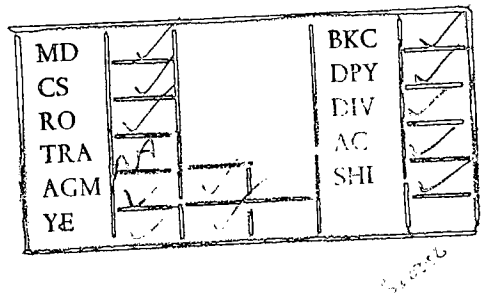
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Sundaram-Clayton Limited



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Sundaram-Clayton Limited

Board of Directors

SURESH KRISHNA
Chairman

VENU SRINIVASAN
Managing Director

GOPAL SRINIVASAN
Joint Managing Director

K MAHESH

T K BALAJI

MICHAEL BROUGHTON

FREDERICK W JAQUA

JULIAN HOLMES

GEORGE ERIC NUTTER

D E UDWADIA

D D UDESHI
Alternate to Mr. Michael Broughton

B M MIRZA
Alternate to Mr. Frederick W Jaqua

S K WARRIOR
Alternate to Mr. Julian Holmes

D B ENGINEER
Alternate to Mr. George Eric Nutter

Executive Director
H LAKSHMANAN

President - Brakes Division
C NARASIMHAN

Executive Vice President - Brakes Division
N RAGHUNATHAN

Vice President - Finance
V N VENKATANATHAN
L VENKATESAN

Secretary
P SRINIVASAN

Bankers

STATE BANK OF INDIA
Corporate Accounts Group branch
Greams Dugar
Greams Road
Chennai 600 006

STATE BANK OF MYSORE
Whites Road Branch
Chennai 600 014

Auditors

SUNDARAM & SRINIVASAN
Chartered Accountants
Chennai 600 018.

Listing of shares with :

Madras Stock Exchange Ltd, Chennai.
National Stock Exchange Ltd, Mumbai.
The Stock Exchange, Mumbai.

Registered Office

"Jayalakshmi Estates"
8 Haddows Road
Chennai 600 006

Share Transfer Department
Tel : 4845889 Fax : 044-4846939

Factory

Padi, Chennai 600 050

Subsidiaries

ANUSHA INVESTMENTS LIMITED
HARITA STOCKS LIMITED
TVS ELECTRONICS LIMITED
TVS FINANCE LIMITED

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CONTENTS

	Page No.
Sundaram-Clayton Limited	
Notice to the shareholders	4
Directors' report to the shareholders	9
Auditors' report to the shareholders	14
Balance Sheet	16
Profit & Loss Account	17
Schedules	18
General business profile	32
Cash flow statement	33
Statement under section 212	35
Subsidiaries	
Anusha Investments Limited	38
Harita Stocks Limited	45
TVS Electronics Limited	49
TVS Finance Limited	61

