

# Sundram Fasteners Limited

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## Sundram Fasteners Limited

CIN : L35999TN1962PLC004943

Registered Office : 98-A, Dr. Radhakrishnan Salai, Mylapore, Chennai - 600 004

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### NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Fifty first Annual General Meeting of the Shareholders of the Company will be held at The Music Academy - T T Krishnamachari Auditorium (Main Hall), New No. 168, T T K Road, Royapettah, Chennai 600 014 on **Monday the 22nd September 2014 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 2014, the statement of Profit and Loss Account and cash flow statement including the consolidated financial statements for the year ended 31st March 2014, together with the Report of the Directors' and the Auditors' Report, be and 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 Ms Arathi Krishna, (*holding DIN 00517456*) Director, who was appointed as a Director not liable to retire by rotation at the Annual General Meeting held on 23rd August, 2006, but who retires by rotation at this Annual General Meeting in terms of Section 152 of the Companies Act, 2013, being eligible and offering herself for re-appointment, be and is hereby appointed as a Director liable to retire by rotation.”

- 3) To consider and, if thought fit, to pass, with or without modification the following Resolution as an Ordinary Resolution :

“RESOLVED that M/s Sundaram & Srinivasan, Chartered Accountants, Chennai, Auditors of the Company, (Registration No.004207S with the Institute of Chartered Accountants of India), be and are hereby re-appointed as statutory auditors of the Company to hold office from the conclusion of this Annual General Meeting for a term of three consecutive years, till the conclusion of the Annual General Meeting of the Company for the financial year 2016-2017, subject to ratification at every annual general meeting, on such remuneration as may be determined by the Board of Directors of the Company, in addition to reimbursement of travelling and other out-of-pocket expenses actually incurred by them in connection with the audit.”

#### SPECIAL BUSINESS:

- 4) To consider and, if thought fit, to pass, with or without modification the following Resolution as an Ordinary Resolution:

“RESOLVED that pursuant to the provisions of Section 149, 150, 152, 160 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualifications) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Sri R Ramakrishnan (*holding DIN 00236673*), be and is hereby appointed as a non-executive and independent director of the Company, to hold office for a term of three (3) consecutive years from 22nd September, 2014 to 21st September, 2017 and to receive remuneration by way of fees and other remuneration as may be payable, reimbursement of expenses for participation in the meetings of the board and / or committees and / or general meetings in terms of applicable provisions of the Companies Act, 2013 as determined by the board and / or committee from time to time.”

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- 5) To consider and, if thought fit, to pass, with or without modification the following Resolution as an Ordinary Resolution:

“RESOLVED that pursuant to the provisions of Section 149, 150, 152, 160 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualifications) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Sri M Raghupathy (*holding DIN 00012997*), be and is hereby appointed as a non-executive and independent director of the Company, to hold office for a term of three (3) consecutive years from 22nd September, 2014 to 21st September, 2017 and to receive remuneration by way of fees and other remuneration as may be payable, reimbursement of expenses for participation in the meetings of the board and / or committees and / or general meetings in terms of applicable provisions of the Companies Act, 2013 as determined by the board and / or committee from time to time.”

- 6) To consider and, if thought fit, to pass, with or without modification the following Resolution as an Ordinary Resolution:

“RESOLVED that pursuant to the provisions of Section 149, 150, 152, 160 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualifications) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Sri C V Karthik Narayanan (*holding DIN 00255676*), be and is hereby appointed as a non-executive and independent director of the Company, to hold office for a term of four (4) consecutive years from 22nd September, 2014 to 21st September, 2018 and to receive remuneration by way of fees and other remuneration as may be payable, reimbursement of expenses for participation in the meetings of the board and / or committees and / or general meetings in terms of applicable provisions of the Companies Act, 2013 as determined by the board and / or committee from time to time.”

