Sundaram-Clayton Limited

55th Annual Report 2017

Sundaram-Clayton Limited

Board of Directors

VENU SRINIVASAN
Chairman & Managing Director
Dr. LAKSHMI VENU
Joint Managing Director
SUDARSHAN VENU
Joint Managing Director
K MAHESH
GOPAL SRINIVASAN
T K BALAJI
VICE ADMIRAL P J JACOB (Retd.)
S SANTHANAKRISHNAN
V SUBRAMANIAN
R VIJAYARAGHAVAN
KAMLESH GANDHI
R GOPALAN

Audit & Risk Management Committee

VICE ADMIRAL P J JACOB (Retd.)
Chairman
T K BALAJI
S SANTHANAKRISHNAN
V SUBRAMANIAN
R GOPALAN

Stakeholders' Relationship Committee

S SANTHANAKRISHNAN
Chairman
Dr. LAKSHMI VENU
R VIJAYARAGHAVAN

Nomination and Remuneration Committee

VICE ADMIRAL P J JACOB (Retd.)
Chairman
V SUBRAMANIAN
R VIJAYARAGHAVAN

Corporate Social Responsibility Committee

VENU SRINIVASAN
Chairman
Dr. LAKSHMI VENU
VICE ADMIRAL P J JACOB (Retd.)

Executive Director

H LAKSHMANAN

President and CEO

M MUTHURAJ

Chief Financial Officer

V N VENKATANATHAN

Company Secretary

R RAJA PRAKASH

Statutory Auditors

M/s. SUNDARAM & SRINIVASAN
Chartered Accountants,
New No. 4 (Old No. 23), C.P. Ramaswamy Road,
Alwarpet, Chennai - 600 018.
Tel. : 044-2498 8762
E-mail : yessendes@vsnl.net

Cost Auditor

A N RAMAN
Cost Accountant,
No.10, P. Muthukumaraswami Salai,
Off. Baby Nagar 1st Main Road, Velachery,
Chennai - 600 042.
Tel. : 044-2243 3462
E-mail : anraman@gmail.com

Secretarial Auditor

B CHANDRA
Practising Company Secretary
AG 3, Ragamalika,
No. 26, Kumaran Colony Main Road,
Vadapalani, Chennai 600 026
E-mail : bchandra1@gmail.com

Shares listed with

BSE Limited, Mumbai
National Stock Exchange of India Limited, Mumbai

Share Transfer Department

"Jayalakshmi Estates", 1st Floor,
No.29 (Old No.8), Haddows Road,
Chennai - 600 006
Tamil Nadu, India.
Tel. : 044 - 2827 2233
Fax : 044 - 2825 7121
E-mail : raman@scl.co.in
investorscomplaintssta@scl.co.in

Bankers

STATE BANK OF INDIA
Corporate Accounts Group Branch
3rd Floor, Sigapi Achi Building
18/3, Rukmini Lakshmipathi Road
Egmore, Chennai - 600 008.

Registered Office

"Jayalakshmi Estates"
No. 29 (Old No. 8) Haddows Road
Chennai - 600 006, Tamil Nadu, India.
Tel. : 044 - 2827 2233
Fax : 044 - 2825 7121
CIN : L35999TN1962PLC004792
E-mail : corpsec@scl.co.in
Website: www.sundaram-clayton.com

Plant Locations

Padi

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

Mahindra World City

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

Oragadam

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

Hosur

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

Subsidiary Companies

TVS Motor Company Limited, Chennai
Sundaram-Clayton (USA) Limited, USA
Sundaram Auto Components Limited, Chennai
TVS Housing Limited, Chennai
PT. TVS Motor Company Indonesia, Jakarta
TVS Motor Company (Europe) B.V., Amsterdam
TVS Motor (Singapore) Pte. Limited, Singapore
Sundaram Holding USA Inc., USA

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FINANCIAL HIGHLIGHTS INCLUDING SELECTED INDICATORS AND RATIOS

(Rupees in crores)