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FINANCIAL HIGHLIGHTS

Rupees in lakhs

Year ended 31st May	1989	1990	1991	1992	1993	1994	1995	1996	1997	* 1998
Profit and Loss Account										
Sales	5399	6295	7609	8824	6538	8613	12455	17484	21066	**13000**
Other Income	840*	126	250	173	283	105	287	575	942	**937**
Total Income	6239	6421	7859	8997	6821	8718	12742	18059	22008	**13937**
Gross Profit before Interest, depreciation & tax	1345	862	1051	1340	1168	1593	2560	3056	4126	**1708**
Depreciation	287	271	259	252	212	222	229	301	587	**410**
Profit before Interest & tax	1058	591	792	1088	956	1371	2331	2755	3539	**1298**
Interest	376	414	414	463	380	276	183	97	222	**35**
Profit before taxation	682	177	378	625	576	1095	2148	2658	3317	**1263**
Profit after taxation	461	8	103	160	175	455	1212	1668	1947	**975**
Balance Sheet										
Net Fixed assets	2126	2008	1817	1591	1386	1658	2287	3388	4940	**5266**
Investments	1166	1799	1812	1812	1951	2222	4364	4442	4353	**4839**
Net current assets	3574	3128	4128	3790	3459	2910	3324	3835	2845	**2195**
Total	6866	6935	7757	7193	6796	6790	9975	11665	12138	**12300**
Share capital	948	948	948	948	948	948	948	948	1897	**1897**
Reserves & surplus	3202	3097	3072	3091	3121	3334	7573	8764	9202	**9480**
Net Worth	4150	4045	4020	4039	4069	4282	8521	9712	11099	**11377**
Loan funds	2716	2890	3737	3154	2727	2508	1454	1953	1039	**923**
Total	6866	6935	7757	7193	6796	6790	9975	11665	12138	**12300**
EPS (Rs) @	2.43	0.04	0.54	0.84	0.92	2.40	6.39	8.79	10.26	**6.17#**
DPS (Rs) @	1.25	0.60	0.75	0.75	0.75	1.25	2.00	2.00	2.70	**2.00**
Book value per share (Rs) @	21.88	21.33	21.19	21.29	21.45	22.57	44.92	51.20	58.52	**59.98**
Return on capital employed (ROCE) %	15.4	8.5	10.2	15.1	14.1	20.2	23.4	23.6	29.2	**12.7#**
Return on net worth (RONW) %	11.1	0.2	2.6	4.0	4.3	10.6	14.2	17.2	17.5	**10.3#**
Fixed assets turnover (No. of times)	2.5	3.1	4.2	5.5	4.7	5.2	5.4	5.2	4.3	**3.0#**
Working capital turnover (No. of times)	1.5	2.0	1.8	2.3	1.9	3.0	3.7	4.6	7.4	**7.1#**
Gross profit as % of total income	21.6	13.4	13.4	14.9	17.1	18.3	20.1	16.9	18.8	**12.3**
Net profit as % of total Income	7.4	0.1	1.3	1.8	2.6	5.2	9.5	9.2	8.9	**7.0**

* Includes profit on sale of moped division.

@ adjusted for bonus issue.

ROCE is profit before interest and taxation divided by networth plus loan funds.

RONW is profit after tax divided by networth.

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

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

★ Figures for ten months ended 31st March 1998.

\# Figures are annualised.

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Notice to the Shareholders

NOTICE is hereby given that the thirty sixth annual general meeting of the company will be held at The Music Academy, 306, T T K Road (Mowbrays Road), Chennai 600 014 on Thursday the 10th September 1998, at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. **To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution:**

   RESOLVED THAT the audited balance sheet as at 31st March, 1998 and the profit and loss account of the company for the period ended on that date, together with the directors' report and the auditors' report thereon as presented to the meeting be and the same are hereby approved and adopted.

2. **To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution:**

   RESOLVED THAT pursuant to the recommendation of the directors, a dividend of Rs. 2/- per share absorbing a sum of Rs. 379.35 lakhs be and is hereby declared on 1,89,67,584 equity shares of Rs. 10/- each fully paid up, comprised in the paid up equity share capital of the company viz., Rs. 1896.76 lakhs, for the period ended 31st March 1998 and the same be paid to shareholders whose names appear in the register of members of the company on 10th September 1998.

3. **To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution:**

   RESOLVED THAT Mr D E Udwadia, director who retires by rotation and being eligible for re-appointment be and is hereby re-appointed as a director of the company.

4. **To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution:**

   RESOLVED THAT Mr Gopal Srinivasan, director who retires by rotation and being eligible for re-appointment be and is hereby re-appointed as a director of the company.

5. **To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution:**

   RESOLVED THAT the retiring auditors Messrs. Sundaram & Srinivasan, Chartered Accountants, Chennai be and are hereby re-appointed as auditors of the company to hold office from the conclusion of this meeting till the conclusion of the next annual general meeting of the company on such remuneration as may be fixed in this behalf by the board of directors of the company.