- 7) To consider and, if thought fit, to pass, with or without modification the following Resolution as an Ordinary Resolution:

“RESOLVED that pursuant to the provisions of Section 149, 150, 152, 160 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualifications) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Sri V Narayanan (*holding DIN 00081673*), be and is hereby appointed as a non-executive and independent director of the Company, to hold office for a term of four (4) consecutive years from 22nd September, 2014 to 21st September, 2018 and to receive remuneration by way of fees and other remuneration as may be payable, reimbursement of expenses for participation in the meetings of the board and / or committees and / or general meetings in terms of applicable provisions of the Companies Act, 2013 as determined by the board and / or committee from time to time.”

- 8) To consider and, if thought fit, to pass, with or without modification the following Resolution as an Ordinary Resolution:

“RESOLVED that pursuant to the provisions of Section 149, 150, 152, 160 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualifications) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Sri R Srinivasan (*holding DIN 00043658*), be and is hereby appointed as a non-executive and independent director of the Company, to hold office for a term of five (5) consecutive years commencing from 22nd September, 2014 to 21st September, 2019 and to receive remuneration by way of fees and other remuneration as may be payable, reimbursement of expenses for participation in the meetings of the board and / or committees and / or general meetings in terms of applicable provisions of the Companies Act, 2013 as determined by the board and / or committee from time to time.”

- 9) To consider and, if thought fit, to pass, with or without modification the following Resolution as a Special Resolution:

"RESOLVED that pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and is hereby approved and adopted in lieu of, and to the entire exclusion of the existing Regulations;

RESOLVED further that the Board of Directors and Sri V G Jaganathan, Chief Financial Officer & Company Secretary of the Company be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or necessary to give effect to this resolution."

- 10) To consider and, if thought fit, to pass, with or without modification the following Resolution as a Special Resolution:

"RESOLVED that the consent of the Company be and is hereby accorded pursuant to Section 180(1)(c) of the Companies Act, 2013, to the Board of Directors to borrow monies from time to time, at their discretion, together with the monies already borrowed by the Company (apart from temporary loans to be obtained from the Company's bankers in the ordinary course of business) either from the Company's bankers and / or any one or more persons, entities or Financial Institutions including by issue of debentures or otherwise and whether unsecured or secured by charge, lien or pledge, mortgage and hypothecation of the Company's assets and properties whether tangible / intangible, movable or immovable, or stock-in-trade and work-in-progress / process of the Company on such terms and conditions as may be considered suitable by the Board of Directors up to a limit of Rs 1,000 crores (Rupees One thousand crores only) in excess of the aggregate of the paid-up capital and free reserves of the Company."

- 11) To consider and, if thought fit, to pass, with or without modification the following Resolution as a Special Resolution:

"RESOLVED that consent of the Company be and is hereby accorded, in terms of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), to the Board of Directors of the Company, to create such charge, lien or pledge, mortgage and hypothecation in addition to the existing charges, mortgages and hypothecations created by the Company, on such tangible / intangible, movable and immovable properties, wherever situated, both present and future, in such manner as the Board may deem fit, in favour of Banks / Financial Institutions and / or other Lenders / Trustees for Debentures / Bonds to secure the borrowings viz., term loans, working capital loans - both short-term and long-term, foreign currency borrowing(s) including external commercial borrowing(s), buyer's credit or such other loan(s), non-convertible debentures etc., availed / issued by the Company together with interest at the agreed rate, additional interest, liquidated damages, commitment charges, premia on prepayment or on redemption, costs, charges, expenses and all other monies payable by the Company in respect of such borrowings of the Company, subsidiaries, associates, joint ventures on such terms and conditions, as the Board may determine from time to time.

RESOLVED further that for the purpose of giving effect to the above Resolution, the Board be and is hereby authorized to execute the documents, agreements, deeds, indemnities, guarantees, declarations or other legal undertakings and do all such acts, deeds, matters and things as the Board may deem fit."