Financial Year ended	2008	2009	2010	2011	2012	2013	2014	2015	2016**	2017**
Sales	426.9	492.4	492.7	805.7	1017.0	1018.6	1196.8	1346.1	1,527.9	1,515.4
Other income	34.5	36.3	46.3	22.2	34.2	38.1	35.8	55.0	105.1	74.3
Total	461.4	528.7	539.0	827.9	1051.2	1056.7	1232.6	1401.1	1,633.0	1,589.7
Exceptional Income	-	-	-	-	25.3	-	5.8	3.1	6.0	2.3
Total Income	461.4	528.7	539.0	827.9	1076.5	1056.7	1238.4	1404.2	1639.0	1592.0
Gross profit before interest, depn & tax	73.9	60.1	71.8	107.8	166.7	127.9	149.7	181.1	249.8	208.9
Depreciation	27.7	31.0	37.6	40.8	47.3	51.3	53.2	59.8	55.0	60.6
Profit before interest & tax	46.2	29.1	34.2	67.0	119.4	76.6	96.5	121.3	194.8	148.3
Interest	10.8	22.1	20.5	21.7	38.4	44.3	35.7	36.9	32.3	28.6
Profit before tax	35.4	7.0	13.7	45.3	81.0	32.3	60.8	84.4	162.5	119.7
Profit after tax	23.9	6.3	12.4	37.3	72.3	35.4	53.7	71.2	144.4	105.6
Net Fixed assets	240.2	304.3	307.4	366.1	395.0	408.8	405.9	418.2	456.9	521.1
Net current assets	213.7	219.0	172.6	212.6	230.0	248.6	256.0	289.1	290.0	257.7
Share capital	9.5 [a]	9.5	18.9 [b]	18.9	9.5 [c]	9.5	10.1 [d]	10.1	10.1	10.1
Reserves & surplus	226.6	221.9	225.4	241.3	273.0	282.6	333.5	364.5	493.0	601.5
Net worth	236.1	231.4	244.3	260.2	282.5	292.1	343.6	374.6	503.1	611.6
Loan funds	267.4	339.3	288.7	359.5	389.7	414.3	362.2	378.2	369.1	354.2
Deferred tax (net)	19.8	19.9	20.3	21.7	20.0	16.9	18.5	22.3	30.0	35.8
EPS (Rs)	12.6	3.3	3.3	9.8	30.1	18.7	27.0	35.2	71.4	52.2
DPS (Rs)	8.8	2.0	1.8	5.8	11.5	14.0	19.3	19.0	41.0	31.5
Book value per share (Rs)	127.5	122.0	64.4	68.6	148.9	153.9	169.8	185.2	248.7	302.3
Return on capital employed (ROCE) %	8.4	5.2	6.0	11.2	17.9	10.8	13.3	16.2	23.2	15.6
Return on net worth (RONW) %	8.2	2.7	5.2	14.8	26.6	12.3	16.9	19.8	32.9	18.9
Fixed assets turnover (no of times)	1.5	1.8	1.6	2.4	2.7	2.5	2.9	3.3	3.5	3.1
Working capital turnover (no of times)	2.2	2.3	2.5	4.2	4.6	4.3	4.7	4.9	5.3	5.5
Gross profit as % of sales (EBITDA)	17.3	12.2	14.6	13.4	13.9	12.6	12.0	13.2	15.9	13.6
Gross profit as % of total income	16.0	11.4	13.3	13.0	13.4	12.1	11.7	12.7	14.9	13.0
Net profit as % of total income	5.2	1.2	2.3	4.5	4.5	3.4	3.9	4.9	8.5	6.5

** Figures for 2016 and 2017 are as per Indian Accounting Standards (Ind AS) prescribed under the Companies Act, 2013. Hence, these figures are not comparable with those of the previous years' figures.

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

RONW is profit after tax divided by average networth.

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

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

Profitability ratios are calculated without considering exceptional income.

(a) During 2007-08, the face value of share was reduced from Rs.10 to Rs.5 per share in view of de-merger of brakes division of the Company.

(b) Bonus issue of 1:1 in 2009.

(c) Capital reduction consequent to approval of scheme of arrangement by the Hon'ble High Court of Judicature at Madras.

(d) Issue of 12,64,501 equity shares under Institutional Placement Programme.

