limited, Chennai	-	4.74	-	-	-	-	-	4.74
		TVS Energy Limited, Chennai	-	9.87	-	-	-	-	-	9.87
			-	1,151.38	1.81	-	-	-	-	1,153.19
			-	(439.81)	-	(4.60)	-	-	-	(444.41)
12	Payables	T V Sundram Iyengar & Sons Ltd, Madurai	0.67	-	-	-	-	-	-	0.67
		TVS-E Servicetec Limited, Chennai	-	-	1.68	-	-	-	-	1.68
		TVS Finance and Services Ltd, Chennai	-	-	-	1.25	-	-	-	1.25
		Sundram Non-Conventional Energy Systems Limited, Chennai	-	-	-	1.82	-	-	-	1.82
		Harita NTI Ltd, Chennai	-	-	-	-	16.26	-	-	16.26
		TVS Logistics Services Limited, Madurai	-	-	71.90	-	-	-	-	71.90
		TVS Dynamic Global Freight Services Limited, Chennai	-	-	29.01	-	-	-	-	29.01
		Sundaram Investment Limited, Chennai	-	-	0.65	-	-	-	-	0.65
			0.67	-	103.24	3.07	16.26	-	-	123.24
			(0.63)	(19.42)	-	(1.07)	(5.41)	-	-	(26.53)

Previous year's figures are furnished in brackets

16.

(Rupees in lakhs)

S.No	Particulars		Year ended 31-03-2012		Year ended 31-03-2011
I.	RAW MATERIALS CONSUMED				
1. a)	Basic raw materials Aluminium alloys and ingots		51,798.13		42,532.69
b)	Intermediates and components (which individually do not account for 10 % or more of the total value of consumption)		3,129.00		2,451.75
			54,927.13		44,984.44
		% of total consumption		% of total consumption	
2	Consumption of raw materials and components				
a)	Imported	65	35,561.43	60	27,061.05
b)	Indigenous	35	19,365.70	40	17,923.39
	Total	100	54,927.13	100	44,984.44
II	CONSUMPTION OF MACHINERY SPARES	% of total consumption		% of total consumption	
a)	Imported	9	21.64	17	32.64
b)	Indigenous	91	222.01	83	162.32
		100	243.65	100	194.96
	IMPORTS (CIF value)				
III					
a)	Raw materials		37,496.44		25,144.53
b)	Spares, stores and components		1,940.10		1,183.28
c)	Capital goods		1,972.40		4,179.48
d)	Trading goods		30.47		127.40
IV	EXPENDITURE IN FOREIGN CURRENCY				
a)	Travel		102.60		76.94
b)	Consultancy		231.50		201.42
c)	Marketing Expenses		-		4.21
d)	Legal and trade marks		178.19		124.67
e)	Subscriptions		6.98		5.59
f)	Computer software		9.16		4.96
g)	Rework charges		408.36		104.90
h)	Interest on foreign currency loan		920.86		677.80

(Rupees in lakhs)

S.No	Particulars		Year ended 31-03-2012		Year ended 31-03-2011
i)	Warehousing fees		948.38		560.88
j)	Salaries		277.33		72.26
k)	Insurance		10.60		8.26
l)	Rent		9.65		8.62
m)	Repairs and Maintenance (Buildings)		183.16		20.83
n)	Others		40.98		49.58
V	EARNINGS IN FOREIGN EXCHANGE				
a)	Exports (on FOB basis)		41,326.91		27,541.82
b)	Freight recovery		3,628.07		2,617.92
c)	Insurance recovery		3.66		8.17

17. Previous year's figures have been regrouped wherever necessary to conform to the current year's classification. Previous year's figures are not strictly comparable since the amalgamation and demerger related entries are given effect to in the accounts pursuant to the order of the Hon'ble High Court of Judicature at Madras sanctioning the scheme of composite arrangement.

STATEMENT UNDER SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARIES

S.No	Name of the subsidiaries	TVS Motor Company Limited, Chennai	TVS Energy Limited, Chennai
1.	Financial year of the subsidiaries ended on	31-03-2012	31-03-2012
2.	Shares of the subsidiaries held by the company as on 31 st March 2012		
a)	Number and face value-equity	27,26,82,786 Equity shares of Re.1/- each fully paid	45,00,000 Equity shares of Rs.10/- each fully paid
b)	Extent of holding	57.40%	5.54% and 94.46% by TVSM
3.	Net aggregate amount of profit/losses of the subsidiaries not dealt with in the company's account so far as it concerns the members of the holding company		
a)	for the financial year of the subsidiary	Rs In lakhs 11,024.43	Rs In lakhs (40.67)
b)	for the previous financial years since they became subsidiaries	9,132.90	(33.06)