SPECIAL BUSINESS

6. **To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution:**

   RESOLVED THAT Mr Michael Broughton be and is hereby appointed as a director of the company.

7. **To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution:**

   RESOLVED THAT in partial modification of the ordinary resolutions, at item no. 8 passed by the shareholders at the thirty second annual general meeting of the company held on 23rd November 1994 and resolution at item no. 7 passed at the thirty fourth annual general meeting of the company held on 25th October 1996 approving the remuneration payable to Mr Venu Srinivasan, managing director and Mr Gopal Srinivasan, joint managing director, respectively, in terms of section 198, 309, 310 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII of the Act, the company hereby approves the increase in contribution to provident fund payable to Mr Venu Srinivasan, managing director and Mr Gopal Srinivasan, joint managing director from 10% to 12% of the salary, to each one of them with effect from 22nd September 1997, and the aggregate contribution to provident fund and superannuation fund or annuity fund shall not exceed 27% of the salary.

   RESOLVED FURTHER THAT the board of directors be and is hereby authorised to enhance the percentage of contribution to provident fund and superannuation fund or annuity fund payable to Mr Venu Srinivasan, managing

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director and Mr Gopal Srinivasan, joint managing director from time to time as may be permitted under the Income Tax Rules 1962, or any amendment thereto, as may be carried out by the Government from time to time

RESOLVED FURTHER THAT Mr Suresh Krishna, chairman be and is hereby authorised to enter into necessary agreement with the managing director / joint managing director to give effect to the above resolution.

8. **To consider and if thought fit to pass with or without modification the following resolution as a special resolution:**

RESOLVED THAT the articles of association of company be and is hereby altered in the manner specified below:

In article 2, the following clauses be inserted along with the marginal note:

Article 2 (v) (a)

"Beneficial Owner" "Beneficial Owner" means the beneficial owner as defined under clause (a) of sub-section 1 of section 2 of the Depositories Act, 1996.

Article 2 (vii) (b)

"Depository" "Depository" shall mean a depository as defined under clause (e) of subsection (1) of section 2 of the Depositories Act, 1996.

The existing article 2 (v) be renumbered as article 2 (v) (b).

The existing article 2 (vii) be renumbered as article 2 (vii) (a).

Article 2 (xi) be modified as follows:

"Member" "Member" means the duly registered holder from time to time of the shares of the company and includes the subscribers to the memorandum of the company and every person holding equity share capital of the company whose name is entered as beneficial owner in the records of a depository.

Article 14 be substituted by the following article:

"Subject to the provisions of these Articles and of the Act, the shares including any shares forming part of any increased capital of the Company shall be under the control of Directors who may allot or otherwise dispose of the same to such persons in such proportion, on such terms and conditions, and at such times as the Directors think fit and subject to the sanction of the Company in General Meeting with full power, to call for or to allot shares of any class of the Company either (subject to the provisions of the Act) at a premium or at par or at a discount and such option being exercisable for such time and for such consideration as the Directors think fit. The Board shall cause to be filed the returns as to allotment provided for in the Act."

Article 15 be substituted by the following article:

"In addition to and without derogating from the powers for that purpose conferred on the Board under Articles 13 and 14, the Company in General Meeting may, subject to the provisions of Section 81 of the Act, determine that any shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether members or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of the Act) at a premium or at par or at a discount, as such General Meeting shall determine and with full power to call for or to allot shares of any class of the Company either (subject to compliance with the provisions of the Act) at a premium or at par or at a discount, such option being exercisable at such time and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provision whatsoever for the issue, allotment or disposal of any shares.

In article 19, after sub-clause (c) the following sub-clause (d) be added:

(d) Notwithstanding anything contained in this article, when the shares are dealt with in a depository, the company shall intimate the details of allotment of shares to the depository immediately on allotment of such shares.