By Order of the Board

V G JAGANATHAN  
Chief Financial Officer & Company Secretary

Chennai  
August 7, 2014

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## Notes:

- 1) A Member entitled to attend and vote is entitled to appoint a Proxy to attend and vote on Poll instead of himself and such Proxy need not be a member. **A Person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total voting share capital of the Company. A member holding more than ten percent of the total voting share capital of the Company may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.**
- 2) The instrument appointing proxy should be deposited either at the Registered Office of the Company or at the office of the Company's Share Transfer Agents viz. Integrated Enterprises (India) Limited, Kences Towers, 2nd Floor, No.1, Ramakrishna Street, North Usman Road, T Nagar, Chennai - 600 017 at least 48 hours before the commencement of the meeting. Proxy form enclosed.
- 3) A Statement pursuant to Section 102(1) of the Companies Act, 2013 setting out the material facts in respect of special business in Item No. 4 to 11 of the Notice is annexed hereto.
- 4) SEBI vide its circular no. CIR/MRD/DP/10/2013 dated 21.03.2013 has mandated that in order to enable usage of electronic payment instruments, companies whose securities are listed on the stock exchanges shall maintain requisite bank details of their investors. The circular further mandates that the Companies or their Registrar & Share Transfer Agents (R&STA) shall take necessary steps to maintain updated bank details of the investors at its end. The circular also provides that only in cases where MICR, IFSC Code required for making electronic payment are not available or the electronic payments instructions have failed or have been rejected by the Bank, companies / R&STA can make cash payments (i.e. dividend warrant) to investors. However, even while making such payments, companies shall mandatorily print the bank account details of the investors on such electronic payments. In view of the above circular, investors may note the following advice:-

Investors holding shares in physical mode are requested to intimate / update the bank account details viz, Bank Name, Bank Branch, Account Number, MICR No., IFSC Code along with a copy of the cancelled cheque to the company / R&STA for updating the records.

Investors holdings shares in demat mode are requested to intimate / update the bank account details along with other details as may be required by their concerned Depository Participant.

- 5) The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, the 15th September, 2014 to Monday, the 22nd September, 2014 (both days inclusive).
- 6) Members desiring any information as regards accounts are requested to write to the Company at least 7 days before the meeting so as to enable the Management to keep the information ready.
- 7) Members, holding shares in physical form, are requested to notify / send the following to the Registrar and Share Transfer Agent of the Company :
  - a) any change in their address / mandate / bank details
  - b) particulars of their bank account, in case they have not been sent earlier
  - c) nomination in Form SH-13, in duplicate, as provided under Section 72 of the Companies Act, 2013, in case they have not been sent earlier
  - d) share certificate(s) held in multiple accounts in identical names or joint accounts in the same order of names, for consolidation of such shareholdings into one account
- 8) Members, holding shares in electronic form, may please note that, as per the applicable regulations of the Depositories, the bank details as furnished by the respective Depositories to the Company will be printed

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on the dividend warrants issued from time to time. The Company will not entertain any direct request from such members for deletion of / change in such bank details. Further, instructions if any, already given by members in respect of shares in physical form will not be automatically applicable to the dividend payable on shares in electronic form. Members may, therefore, give instructions regarding bank accounts in which they wish to receive dividend, directly to their Depository Participants.

- 9) As required under the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) (Amendment) Rules, 1988, the unpaid / unclaimed dividends for the financial years ended up to 31st March 1995 have been transferred to the General Revenue Account of the Central Government. Members who have not encashed the dividend warrants for the said periods are requested to claim the amount from the Registrar of Companies (Tamil Nadu), Shastri Bhavan, Block No. 6, II Floor, 26, Haddows Road, Chennai 600 006. In case any assistance is required, members may write to the Registrar and Share Transfer Agent of the Company.
- 10) Consequent upon amendment to Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend remaining unclaimed and / or unpaid for a period of seven years is to be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. Accordingly, unclaimed dividends for the financial years ended 31st March 1996 to 31st March 2007 (including unclaimed dividend of erstwhile TVS Autolec Limited (TVSA) have been transferred to IEPF. In terms of the provisions of Section 205C of the Companies Act, 1956, *no claim shall lie* against the Company after the said transfer.