Notes:

1) 2011-12 financials were prepared giving effect to composite scheme of arrangement between Sundaram-Clayton Limited (SCL), Anusha Investments Limited (AIL) and Sundaram Investment Limited (SIL) as approved by the Hon'ble High Court of Judicature at Madras. Hence, the figures of 2011-12 are not comparable with that of previous years.

2) The figures from 2010-11 are based on the Revised Schedule VI classifications. The figures upto 2009-10 are based on the respective year's reported results.

Notice of Annual General Meeting

NOTICE is hereby given that the Fifty-Fifth annual general meeting of the Company will be held at 'The Music Academy', New No. 168 (Old No. 306), T.T.K. Road, Royapettah, Chennai 600 014 on Wednesday, the 19th July 2017 at 10.00 A.M to transact the following businesses:

ORDINARY BUSINESS

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

   "RESOLVED THAT the audited balance sheet as at 31st March, 2017, the statement of profit and loss, notes forming part thereof, the cash flow statement for the year ended on that date and the consolidated financial statements, together with the directors' report and the auditors' report thereon as circulated to the members and presented to the meeting be and the same are hereby approved and adopted."

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

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

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

   "RESOLVED THAT Mr K Mahesh (holding DIN 00051438), director, who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby re-appointed as a director of the Company."

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

   "RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and pursuant to recommendation of the Audit and Risk Management Committee and the Board of Directors, M/s Raghavan, Chaudhuri & Narayanan, Chartered Accountants, Bengaluru, having Firm Registration No. 007761S be and are hereby appointed as Statutory Auditors of the Company in place of M/s Sundaram & Srinivasan, Chartered Accountants, Chennai, having Firm Registration No. 004207S, whose tenure expires at this Annual General Meeting, at such remuneration plus reimbursement of out-of pocket, travelling expenses and other applicable taxes, as may be mutually agreed between the Board of Directors of the Company and the said Auditors."

   "RESOLVED FURTHER THAT M/s Raghavan, Chaudhuri & Narayanan, Chartered Accountants, Bengaluru, if appointed as the Statutory Auditors of the Company, shall hold office for a period of five years, from the conclusion of this 55th Annual General Meeting till the conclusion of 60th Annual General Meeting of the Company, subject to ratification of the appointment by Members at every Annual General Meeting during their tenure of office."

SPECIAL BUSINESS

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

   "RESOLVED THAT pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the remuneration of Rs. 3 lakhs, in addition to reimbursement of all applicable taxes, travelling and out-of-pocket expenses, payable to Mr A N Raman, practising cost accountant, holding Membership No. 5359, allotted by The Institute of Cost Accountants of India, who was re-appointed as cost auditor of the Company for the year 2017-18 by the board of directors of the Company, as recommended by the Audit and Risk Management Committee of directors, be and is hereby ratified."

By order of the board

Chennai
3rd May 2017

R Raja Prakash
Company Secretary

Registered office:
"Jayalakshmi Estates"
No. 29 (Old No.8), Haddows Road
Chennai 600 006

Notes:

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

Proxy

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 of attorney or other authority shall be deposited at the registered office of the Company, not later than 48 hours before the time fixed for holding the meeting. A person shall not act as a Proxy for more than 50 members and holding in aggregate not more than ten percent of the total voting share capital of the Company. However, a single person may act as a Proxy for a member holding more than ten percent of the total voting share capital of the Company provided that such person shall not act as a Proxy for any other person.**

2. During the period beginning 24 hours before the time fixed for commencement of Annual General Meeting (AGM) and ending with the conclusion of the AGM, a member is entitled to inspect the proxies lodged at any time during the business hours of the Company.

Unclaimed Dividend

3. In terms of Section 124 of the Act, 2013, the dividend declared by the Company for earlier years, which remain unclaimed for a period of seven years will be transferred on due dates to the Investor Education and Protection Fund (IEPF) established by the Central Government. The particulars of due dates for transfer of such unclaimed dividends to IEPF are furnished in the Report on Corporate Governance, forming part of the Annual Report.

4. Members who have not encashed their dividend warrants in respect of the above period are requested to make their claim(s) by surrendering the un-encashed warrants immediately to the Company.