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The existing **article 22** be substituted by the following article:

Except as ordered by a Court of competent jurisdiction, or as by law required, the company shall not be bound to recognise an equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles, in the person from time to time registered as the holder thereof, or whose name appears as the beneficial owner of shares in the records of a Depository, but the board shall be at liberty at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

In **article 54** after the existing paragraph, the following new paragraph be added.

Nothing contained in this article shall apply to transfer of shares effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of a depository.

In **article 56A** after sub clause (iv) the following proviso be added:

Provided that the restrictions contained in this article shall not apply to shares held in a depository.

Articles 61 be deleted.

After **article 65** the following new articles be added along with the marginal notes.

Article 65A

"Provisions of articles to apply to shares held in a depository" Except as specifically provided in these articles the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in a depository so far as they apply to shares held in physical form subject to the provisions of the Depositories Act, 1996.

Article 65B

"Dematerialisation of securities" Notwithstanding anything contained in the Articles of Association, the company shall be entitled to dematerialise its shares including preference shares, debentures and other securities pursuant to the Depositories Act, 1996, and to offer its shares, debentures and other securities for issue in dematerialised form. The company shall further be entitled to maintain a Register of Members with the details of members holding shares both in material and dematerialised form in any media as permitted by law including any form of electronic media.

Article 65C

"Depositories Act to apply to shares held in depositories" Notwithstanding anything contained herein, in the case of transfer of shares whether preference and / or equity or other marketable securities, where the company has not issued any certificates and where such shares or securities are being held in an electronic and fungible form; the provisions of Depositories Act, 1996 shall apply.

Article 65D

"Index of beneficial owners deemed to be index of members" A register of index of beneficial owners maintained by a depository under section 11 of the Depositories Act, 1996, shall be deemed to be an index of members and register of debentureholders, as the case may be, for the purpose of the Act.

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The existing article 189 be substituted by the following article:

Article 189

"Service of documents or notice by members" All documents or notices to be served or given by members on or to the company or to any officer thereof shall be served or given by sending it to the company or officer at the office by post or leaving it at the office. Provided that where the securities are held in a depository, the records of the beneficial ownership may be served by such depository on the company by means of electronic mode or by delivery of floppies or discs.

By order of the Board

P SRINIVASAN
Secretary

Chennai
June 29, 1998

Registered Office:
"Jayalakshmi Estates"
8 Haddows Road
Chennai 600 006

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY OR PROXIES SO APPOINTED NEED NOT BE A MEMBER OR MEMBERS AS THE CASE MAY BE OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY AND THE POWER OF ATTORNEY OR OTHER AUTHORITY, IF ANY, UNDER WHICH IT IS SIGNED OR A NOTARIALLY CERTIFIED COPY OF THAT POWER OR AUTHORITY SHALL BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE TIME FIXED FOR HOLDING THE MEETING.**

2. The explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of special business under item nos. 6 to 8 as set out above is annexed hereto.

3. The register of members and the share transfer books of the company will remain closed from 1st September 1998 to 10th September 1998, both days inclusive.

4. The dividend on the equity shares as recommended by the Board of Directors when declared, will be made payable on or after 10th September 1998 to those shareholders (or their mandatees) whose names appear in the register of members of the company on 10th September 1998.

5. Pursuant to section 205A of the Companies Act, 1956 all unclaimed dividends upto the financial year 1993-94 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed the dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, Tamilnadu, Haddows Road, Chennai 600 006.

6. The dividend declared for the financial year ended 31st May 1995, which remains unclaimed will be transferred to the General Revenue Account of the Central Government on or after 28th December 1998. Shareholders who have not encashed their dividend warrants are requested to surrender the warrants to the registered office of the company for necessary action before 28th December 1998.

7. The dividend is exempt from tax under section 10(33) of the Income-tax Act, 1961, in the hands of the shareholders.

8. Members are requested to notify immediately any change in their address to the company.

9. As a measure of economy, copies of the annual report will not be distributed at the annual general meeting. Members are therefore requested to bring their copies of the annual report to the meeting.