S.No	Name of the subsidiaries	TVS Motor Company Limited, Chennai	TVS Energy Limited, Chennai
4.	Net aggregate amount of profit/losses of the subsidiaries dealt with in the company's account so far as it concerns the members of the holding company. a) for the financial year of the subsidiary b) for the previous financial years since they became subsidiaries	Rs In lakhs 3,272.19 2,123.00	Rs In lakhs - -
5.	Change of interest of the company in the subsidiaries between the end of the financial year of the subsidiary and the financial year of the company.	Not applicable as the subsidiaries close the accounts on 31 st March	
6.	Material changes between the end of the financial year of the subsidiary and the end of financial year of the company in respect of subsidiaries i) Fixed assets ii) Investments iii) Money lent iv) Borrowings other than for meeting current liabilities	Not applicable as the subsidiaries close the accounts on 31st March	

Notes:

1. SCL, Chennai holds 57.40% of the paid up equity capital of TVS Motor Company Limited (TVSM), Chennai. Hence, TVSM is a subsidiary of SCL, Chennai u/s 4(1)(b) of the Act.
2. Sundaram Auto Components Limited (SACL), Chennai and TVS Housing Limited, Chennai are wholly-owned subsidiaries of TVSM, and hence they are subsidiaries of SCL, u/s 4(1)(c) of the Act.
3. TVS Motor (Singapore) Pte Limited, Singapore, TVS Motor Company (Europe) BV, Amsterdam, are wholly owned subsidiaries of TVSM and PT.TVS Motor Company Indonesia, Jakarta, is a subsidiary of TVSM and hence they are subsidiaries of SCL, Chennai u/s 4(1)(c) of the Act.
4. SCL, Chennai and its subsidiary TVS Motor Company Limited, Chennai together hold 100% of the paid up equity capital of TVS Energy Limited, Chennai. Hence, TVS Energy Limited is a subsidiary of SCL, Chennai u/s 4(1)(b) of the Act.
5. TVS Wind Energy Limited, Chennai is a subsidiary of TVS Energy Limited and hence it is a subsidiary of SCL u/s 4(1)(c) of the Act.
6. TVS Wind Power Limited, Chennai is a subsidiary of TVS Energy Limited and hence it is a subsidiary of SCL u/s 4(1)(c) of the Act.

DECLARATION

We hereby declare and certify that all relevant provisions of the Companies Act and the guidelines issued by the Government or the regulations or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, the SEBI Act or rules or regulations made thereunder or guidelines issued, as the case may be. We certify that this Red Herring Prospectus contains all information specified under Schedule XVIII of the SEBI ICDR Regulations and such other information as is material and appropriate to enable the investors to make a well informed decision as to investment in the proposed Issue and further certify that all the statements in this Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTORS OF THE COMPANY

NAME	SIGNATURES
Mr. Venu Srinivasan <i>Chairman and Managing Director</i>	
Mr. K. Mahesh <i>Non-Executive and Non-Independent Director</i>	
Mr. Gopal Srinivasan <i>Non-Executive and Non-Independent Director</i>	
Dr Lakshmi Venu <i>Director - Strategy</i>	
Vice Admiral P J Jacob (Retd.) <i>Non-Executive and Independent Director</i>	
Mr. T. K. Balaji <i>Non-Executive and Non-Independent Director</i>	
Mr. Suresh Kumar Sharma <i>Non-Executive and Independent Director</i>	
Mr. S. Santhanakrishnan <i>Non-Executive and Independent Director</i>	
Mr. V. Subramanian <i>Non-Executive and Independent Director</i>	
Mr. Sudarshan Venu <i>Non-Executive and Non-Independent Director</i>	
Mr. R. Vijayaraghavan <i>Non-Executive and Independent Director</i>	
Mr. Kamlesh Gandhi <i>Non-Executive and Independent Director</i>	
Mr. V. N. Venkatanathan <i>Chief Financial Officer</i> Sd/-	

Date: May 31, 2013

Place: Chennai

Registered Office of the Company

Sundaram-Clayton Limited
Jayalakshmi Estates
No. 29 (Old 8), Haddows Road,
Chennai 600 006
Tamil Nadu, India

Statutory Auditor to the Company

Sundaram & Srinivasan
New No. 4 (Old No 23)
Sir C. P. Ramaswamy Road
Chennai 600 018
Tamil Nadu, India

Book Running Lead Managers

Axis Capital Limited
1st Floor, Axis House,
C-2 Wadia International Centre
P.B. Marg, Worli
Mumbai 400 025
Maharashtra, India

SBI Capital Markets Limited
202, Maker Tower 'E'
Cuffe Parade
Mumbai 400 005
Maharashtra, India

Registrar to the Issue

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound
L.B.S. Marg,
Bhandup (West)
Mumbai 400 078
Maharashtra, India

Public Issue Account Bank

State Bank of India
Corporate Accounts Group Branch
III Floor, Sigappi Achi Building,
18/3 Rukmini Lakshmi pathy Road
Egmore, Chennai 600 008
Tamil Nadu, India

Legal Counsel to the Issue

J. Sagar Associates
Vakils House
18 Sprott Road Ballard Estate
Mumbai 400 001
Maharashtra, India