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

General

5. With a view to serving the Members better and for administrative convenience, Members who hold shares in identical names and in the same order of names in more than one folio are requested to write to the Company to consolidate their holdings in one folio.
6. A Corporate Member intending to send its authorised representative to attend the Meeting in terms of Section 113 of the Act, 2013 is requested to send to the Company a certified copy of the Board Resolution / power of attorney authorizing such representative to attend and vote on its behalf at the Meeting.
7. Members may also note that the Notice of AGM and the Annual Report will also be available on the Company's website viz., www.sundaram-clayton.com for their download. The physical copies of the aforesaid documents including annexures alongwith Notice will also be available at the Company's Registered Office in Chennai for inspection during 10.00 a.m. to 12.00 Noon on all working days, from 24th June 2017 till the date of AGM.
8. As a measure of economy, copies of the Annual Report will not be distributed at the venue of AGM. Members are, therefore, requested to bring their copies of the Annual Report to the meeting.
9. Members are requested to affix their signatures at the space provided in the Attendance Slip annexed to Proxy Form. Members / Proxies / Authorised Representatives are requested to bring the attendance slip duly filled in for attending the Meeting. Members are requested to write their Client ID and DP ID / Folio numbers in the attendance slip for attending the Meeting and handover the slip at the entrance of the meeting hall.

Members holding shares in electronic form

10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members are requested to submit their PAN to the Depository Participant(s) with whom they are maintaining their demat account.
11. Members are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR code and IFSC code, mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their Depository Participant (DP).
12. The Company will not entertain any direct request from such Members for deletion or change of such bank details. Instructions, if any, already given by Members in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares in electronic form.
13. Electronic copy of the Annual Report and the Notice of AGM *inter alia* indicating the process and manner of e-Voting along with Attendance Slip and Proxy Form are being sent to all the members whose email IDs are registered with the Company / DPs for communication purposes, unless any member has requested for a hard copy of the same.
14. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post at free of cost. For any communication, the members may also send their requests to investorscomplaintssta@scl.co.in.

Members holding shares in physical form

15. Members can submit their PAN details to the Company / Share Transfer Department.
16. Members are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR code and IFSC code, mandates, nomination as per Section 72 of the Act, 2013 by filling Form SH-13, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., with the Company / Share Transfer Department. Blank forms (SH-13) will be supplied on request.
17. Members in their own interest, are requested to dematerialize the shares to avail the benefits of electronic holding / trading.

    Members who have not registered their email address, physical copies of Annual Report and the Notice of AGM *inter alia* indicating the process and manner of e-Voting along with Attendance Slip and Proxy Form are being sent in the permitted mode.

Voting

18. The businesses set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. The members may cast their votes using an electronic voting system from a place other than the venue of the meeting ('remote e-Voting').
19. The facility for voting through Ballot papers shall be made available at the venue of AGM and the members attending the AGM who have not cast their vote by remote e-Voting shall be able to vote at the AGM.
20. In case of joint holders attending the AGM, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
21. In terms of Section 108 of the Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules 2014, as amended ('the Rules') and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations] the Company has provided facility to exercise votes through electronic voting system to members holding shares as on 12th July 2017 being the "Cut-off Date"("Cut-Off" for the purpose of Rule 20(4)(vii) of the Rules) fixed for determining voting rights of members entitled to participate in the e-Voting process through the e-Voting platform provided by NSDL viz., www.evoting.nsdl.com.

    The voting rights of the members / beneficial owners will be reckoned on the Equity Shares held by them as on 12th July 2017, i.e "Cut-off Date". Members as on the cut-off date only shall be entitled to avail the facility of remote e-Voting or Ballot paper.

