

Sundaram-Clayton Limited



40th Annual Report 2002

Sundaram-Clayton Limited**Board of Directors**

SURESH KRISHNA
Chairman

venu srinivasan
Managing Director

gopal srinivasan
Joint Managing Director

K MAHESH

T K BALAJI

GUENTER SEEGERs

CHRISTIAN WIEHEN

BRUCE VENTURA

NIKHIL MADHUKAR VARTY

D E UDWADIA

D D UDESHI
Alternate to Dr. Christian Wiehen

RYNA KARANI
Alternate to Mr. Guenter Seegers

ZIYAN MOLEDINA
Alternate to Mr. Nikhil Madhukar Varty

J JAYARAMAN
Alternate to Mr. Bruce Ventura

Executive Director

H LAKSHMANAN

President

C NARASIMHAN

Executive Vice President

N RAGHUNATHAN

Vice President - Finance

V N VENKATANATHAN
L VENKATESAN

Secretary

P SRINIVASAN

Audit Committee

T K BALAJI (*Chairman*)
D E UDWADIA
J JAYARAMAN

Investors Grievance Committee

SURESH KRISHNA (*Chairman*)
venu srinivasan
T K BALAJI
K MAHESH

Bankers

STATE BANK OF INDIA
Corporate Accounts Group Branch
Greens Dugar
Greens Road
Chennai 600 006

STATE BANK OF MYSORE
Whites Road Branch
Chennai 600 014

Auditors

SUNDARAM & SRINIVASAN
Chartered Accountants
23 Sir C P Ramaswamy Road
Alwarpet, Chennai 600 018.

Listing of shares with :

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

Registered Office

"Jayalakshmi Estates"
24 (Old No.8) Haddows Road
Chennai 600 006

Factories

Padi, Chennai 600 050
Belagondapalli, Hosur - 635 114

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**Reports and accounts of
subsidiary companies
(Booklet enclosed)**



Sundaram-Clayton Limited

FINANCIAL HIGHLIGHTS

Rupees in lakhs

Year ended	1993	1994	1995	1996	1997	1998*	1999	2000	2001	2002
Profit and Loss Account										
Sales	6538	8613	12455	17484	21066	13000	16000	23183	24061	24682
Other income	283	105	287	575	942	937	1318	1456	1463	1825
Total income	6821	8718	12742	18059	22008	13937	17318	24639	25524	26507
Gross profit before interest, depreciation & tax	1168	1593	2560	3056	4126	1708	2624	3893	3490	4152
Depreciation	212	222	229	301	587	410	577	799	948	1086
Profit before interest & tax	956	1371	2331	2755	3539	1298	2047	3094	2542	3066
Interest	380	276	183	97	222	35	-61	60	153	129
Profit before taxation	576	1095	2148	2658	3317	1263	2108	3034	2389	2937
Profit after taxation	172	450	1217	1570	1950	694	1870	2268	1774	2185
Balance Sheet										
Net fixed assets	1386	1658	2287	3388	4940	5266	6492	8507	9618	9961
Investments	1951	2222	4364	4442	4353	4839	4352	4301	4301	4275
Net current assets	3459	2910	3324	3835	2845	2195	3036	4468	4621	3008
Total	6796	6790	9975	11665	12138	12300	13880	17276	18540	17244
Share capital	948	948	948	948	1897	1897	1897	1897	1897	1897
Reserves & surplus	3121	3334	7573	8764	9202	9480	10718	12249	13397	13545
Net worth	4069	4282	8521	9712	11099	11377	12615	14146	15294	15442
Loan funds	2727	2508	1454	1953	1039	923	1265	3130	3246	961
Deferred taxation (net)										841
Total	6796	6790	9975	11665	12138	12300	13880	17276	18540	17244
EPS (Rs) @**	0.91	2.37	6.41	8.28	10.28	3.66	9.86	11.95	9.36	11.52
DPS (Rs) @	0.75	1.25	2.00	2.00	2.70	2.00	3.00	3.50	3.00	6.00
Book value per share (Rs) @	21.45	22.57	44.92	51.20	58.52	59.98	66.51	74.59	80.63	81.41
Return on capital employed (ROCE) %	13.7	20.2	27.8	25.5	29.7	12.7 #	15.6	19.9	14.2	17.1
Return on net worth (RONW) %	4.3	10.8	19.0	17.2	18.7	7.3 #	15.6	16.9	12.1	14.2
Fixed assets turnover (No. of times)	4.4	5.7	6.3	6.2	5.1	3.0 #	2.7	3.1	2.7	2.5
Working capital turnover (No. of times)	1.8	2.7	4.0	4.9	6.3	6.2 #	6.1	6.2	5.3	6.5
Gross profit as % of total income	17.1	18.3	20.1	16.9	18.7	12.3	15.2	15.8	13.7	15.7
Net profit as % of total Income	2.5	5.2	9.6	8.7	8.9	5.0	10.8	9.2	7.0	8.2