Details of dividend declared by the Company for the financial year 2007-2008 (1st Interim) and onwards are given below :

Financial Year	Pay-out	Declared on	Dividend %	Amount per share Rs
2007-2008	1st Interim – post-bonus	29-10-2007	45	0.45
2007-2008	2nd Interim	06-06-2008	45	0.45
2008-2009	Interim	04-06-2009	50	0.50
2009-2010	1st Interim	29-01-2010	40	0.40
2009-2010	2nd Interim	29-05-2010	50	0.50
2010-2011	1st Interim	09-11-2010	55	0.55
2010-2011	2nd Interim	30-05-2011	70	0.70
2011-2012	1st Interim	09-02-2012	60	0.60
2011-2012	2nd Interim	28-05-2012	80	0.80
2012-2013	1st Interim	08-11-2012	60	0.60
2012-2013	2nd Interim	30-05-2013	80	0.80
2013-2014	1st Interim	01-11-2013	70	0.70

Members who have not encashed the dividend warrant(s) so far for the financial year ended 31st March 2008 (1st Interim) and / or any subsequent financial years are requested to make their claim to the Registrar and Share Transfer Agents of the Company.

## 11) Unclaimed Share Certificates

As per Clause 5A of the Listing Agreement (SEBI Circular dated 16th December, 2010) the unclaimed share certificates shall be dematerialised and transferred to "Unclaimed Suspense Account". During the year, the Company has sent the third and final reminder letters to the shareholders, whose share certificates were unclaimed or returned undelivered. Accordingly, pursuant to SEBI directive, necessary action will be taken by the Company to transfer the remaining unclaimed shares to "Unclaimed Suspense Account" and the voting rights on these shares shall remain frozen till the rightful owner claims such shares.

- 12) Electronic copy of the Annual Report and the Notice of the Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with the attendance slip and proxy form are being sent to all the members whose email address are registered with the company / Depository Participant(s) for communication purposes. For members who have not registered their email address, physical copies of the above documents are being sent in the permitted modes of dispatch.
- 13) Members are requested to affix their signatures at the space provided on the Attendance slip and handover the slip at the entrance of the meeting hall. Corporate members are requested to send a duly certified copy of the board resolution / power of attorney authorising their representatives to attend and vote at the annual general meeting.
- 14) Members may also note that the Notice of the Annual General Meeting and the Annual Report will also be available on the Company's website [www.sundram.com](http://www.sundram.com) for download. The physical copies of such documents will also be available at the company's registered office in Chennai for inspection during normal business hours on working days. Members desiring to receiving the reports in physical form, even after registering for e-mail mode, may request for the same, upon which reports will be dispatched free of cost. For any communication in this regard, members may send their requests to [investorshelpdesk@corp.sfl.co.in](mailto:investorshelpdesk@corp.sfl.co.in)

## 15) Voting through electronics means :

- (A) As per the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and also in terms of the revised Clause 35-B of the Listing Agreement, the Company is providing members facility to exercise their right to vote at the 51st Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by National Securities Depository Limited (NSDL).

The instructions of e-voting are as follows :

In case a Member receives an email from NSDL, whose email IDs is registered with the Company / Depository Participant(s).

- i. Open email and open PDF file named – "Sundram Fasteners Limited e-voting pdf" with the Client ID or Folio No. as password. The said PDF file contains the user ID and password / PIN for e-voting. Please note that the password is an initial password, which the member may change.
- ii. Launch internet browser by typing the URL: <http://www.evoting.nsdl.com/>
- iii. Click on Shareholder – Login
- iv. Type the USER ID and PASSWORD as initial password / PIN noted in Step (i) above. Thereafter, Click Login
- v. Password change menu will appear now. Change the password / PIN with new password with minimum 8 digits / characters or combination thereof. Note new password. It is strongly recommended not to share the password with any other person and take utmost care to keep the password confidential.
- vi. Home page of e-voting opens. Click on e-voting and select Active voting cycles.