    The instructions for remote e-Voting are as under:

    (A) For Members - who receive Notice of AGM through e-mail:

    i. Launch internet browser - www.evoting.nsdl.com;
    ii. Enter the login credentials, i.e., User ID and Password mentioned in your email. Your Folio No. DP: ID will be your User ID. However, if you have already registered with NSDL for e-Voting, you can use your existing User ID and Password for casting your votes;
    iii. Initial password is provided in the body of the e-mail;

iv. After entering the details appropriately, click on LOGIN;

v. You will reach the Password Change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with atleast one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,$ etc). It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential;

vi. You need to login again with the new credentials;

vii. On successful login, the system will prompt you to select the EVEN, i.e Sundaram-Clayton Limited;

viii. On the voting page, the number of shares (which represents the number of votes) as held by the member as on the Cut-Off-date will appear. If you desire to cast all the votes assenting/dissenting to the resolutions, then enter all the number of shares and click "FOR" / "AGAINST", as the case may be or partially in "FOR" and partially in "AGAINST", but the total number in "FOR/ AGAINST" taken together should not exceed your total shareholding as on the 'Cut-Off date'. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head;

ix. Members holding multiple folios / demat accounts shall choose the voting process separately for each folio / demat account;

x. Cast your votes by selecting an appropriate option and click on "SUBMIT". A confirmation box will be displayed. Click 'OK' to confirm or 'CANCEL' to modify. Once you confirm, you will not be allowed to modify your vote subsequently. During the voting period, you can login multiple times till you have confirmed that you have voted on the resolutions;

xi. Corporate / Institutional members (i.e other than individuals, HUF, NRI etc) are required to send scanned copy (PDF/JPG Format) of the relevant board resolution / authority letter etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer through e-mail sriram.krishnamurthy@rediffmail.com, with a copy marked to evoting@nsdl.co.in;

xii. Members can cast their vote online from 16th July 2017 (Sunday) (9 a.m.) to 18th July 2017 (Tuesday) (5 p.m.) through remote e-Voting. Thereafter, the remote e-Voting module will be disabled by NSDL for voting and hence e-Voting will not be allowed after the aforesaid date and time;

Only members as on the Cut-Off date, who have not cast their vote through remote e-Voting will be able to exercise their voting right at the AGM through ballot paper;

The members who have cast their vote by remote e-Voting prior to the AGM may also attend the AGM but will not be entitled to cast their vote again;

A person who is not a member as on the Cut Off date should treat this Notice for information purposes only; and

xiii. In case of any query, the member may refer the Frequently Asked Questions (FAQs) and remote e-Voting user manual for Members available at the downloads Section at www.evoting.nsdl.com or call on toll free no.: 1800-222-990.

(B) For members who receive the Notice of AGM in physical form:

(i) Initial password is provided as below / at the bottom of the Attendance Slip for the AGM.

EVEN (remote e-Voting Event Number)	**USER ID**	**PASSWORD / PIN**

(ii) Please follow steps from Sl. No. (ii) to (xiii) under heading (A) above to vote through e-Voting platform.

(C) General Instructions:

(i) Members holding shares as on the "Cut-off Date" i.e., 12th July 2017 will be entitled to vote through remote e-Voting or at the venue of the AGM through ballot paper;

(ii) The Notice of AGM is being sent (by email where email ID is available and in physical form in other cases) to the members holding shares of the Company as on 24th June 2017;

Where Notice is sent by email, User ID and password are sent in the email itself. Where notice is sent in physical form, User ID and Password are printed at the bottom of the Attendance Slip for AGM along with the Notice;

Shareholders who become members of the Company, after despatch of notice and hold shares as on 12th July 2017 may obtain the User ID and password for e-Voting by sending an email, intimating DP ID and Client ID / Folio No. to raman@scl.co.in or may send an e-mail request to evoting@nsdl.co.in or can vote through ballot paper distributed at the venue of AGM;

(iii) Mr K Sriram, Practising Company Secretary (C.P No. 2215), Chennai has been appointed by the board as scrutinizer for conducting the remote e-Voting process and voting through ballot papers at the venue of AGM in a fair and transparent manner.

(iv) The Scrutinizer shall, immediately after the conclusion of the voting at the AGM, first count the votes cast at the meeting, thereafter unlock the votes through remote e-Voting in the presence of atleast two witnesses, not in employment of the Company and make, within 48 hours from the conclusion of the AGM, a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman of the Company or any other director, who shall countersign the same; and

(v) The Scrutinizer will submit his report to the Chairman or any other Director of the Company, who will declare the result of the voting. The results declared along with the Scrutinizer's Report will be placed on the Company's website www.sundaram-clayton.com & on the website of NSDL www.evoting.nsdl.com and shall also be communicated to the Stock Exchanges. All the resolutions, subject to receipt of requisite number of votes, shall be deemed to be passed at the AGM scheduled to be held on 19th July 2017.