@ adjusted for bonus issue.

figures are annualised.

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

RONW is profit after tax divided by average network.

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

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

* Figures for ten months ended 31st March 1998.

** EPS for the years 1993 - 1996 calculated after adjusting subsequent bonus issue as per AS 20

Sundaram-Clayton Limited**Notice to the Shareholders**

NOTICE is hereby given that the fortieth annual general meeting of the company will be held at 'The Music Academy', New No.168 (Old No.306), TTK Road, Chennai 600 014 on Monday, the 23rd September 2002, at 10.15 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, 2002 and the profit and loss account of the company for the year 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 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.

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

RESOLVED THAT Mr T K Balaji, 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 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 annual general 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

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

RESOLVED THAT Mr Guenter Seegers be and is hereby appointed as a director of the company, liable to retire by rotation.

- 6. 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 resolution, at item no.7 passed by the shareholders at the thirty seventh annual

general meeting of the company held on 24th September 1999, approving the remuneration payable to Mr Venu Srinivasan, managing director, in terms of Sections 198, 309, 310 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the Act, the company hereby approves the withdrawal of commission payable to Mr Venu Srinivasan, managing director with effect from 1st April 2001.

By order of the board

P SRINIVASAN
Secretary

Chennai
19th August 2002

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.**
- The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of special business under item nos. 6 and 7 as set out above is annexed hereto.
- The register of members and the share transfer books of the company will remain closed from 17th September 2002 to 23rd September 2002 (both days inclusive).
- The interim dividend on the equity shares as recommended by the board of directors was paid on 3rd July 2002 to those shareholders (or their mandatees) whose names appeared in the register of members of the company on 1st July 2002. The directors have recommended that the interim dividend paid be considered as the final dividend for the year 2001-2002.
- Consequent upon the amendment to Section 205A read with Section 205C of the Companies Act, 1956, the dividend declared for the year ended 31st May 1995 will be transferred to investor education and protection fund established by the Central Government on **28th December 2002**. Subsequent dividends declared which remain unclaimed for a period of seven years will be transferred to the said investor education and protection fund on the due dates.

Members who have not encashed their dividend warrants in respect of the above period are requested to make their claim to the company by surrendering the unencashed warrants immediately.



Sundaram-Clayton Limited

6. Members holding shares in physical form are requested to notify to the company immediately any change in their address. **Members holding shares in Depository are requested to advice change of address to their depository participants.**
7. 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.
8. Members are requested to affix their signature at the space provided on the attendance sheet annexed to proxy form and hand over the slip at the entrance of the meeting hall.
9. In terms of clause 49 of the listing agreement with the stock exchanges, a brief resume of directors who are proposed to be appointed / re-appointed in this meeting is given below:

I Mr Gopal Srinivasan

Born on 4th August, 1958, Mr Gopal Srinivasan is a commerce graduate from Loyola College, Chennai and is a Master of Business Administration (Industrial and Business Administration) from the University of Michigan, Ann Arbor, USA. He was co-opted as a director by the board on 29th November 1985.

He was the president of Manufacturers' Association for Information Technology and has been representing IT industry in the country and negotiating with the Government of India on its policies. He is also a member of the panel on development, manufacture and export of IT hardware constituted under the National Task Force on Information Technology and Software Development constituted under the authority of the office of the Prime Minister and a member of the State Level Information Technology Task Force headed by the Chief Minister of Tamil Nadu. He is a member of the small group set up by the Commerce and Industry Minister, Government of India to suggest policy and procedural changes to bring about a quantum jump in the export of electronic hardware.