- vii. Select “EVEN” of Sundram Fasteners Limited.
  - viii. Now, the members may cast the vote as the page opens.
  - ix. Members may cast their vote by selecting appropriate option and click on “Submit” and also “Confirm” when prompted.
  - x. Upon confirmation, the message “Vote cast successfully” will be displayed.
  - xi. Once a member has voted on the resolution, the member will not be allowed to modify the vote.
  - xii. Institutional Shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (pdf / jpeg format) of the relevant Board Resolution together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote to Scrutiniser through email to [sriramkrishnamurthy@rediffmail.com](mailto:sriramkrishnamurthy@rediffmail.com) or [skcocs@gmail.com](mailto:skcocs@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
- (B) In case of a member whose email IDs are not registered with the Depository Participant(s) (physical copy of the Annual Report is being sent)
- i. Initial password is provided on the Attendance Slip for the AGM:

EVEN (e-Voting Event Number)	USER ID	PASSWORD / PIN
  - ii. The Member may follow all steps from serial no. (ii) to (xii) in (A) above to cast the vote.
  - iii. In case of any queries, the member may refer the frequently asked questions (FAQs) for shareholders and e-voting user manual for shareholders available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the phone no.022-24994600.
  - iv. If the member is already registered with NSDL for e-voting then the member can use the existing USER ID and PASSWORD / PIN for casting the vote.
  - v. Members can also update their mobile number and email id in the user profile details of the folio, which may be used for sending future communications.
  - vi. The e-voting period commences on 16th September, 2014 (9.00 a.m.) and ends on 18th September, 2014 (6.00 p.m.). During this period, shareholders’ of the company, holding shares either in physical form or in dematerialized form, as on the cut-off date 08th August, 2014 may cast their votes electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
  - vii. The voting rights of the shareholders shall be in proportion to their shares of the paid-up equity share capital of the company as on the cut-off date of 08th August, 2014.
  - viii. The company has appointed Sri K Sriram, Practicing Company Secretary (CP No.2215) as Scrutiniser for conducting the e-voting process in a fair and transparent manner.
  - ix. The Scrutiniser shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in the employment of the company and make a Scrutiniser’s Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
  - x. The results declared along with the Scrutiniser’s Report shall be placed on the company’s website [www.sundram.com](http://www.sundram.com) and on the website of NSDL within two (2) days of passing of the resolutions at the AGM of the company and communicated to Stock Exchanges.

## STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

### Item No. 4

Sri R Ramakrishnan is a Non-Executive Independent Director of the Company. He is also a member of the Audit Committee. He joined the Board during June 2003. Sri R Ramakrishnan is a Director, whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Sri R Ramakrishnan is proposed to be appointed as a non-executive and Independent Director for a term of three (3) consecutive years from 22nd September, 2014 to 21st September, 2017 on such remuneration by way of fees and other remuneration as may be payable, reimbursement of expenses for participation in the meetings of the board and / or committees as determined by the board and / or committee from time to time. The Company has received a notice in writing under the provisions of Section 160 of the Companies Act, 2013, along with requisite deposit amount, from a member proposing the candidature of Sri R Ramakrishnan for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Sri R Ramakrishnan, a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

The proposed resolution seeks the approval of members for the appointment of Sri R Ramakrishnan as an Independent Director of the Company pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder. Sri R Ramakrishnan is not liable to retire by rotation.

In the opinion of the Board of Directors, Sri R Ramakrishnan, the Independent Director proposed to be appointed, fulfils the conditions specified in the Act and the Rules made thereunder and he is independent of the management. A copy of the *draft* letter for the appointment of Sri R Ramakrishnan as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during the normal business hours on working days up to the date of the AGM.

The Board of Directors considers that in view of the managerial experience of Sri R Ramakrishnan in manufacturing, marketing, finance and banking, his continued association as an Independent Director would be beneficial to the company.

Except Sri R Ramakrishnan, being an appointee, none of the Directors / Key Managerial Personnel of the company and their relatives is concerned or interested in the resolution.

The Board recommends the resolution set forth in Item No.4 of the notice for approval by shareholders.

### Item No. 5

Sri M Raghupathy is a Non-Executive Independent Director of the Company. He joined the Board during May 2006. Sri M Raghupathy is a Director, whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Sri M Raghupathy, is proposed to be appointed as a non-executive and Independent Director for a term of three (3) consecutive years from 22nd September, 2014 to 21st September, 2017 on such remuneration by way of fees and other remuneration as may be payable, reimbursement of expenses for participation in the meetings of the board and / or committees as determined by the board and / or committee from time to time. The Company has received a notice in writing under the provisions of Section 160 of the Companies Act, 2013, along with requisite deposit amount, from a member proposing the candidature of Sri M Raghupathy for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.