22. Route-map to the venue of the AGM is provided in the Attendance Slip.

23. Any query relating to financial statements must be sent to the Company's Registered Office atleast seven days before the date of AGM.

24. In accordance with the provisions of Article 129 of the Articles of Association of the Company, M/s Sudarshan Venu and K Mahesh will retire by rotation at the AGM and, being eligible offer themselves for re-election.

25. In terms of Regulation 36(3) of SEBI (LODR) Regulations read with Secretarial Standards on General Meeting, a brief profile of the directors, who are proposed to be re-appointed in this AGM, nature of their expertise in specific functional areas, other directorships and committee memberships, their shareholding and relationship with other directors of the Company are given below:

I. 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, USA.

He holds B.S. in Mechanical Engineering from the School of Engineering and B.S. in Economics from the Wharton School, USA. He also completed his M.Sc. in International Technology Management from the Warwick Manufacturing Group attached to University of Warwick in U.K.

In the initial years, during his visits to India, he underwent practical training in Die Casting Division of the Company and in TVS Motor Company Limited, the subsidiary Company.

Mr Sudarshan Venu, aged 28 years, has been actively involved in all spheres of the management of the Company and handling wider responsibilities for exploring new business opportunities both in India and abroad.

Mr Sudarshan Venu was appointed as Joint Managing Director of the Company on 11th September 2014.

He also serves as the Joint Managing Director of TVS Motor Company Limited.

He does not hold any share in the Company. He is related to Mr Venu Srinivasan, Chairman and Managing Director and Dr. Lakshmi Venu, Joint Managing Director of the Company.

Details of his other directorships and membership of committees are given below:

S.No.	Name of the Companies	Position held	Committee Memberships
1.	TVS Motor Company Limited	Joint Managing Director	Stakeholders' Relationship Committee - Member
2.	TVS Credit Services Limited	Director	Asset Liability Management Committee - Member
3.	S. Venu Trustee Private Limited	Director	–

II. Mr K Mahesh

Born on 11th October 1943, Mr K Mahesh is a B.Tech graduate in Metallurgy from I.I.T., Chennai. 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 is the Chairman of Sundaram Brake Linings Limited.

He holds 123 equity shares of Rs.5/- each in the Company. He is not related to any director of the Company.

Details of his other directorships and memberships of committees are given below:

S.No.	Name of the Companies	Position held	Committee Membership
1.	Sundaram Brake Linings Limited	Chairman	Corporate Social Responsibility Committee - Member
2.	Southern Roadways Limited	Director	–
3.	Sundaram Textiles Limited	Director	–
4.	T V Sundram Iyengar & Sons Private Limited	Whole-Time Director	–
5.	TVS Global Trade Private Limited	Director	–

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

The following Explanatory statement sets out all material facts relating to the ordinary / special business mentioned in the accompanying notice dated 3rd May 2017 and shall be taken as forming part of the Notice.

Item No.4

As per the provisions of Section 139 of the Act, 2013, the transitional period of office of M/s Sundaram & Srinivasan, Chartered Accountants, Chennai, as Statutory Auditors of the Company will conclude from the close of the ensuing Annual General Meeting (AGM) of the Company.

In view of the above, the Audit and Risk Management Committee and the Board of Directors of the Company at their meeting held on 3rd May, 2017 have recommended the appointment of M/s. Raghavan, Chaudhuri & Narayanan, Chartered Accountants, Bengaluru (ICAI Firm Registration Number 007761S) as the Statutory Auditors of the Company, subject to the approval of the shareholders.

They have consented to the said appointment and confirmed that their appointment, if made, would be within the limits mentioned under the provisions of Section 141 of the Act, 2013 and the Companies (Audit and Auditors) Rules, 2014.