He is the director in the following companies viz., Harita Finance Limited (Chairman), TVS Investments Limited (Chairman), Harita Infoserve Limited, (Chairman), TVS Electronics Limited (Whole-time director), TVS Motor Company Limited, ICICI Venture Funds Management Co Limited, Lucas-TVS Limited, India Japan Lighting Limited, India Nippon Electricals Limited, Sundaram Industries Limited, T V Sundram Iyengar & Sons Limited and TVS eShops Private Limited.

He is also the member of investors grievance committee of TVS Electronics Limited and Harita Finance Limited and administrative committee of the company and TVS Motor Company Limited.

II Mr T K Balaji

Born on 12th July 1948, 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. He was first co-opted as the director of the company on 28th November 1984.

Mr T K Balaji is a member of National Council of Confederation of Indian Industries (CII) and Development Council for Automobiles & Allied Industries, Government of India. He is the past president of Automotive Component Manufacturers Association of India (ACMA) and 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.

Mr T K Balaji is the chief executive and managing director of Lucas-TVS Limited and managing director of Delphi-TVS Diesel Systems Limited. He is also a director in the following companies viz. India Nippon Electricals Limited (Chairman), India Japan Lighting Limited (Chairman), Lucas Indian Service Limited, TVS Electronics Limited, TVS Motor Company Limited, T V Sundram Iyengar & Sons Limited, Titan Industries Limited, TVS Lean Logistics Limited and Apollo Hospitals Enterprises Limited.

Mr T K Balaji is the chairman of the audit committee of the company and member of investors grievance committee of the company and TVS Electronics Ltd, and investors grievance committee and audit committee of TVS Motor Company Limited.

III Mr Guenter Seegers

Born on 29th January 1943, Mr Guenter Seegers is a mechanical engineer by profession. During the period 1967-1980, he held the positions of manager (technical sales), director-marketing and director-operations in WABCO, Germany. During the period 1980-1983, he had served as director-sales and marketing in WABCO, North America.

During the period 1984-1994, he held the position of director-marketing and during 1994-1999, he had served as director-foreign operations and markets in WABCO, Germany. Since 1999, he is holding the position as the vice president of the Asia Pacific Region of the entire WABCO Group.

He is the chairman of Shandong Weiming Autom. Products Limited, China, and director of WABCO Japan Inc.

Sundaram-Clayton Limited**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 19th August 2002 and shall be taken as forming part of the notice.

Item No. 5

Mr Guenter Seegers was appointed as a director of the company with effect from 27th March 2000 in the casual vacancy caused by the resignation of Mr Antoine DiPasquale. In terms of section 262 of the Companies Act, 1956 Mr Guenter Seegers will hold office only upto the date of this annual general meeting, when Mr Antoine DiPasquale 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 Guenter Seegers for the office of director and to move the resolution as set out in item no. 5 of this notice.

The directors recommend the resolution for approval of the shareholders.

Mr Guenter Seegers is deemed to be concerned or interested in the resolution.

Item No. 6

At the annual general meeting of the company held on 24th September 1999, Mr Venu Srinivasan was re-appointed as the managing director with effect from 23rd May 1999 for a period of 5 years and his remuneration was fixed in terms of Sections 198, 269 and 311 of the Companies Act, 1956. The remuneration so fixed includes commission not exceeding 2% on the

net profit arrived at as per the provisions of Section 349 of the Companies Act, 1956 and as may be fixed by the board of directors for each year.

At the board meeting of the company held on 17th April 2002, the board of directors proposed to withdraw the commission payable to Mr Venu Srinivasan as managing director with effect from 1st April 2001 so as to enable him to draw commission from the subsidiary company viz., TVS Motor Company Limited with effect from 1st April 2001 subject to the approval of the shareholders.

Mr Venu Srinivasan, being managing director and Mr Gopal Srinivasan and Mr T K Balaji being relatives of Mr Venu Srinivasan, are interested / deemed to be interested in the resolution.