10. Members are requested to affix their signature at the space provided on the attendance sheet annexed to the proxy form and handover the slip at the entrance of the meeting hall.

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Explanatory statement pursuant to section 173(2) of the Companies Act, 1956

The following explanatory statement sets out all material facts relating to the special business mentioned in the accompanying notice dated 29th June 1998 and shall be taken as forming part of the notice.

Item No. 6

Mr Michael Broughton was appointed as a director with effect from 20th October 1997 in the casual vacancy caused by the resignation of Mr J C Montauze, director. In terms of section 262 of the Companies Act, 1956 Mr Michael Broughton will hold office only up to the date of this annual general meeting, when Mr J C Montauze would have retired in the normal course.

Notice has been received from a member of the company under section 257 of the Companies Act, 1956 alongwith a deposit of Rs. 500/- signifying his intention to propose the candidature of Mr Michael Broughton for the office of director and to move the resolution as set out in item no. 6 of this notice.

The directors recommend the resolution for approval of the shareholders.

Mr Michael Broughton is deemed to be concerned or interested in the resolution.

Item No. 7

In terms of resolutions passed by the shareholders at the thirty second annual general meeting of the company held on 23rd November, 1994 and at the thirty fourth annual general meeting of the company held on 25th October 1996, respectively, Mr Venu Srinivasan, managing director and Mr Gopal Srinivasan, joint managing director are entitled, as part of the remuneration package contribution towards provident fund at 10% of the salary and superannuation or annuity fund at 15% of the salary and the aggregate of such contributions shall not exceed 25%.

The Central Government amended the Employees Provident Fund Act enhancing the contribution payable towards provident fund from 10% to 12% with effect from 22nd September, 1997. In line with this amendment the Income-tax Rules were also amended increasing the upper limit of contribution towards provident fund and superannuation fund or annuity fund from 25% to 27%.

The board of directors have accordingly increased the contribution payable to provident fund from 10% to 12% of the salary payable to Mr Venu Srinivasan, managing director and Mr Gopal Srinivasan, joint managing director with effect from 22nd September 1997.

In terms of section 198, 309 and 310 read with Schedule XIII to the Companies Act, 1956 the resolution is placed before the shareholders for approval.

Mr Venu Srinivasan, managing director, Mr Gopal Srinivasan, joint managing director and Mr T K Balaji, director being a relative of both will be deemed to be concerned or interested in the resolution.

This may be treated as an abstract of the terms of variation of contract between the company and Mr Venu Srinivasan, managing director and Mr Gopal Srinivasan, joint managing director pursuant to section 302 of the Companies Act, 1956.

Item No. 8

Consequent to the enactment of the Depositories Act, 1996, National Securities Depository Limited (NSDL) was established, which provides investors the facility for dealing in securities in electronic mode.

The company's equity shares are admitted in NSDL for dematerialisation. Some of the shareholders have already dematerialised their shares and are presently holding their shares in NSDL.

Certain provisions of Companies Act, 1956 were modified when the Depositories Act, 1996 was introduced, recognising the beneficial holders of shares in dematerialised form with a Depository as members of the company and vesting them all the rights and powers as shareholders of the company.

In line with the above changes and the changes in other laws, the board of directors have decided to amend the articles of association of the company. Accordingly, the resolution is placed for approval of the shareholders as a special resolution in terms of section 31 of the Companies Act, 1956.

None of the directors is concerned or interested in the resolution.

The documents referred to in the notice and the explanatory statement will be available for inspection at the registered office of the company on any working day between 10.00 a.m. and 12.00 noon.

By order of the Board

P SRINIVASAN
Secretary

Chennai
June 29, 1998

Registered Office:
"Jayalakshmi Estates"
8 Haddows Road
Chennai 600 006

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