They will hold office as statutory auditors for the first term of five years from the conclusion of the 55th AGM till the conclusion of 60th AGM of the Company, subject to ratification of the appointment by Members at every AGM held during their tenure of office as statutory auditors.

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

The directors, therefore, recommend the ordinary resolution, as set out in item No.4, for approval of shareholders.

Item No.5

As recommended by the Audit and Risk Management Committee, the board at its meeting held on 3rd May 2017, re-appointed Mr A N Raman, practising cost accountant, having membership no. 5359, as Cost Auditor of the Company, in terms of Section 148 of the Act, 2013 and fixed a sum of Rs.3 lakhs as remuneration payable to him for the financial year 2017-18, subject to ratification by the shareholders of the Company at the ensuing AGM.

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

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

By order of the board

Chennai
3rd May 2017

R Raja Prakash
Company Secretary

Registered office:
"Jayalakshmi Estates"
No. 29 (Old No.8), Haddows Road
Chennai 600 006

Directors' report to the shareholders

The directors have pleasure in presenting the fifty-fifth annual report and the audited financial statements for the year ended 31st March 2017.

1. FINANCIAL HIGHLIGHTS

(Rs. in Cr)

Details	Year ended 31.03.2017	Year ended 31.03.2016
Sales (including Excise duty) and other income	1589.67	1633.03
EBITDA	206.57	243.69
Less: Finance Cost	28.54	32.25
Depreciation	60.64	54.95
Profit before tax before exceptional items	117.39	156.49
Add : Exceptional Item (Income)	2.28	6.03
Profit before tax	119.67	162.52
Provision for tax	14.08	18.08
Profit for the year after tax	105.59	144.44
Add: Balance in Statement of Profit and Loss including General Reserve	381.03	334.02
Add: Transfer from Other Comprehensive Income	3.66	(2.28)
Total Comprehensive Income available for appropriation	490.28	476.18
Appropriations:		
Dividend and Dividend Distribution tax	64.13	95.15
Surplus carried forward	426.15	381.03
	490.28	476.18

2. DIVIDEND

The board of directors of the Company at its meeting held on 3rd November 2016, declared a first interim dividend of Rs.15 per share (300%) for the year 2016-2017, thereby absorbing a sum of Rs.30.35 Cr. The same was paid to the shareholders on 16th November 2016.

The board again at its meeting held on 13th March 2017, declared a second interim dividend of Rs.16.50 per share (330%) for the year 2016-2017, thereby absorbing a sum of Rs.33.38 Cr. The same was paid to the shareholders on 24th March 2017.

Hence, the total amount of both dividends paid for the year ended 31st March 2017 will aggregate to Rs.31.50 per share (630%) absorbing a sum of Rs.63.73 Cr on 2,02,32,085 equity shares of Rs.5/- each.

The Company has set-off its dividend distribution tax payable under Section 115-O(1A) of the Income Tax Act, 1961 against the dividend distribution tax paid by one of its subsidiary company on its dividend declared to the extent available.

The board does not recommend any further dividend for the year under consideration.

3. PERFORMANCE

The International Monetary Fund (IMF) referred to India as a "bright spot" in the global economy, however, 2016-17 was punctuated with several challenging developments such as below normal monsoon, demonetization of high value currency notes in India, which contributed to subdued growth across sectors.

Gross Domestic Product (GDP) in India registered a lower growth of 6.6% in 2016-17 (7.8% in 2015-16).

Global economic and geo political environment continued to be volatile during 2016.The GDP in the U.S. and EU markets registered a growth of 1.6% (2.6% in 2015) and 1.7% (1.5% in 2015) respectively.

The following table highlights the performance of the Company during 2016-17:

Particulars	FY 2016-17	FY 2015-16	Variance (in %)
Sales (Tonnage)	45,676	45,675	–
Sale of goods (Rs. in Cr)	1,295.3	1,346.4	(3.8)
Domestic sales (Rs. in Cr)	793.1	799.5	(0.8)
Export sales (Rs. in Cr)	502.2	546.9	(8.2)
Profit before Tax (Rs. in Cr)	119.7	162.5	(26.3)

4. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

I. Industry Structure and Development:

Domestic

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

Category	FY 2016-17	FY 2015-16	Growth (in %)
	in Nos.		
Two-wheelers	1,99,28,784	1,89,38,727	5
Passenger Vehicles	38,05,557	34,42,261	11
Commercial Vehicles	3,64,458	3,53,878	3

(Source: SIAM+DICV internal estimate)

The Indian auto industry (domestic sales and exports) posted an overall growth of 5% (Source: SIAM). During the second half of FY 2016-17, the industry's performance was muted owing to various headwinds such as less than average monsoon, emission regulations and major fiscal reforms.