This may be treated as an abstract of the terms of variations of the contract of appointment of Mr Venu Srinivasan, managing director pursuant to Section 302 of the Companies Act, 1956.

Inspection of documents

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
19th August 2002

Registered office:
"Jayalakshmi Estates"
8, Haddows Road
Chennai 600 006

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Sundaram-Clayton Limited

Directors' report to the shareholders

The directors herewith present the fortieth annual report and the audited accounts for the year ended 31st March 2002.

2. FINANCIAL HIGHLIGHTS

Details	Rs. in lakhs	
	Year ended 31.3.2002	Year ended 31.3.2001
Sales and other income	26506.58	25523.70
Gross profit before interest and depreciation	4151.91	3489.79
Interest (Net)	128.94	152.80
Depreciation	1086.02	947.87
Profit before tax	2936.95	2389.12
Provision for taxation	900.00	600.00
Profit after tax	2036.95	1789.12
Add:		
Credit for deferred taxation	56.81	—
Tax relating to earlier years	91.19	—
	2184.95	1789.12
Surplus brought forward from previous year	735.39	787.99
Total	2920.34	2577.11
Tax relating to earlier years	—	14.65
Interim dividend paid	1138.06	—
Proposed dividend	—	569.03
Tax on dividend	—	58.04
Transfer to general reserve	600.00	1200.00
Surplus in profit & loss account	1182.28	735.39
	2920.34	2577.11

3. DIVIDEND

The company had declared an interim dividend of Rs.6/- per share to all the shareholders whose name stood in the register of members on the record date viz., 1st July 2002 absorbing a sum of Rs.11.38 crores for the year ended 31st March 2002. The interim dividend was paid to the shareholders on 3rd July 2002. The directors recommend that the interim dividend paid be considered as the final dividend for the year 2001-2002.

4. PERFORMANCE

During the year under review, heavy and medium segments of the commercial vehicle industry registered a positive growth of 4% in production over that of the previous year. The turnover of air brake equipments stood at Rs.200 crores as against Rs.199 crores in the last year.

Foundry maintained its performance during the year with sales of 6729 tonnes as compared to 6724 tonnes during the previous year ended 31st March 2001.

During the year 2001-02, the company was certified for ISO 14001 environmental management systems. The company has been focussing on cost with major thrust on value engineering. These initiatives continued during 2001-02. Lean manufacturing and the total productive maintenance (TPM)

initiatives were deployed to many manufacturing cells in the shop floor. This has helped to improve the overall efficiency of the plant.

The company achieved 100% participation in total employee involvement (TEI) activities. The suggestion per employee per year improved from 26 in 2000-01 to 38 in 2001-02.

5. OUTLOOK

In the first quarter of the current financial year 2002-03, the commercial vehicle production witnessed a positive growth of 38% over the corresponding quarter of 2001-02. It is expected that this segment may see a lower growth during the rest of the year considering the projected lower growth in economy, due to failure of monsoon in several parts of the country.

The foundry division is planning to achieve sales of 8253 tonnes during 2002-03. In the export market for castings, the beginning made over the past couple of years, has paved the way for securing further orders from overseas customers in the coming years, and full realisation of these orders will materialise in the next two years.

6. ENVIRONMENTAL MANAGEMENT SYSTEM

The company is committed to protect and conserve the environmental resources. The company as a whole is certified for ISO 14001 environmental management systems.

The company also encourages its suppliers to initiate environment management systems at their workplaces.

During 2002-03, it plans to seek OHSAS 18001 certification for environment, health and safety.

7. SUBSIDIARIES

Suzuki Motor Corporation (SMC) in September 2001 has disengaged itself from erstwhile TVS-Suzuki Limited [name changed as TVS Motor Company Limited (TVS-M) with effect from 7th November 2001], both as a shareholder and as a licensor. The entire 60,00,000 equity shares held by SMC in TVS-M was acquired by Anusha Investments Limited (AIL), our wholly owned subsidiary company on 15th November 2001. Consequently, TVS-M has become a subsidiary of our company, effective 15th November 2001.

Lakshmi Auto Components Limited (LAC) is the subsidiary of TVS Motor Company Limited since its inception. Since TVS-M has become a subsidiary of our company, LAC also has become a subsidiary of our company in terms of Section 4(1)(c) of the Companies Act, 1956 with effect from 15th November 2001.

As required by Section 212 of the Companies Act, 1956, a statement showing the company's interest in the subsidiaries is enclosed with the balance sheet of the company. A consolidated financial statement of accounts of the company and its subsidiaries is annexed to this report as required by Accounting Standard 21 (AS 21) prescribed by the Institute of Chartered Accountants of India.

8. DIRECTORS

Mr Gopal Srinivasan and Mr T K Balaji, directors, will be retiring at this annual general meeting and are eligible for re-appointment.

Sundaram-Clayton Limited

Mr Julian Holmes had resigned from the board with effect from 17th April 2002. Mr Nikhil Madhukar Varty was appointed as a director in the casual vacancy caused by the resignation of Mr Julian Holmes as a director on 17th April 2002. The board of directors wish to place on record their appreciation of the services rendered by Mr Julian Holmes during his tenure as a director of the company.

Mr Guenter Seegers who was appointed as a director on 27th March 2000 in the casual vacancy caused by the resignation of Mr Antoine Dipasquale, will vacate his office in terms of Section 262 of the Companies Act, 1956 at the ensuing annual general meeting of the company and is eligible for re-appointment. Notice has been received from a member of the company, signifying his intention to propose the appointment of Mr Guenter Seegers in terms of Section 257 of the Companies Act, 1956 alongwith the requisite deposit of Rs.500/-.

9. AUDITORS

M/s Sundaram & Srinivasan, Chartered Accountants, Chennai retire at the ensuing annual general meeting and are eligible for re-appointment.

10. STATUTORY STATEMENTS

As per the requirements of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the information regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are given in the annexure I to this report.

The particulars required pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended by Companies (Particulars of Employees) Rules, 2002 are given in annexure II to this report.

As required under Section 217(2AA) of the Companies Act, 1956, the directors' responsibility statement is enclosed in annexure III to this report.

11. CORPORATE GOVERNANCE

The code of corporate governance would be applicable to the company from the year 2001-2002. The company has already complied with the requirements of the code.

The company has formed an audit committee with Mr T K Balaji, Mr D E Udwadia and Mr J Jayaraman as members.

12. ACKNOWLEDGEMENT

The directors gratefully acknowledge the continued support and co-operation received from M/s. T V Sundram Iyengar and Sons Limited, Madurai, and American Standard Inc., USA.

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

The directors wish to place on record their appreciation of the excellent work done by all the employees of the company during the year. The directors specially thank the shareholders for their continued faith in the company.

By order of the board

Chennai
19th August 2002

SURESH KRISHNA
Chairman

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Sundaram-Clayton Limited

Annexure I to directors' report for the year ended 31st March 2002

INFORMATION AS REQUIRED UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956

A. CONSERVATION OF ENERGY

1. Measures taken:

- (i) Introduction of power saver for lighting in foundry PDC area;
- (ii) Surrendering TNEB maximum demand 500 KVA in brakes division;
- (iii) Extension of providing ceiling fans in shop floor;
- (iv) Reducing the heating capacity in holding furnace in foundry division;
- (v) Reduction of furnace oil consumption in melting furnaces by improving burner efficiency and re-installation;
- (vi) Reduction in consumption of water by 20 KL/day.

The above measures have resulted in an annual saving of about Rs.25,00,000/-.

2. Proposed measures:

- (i) Reduction of furnace oil consumption in melting furnaces in foundry division;
- (ii) Conservation of man cooler motors in foundry division;
- (iii) Extension of providing ceiling fans in shop floor;
- (iv) Reduction of water consumption by 20 KL/day;
- (v) Reduction of power consumption in AC plants in brakes division;
- (vi) Energy saver for lighting in the old PDC area in foundry division.

This will result in a saving of about Rs.33,50,000/- per annum.

B. TECHNOLOGY ABSORPTION

Research & Development (R & D)

(1) Specific areas in which R & D is carried out by the company.

Existing activities:

- (a) Customer oriented product development including compressor for TATA Cummins Limited, Type 20/24 spring brake actuator and automatic load sensing valve.
- (b) Redesign of brake chamber and vacuum cylinder to reduce cost.