Exports

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

(in Nos)

Market	Category	FY 2016-17	FY 2015-16	Variance (in %)
North America	Class 8 Trucks	2,26,025	2,97,417	-24%
North America	Class 4-7 Trucks	2,29,888	2,37,488	-3%
Europe	Medium & Heavy Trucks	2,84,002	2,70,099	5%

(Source: FTR & ACEA)

As expected, the class 8 truck market shifted to a lower but more sustainable level.

II. Business Outlook and Overview

Good fiscal health and higher rural focus rolled out in the central budget 2017-18 is likely to improve demand in markets. However, the monsoon forecast of possible 5% shortfall can be a dampener for growth of the agricultural sector.

Positive impetus to fiscal discipline and increased momentum in bringing key economic reforms such as the introduction of Goods and Services Tax (GST) will provide a conducive ecosystem for business growth. Hence, the GDP growth rate in India for FY 2017-18 is likely to hover around 7% to 7.3%.

Given the economic outlook, the automobiles and auto-component sectors are expected to see moderate recovery in FY 2017-18.

Over the medium to long term, growth in the auto component industry is likely to be higher than the underlying automotive industry growth given the increasing localization by OEMs and higher component content per vehicle. Auto component export is another key growth driver. The "Make in India" pitch may further boost the growth of the component industry.

Globally, IMF expects growth to be at 3.4% in 2017 (3.1% in 2016).

In the U.S., macroeconomic factors indicate an upswing in the year ahead. The U.S. Federal Reserve is likely to make measured progress in hiking its benchmark interest rates on the back of strong fundamentals. The GDP is likely to expand between 2.2-2.4% in 2017.

The U.S. truck market (Class 8) volumes are expected to grow at 4% in 2017, leaving behind two consecutive years of negative growth.

The EU truck markets may not sustain growth rates similar to the past three years. With several markets having already reached cyclical or all-time peaks, commercial vehicles demand in 2017 is expected to pause and grow by less than 4% (11% in 2016).

III. Opportunities & Threats

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

The revenue of the Company is derived from Medium & Heavy Commercial Vehicles (MHCV) (50%), followed by car industry (26%) and two wheeler industry (24%).

In the medium to long term, the projected growth of domestic auto industry and ambitious export plans of the Indian OEMs are likely to benefit the Company.

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

India is emerging as one of the major manufacturing hubs, thanks to availability of well-educated engineers, skilled workforce and good supply base.

Several Indian die casting companies and OEMs are either setting up new capacities or expanding existing capacities resulting in increased competition.

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

IV. Risks and concerns

Economy

There are possible risks on the horizon, both external and domestic. Spill-overs from tense geo-political developments and weak global growth could be disruptive.

Increasingly, emerging markets are being confronted by protectionist trade reforms by developing economies which could impact free trade and in turn have repercussions on exports from India.

In India, implementation issues during GST roll-out and less than average monsoon could pose challenges for growth. Also, inflation in commodities fueled by a run up in crude prices could cascade into a weaker overall demand.

Industry specific

The Indian commercial vehicle industry has a strong correlation with the agricultural growth, infrastructure development, the mining industry and is cyclical.

Competition has increased in the Indian market due to entry of new players and expansion plans of existing ones. The Company is aware of the increasing competition and is taking customer focused measures to remain competitive in the market place.

Primary aluminium experienced price inflation in 2016-17. Given the developments in China and expected curtailment of aluminium production, prices are further expected to marginally increase in 2017-18.

Forex

With significant exports, import of raw materials, capital goods and foreign currency liabilities, the Company is always exposed to currency fluctuations. The Company has a well-defined forex hedging policy to mitigate the risks.