(2) Benefits derived as a result of R & D:

- (a) The development of products like compressor, automatic load sensing valve and Type 20/24 spring brake actuator will lead to increase in business in the Indian market.
- (b) Development of products like E7 dual brake valve, spring brake valve, push pull valves and pressure protection valves for exports market will lead to our participation in the international market.

(3) Future plan of action:

- (a) Concentrated efforts in the sphere of value engineering using modern techniques.

- (b) Develop more products for exports

- (c) Develop new technology products like drying and distribution unit, redesigned Type 24 x 80 spring brake actuator, vacuum brake valve with zero dead stroke and compressor with improved life.

(4) Expenditure in R & D:

Rs. in lakhs

Capital expenditure	44.78
Recurring expenditure (including salaries)	499.19
	<u>543.97</u>

Total expenditure as percentage of turnover

2.05%

Technology absorption, adaptation and innovation:

(a) Efforts in brief:

- i. Systematic training of personnel in the management of new products development for introduction of quality products with reduced lead-time and cost.
- ii. Implementation of solid modeling and finite element analysis to implement value engineering ideas in the new product development.

(b) Benefits derived as a result of the above efforts:

- i. Developed products to meet customer requirements with reduced time.
- ii. Increase in design capabilities using solid modeling.

(c) Details relating to imported technology:

Manufacture of type 12 and 12/16 wedge brake chamber and actuators respectively.

Year of import : 1994

Has technology been fully absorbed : Yes

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

EXPORT ACTIVITIES:

Exports during the year ended 31st March 2002 amounted to Rs.977.38 lakhs as against Rs.831.07 lakhs for the year ended 31st March 2001.

Total foreign exchange used and earned:

a) Foreign exchange used	Rs.1196.71 lakhs
b) Foreign exchange earned	Rs. 977.38 lakhs

By order of the board

Chennai
19th August 2002

SURESH KRISHNA
Chairman

Sundaram-Clayton Limited**Annexure II to directors' report for the year ended 31st March 2002**

Particulars of employees who were in receipt of remuneration not less than Rupees two lakhs per month during the year as per section 217(2A) of the Companies Act, 1956.

Sl No.	Name	Age (Years)	Designation	Date of employ- ment	Remu- neration (Rs.)	Qualification	Experi- ence (Years)	Previous employment
Employed throughout the year								
1	Lakshmanan H	69	Executive director	20.02.74	37,20,397	S.S.L.C.	52	Asst.to MD., Wheels India Ltd.
2	Narasimhan C	61	President	30.08.95	37,13,454	Diploma in Mechanical Engg	42	Group GM, Crompton Greaves Ltd.
3	Raghunathan N	59	Executive vice president	17.04.78	27,62,717	B.E. (Mech) M.I.E.	35	Asst. General Foreman, Hindustan Steels
4	Venkatanathan V N	57	Vice president - finance	20.11.74	24,22,093	B.Com., B.L, ACA., ACS	33	Sr. Financial Accountant, Brakes India Ltd.

Notes

- Years of experience include experience prior to joining the company also.
- Remuneration comprises of salary, dearness allowance wherever applicable, house rent allowance, special allowance, conveyance allowance, contribution to provident fund and superannuation fund.
- Besides employees are entitled to gratuity as per rules.
- Terms of employment of all the employees mentioned above are contractual.
- None of the above employees is related to any of the directors.
- None of the above employees either individually or together with spouse or children hold more than two percent of the equity shares of the company.

Chennai
19th August 2002

By order of the board

SURESH KRISHNA
Chairman

Annexure III to directors' report for the year ended 31st March 2002

Directors' responsibility statement as required under Section 217(2AA) of the Companies Act, 1956.

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956 with respect to directors' responsibility statement, it is hereby confirmed:

- that in the preparation of annual accounts for the financial year ended 31st March 2002, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for the year under review;

iii. that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

iv. that the directors had prepared the accounts for the financial year ended 31st March 2002 on a "going concern basis".

Chennai
19th August 2002

By order of the board

SURESH KRISHNA
Chairman