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The Company has received from Sri M Raghupathy, a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

The proposed resolution seeks the approval of members for the appointment of Sri M Raghupathy as an Independent Director of the Company pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder. Sri M Raghupathy is not liable to retire by rotation.

In the opinion of the Board of Directors, Sri M Raghupathy, the Independent Director proposed to be appointed, fulfils the conditions specified in the Act and the Rules made thereunder and he is independent of the management. A copy of the *draft* letter for the appointment of Sri M Raghupathy as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during the normal business hours on working days up to the date of the AGM.

The Board of Directors considers that in view of the experience of Sri M Raghupathy in general administration, the company would gain from his continued association as an Independent Director.

Except Sri M Raghupathy, being an appointee, none of the Directors / Key Managerial Personnel of the company and their relatives is concerned or interested in the resolution.

The Board recommends the resolution set forth in Item No.5 of the notice for approval by shareholders.

## Item No. 6

Sri C V Karthik Narayanan is a Non-Executive Independent Director of the Company. He joined the Board during May 2006. Sri C V Karthik Narayanan is a Director, whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Sri C V Karthik Narayanan is proposed to be appointed as a non-executive and Independent Director for a term of four (4) consecutive years from 22nd September, 2014 to 21st September, 2018 on such remuneration by way of fees and other remuneration as may be payable, reimbursement of expenses for participation in the meetings of the board and / or committees as determined by the board and / or committee from time to time. The Company has received a notice in writing under the provisions of Section 160 of the Companies Act, 2013, along with requisite deposit amount, from a member proposing the candidature of Sri C V Karthik Narayanan for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Sri C V Karthik Narayanan, a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

The proposed resolution seeks the approval of members for the appointment of Sri C V Karthik Narayanan as an Independent Director of the Company pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder. Sri C V Karthik Narayanan is not liable to retire by rotation.

In the opinion of the Board of Directors, Sri C V Karthik Narayanan, the Independent Director proposed to be appointed, fulfils the conditions specified in the Act and the Rules made thereunder and he is independent of the management. A copy of the *draft* letter for the appointment of Sri C V Karthik Narayanan as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during the normal business hours on working days up to the date of the AGM.

The Board of Directors considers that in view of the experience of Sri C V Karthik Narayanan in engineering and general management, his continued association as an Independent Director would be beneficial to the company.

Except Sri C V Karthik Narayanan, being an appointee, none of the Directors / Key Managerial Personnel of the company and their relatives is concerned or interested in the resolution.

The Board recommends the resolution set forth in Item No.6 of the notice for approval by shareholders.

## Item No. 7

Sri V Narayanan is a Non-Executive Independent Director of the Company. He is also a member of the Audit Committee. He joined the Board in September 1994. Sri V Narayanan is a Director, whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Sri V Narayanan is proposed to be appointed as a non-executive and Independent Director for a term of four (4) consecutive years from 22nd September, 2014 to 21st September, 2018 on such remuneration by way of fees and other remuneration as may be payable, reimbursement of expenses for participation in the meetings of the board and / or committees as determined by the board and / or committee from time to time. The Company has received a notice in writing under the provisions of Section 160 of the Companies Act, 2013, along with requisite deposit amount, from a member proposing the candidature of Sri V Narayanan for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Sri V Narayanan, a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

The proposed resolution seeks the approval of members for the appointment of Sri V Narayanan as an Independent Director of the Company pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder. Sri V Narayanan will not be liable to retire by rotation.

In the opinion of the Board of Directors, Sri V Narayanan, the Independent Director proposed to be appointed, fulfils the conditions specified in the Act and the Rules made thereunder and he is independent of the management. A copy of the *draft* letter for the appointment of Sri V Narayanan as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during the normal business hours on working days up to the date of the AGM.

The Board of Directors considers that his vast expertise and knowledge will be of immense benefit to the company and hence it is desirable to continue to avail the services of Sri V Narayanan as an Independent Director.

Except Sri V Narayanan, being an appointee, none of the Directors / Key Managerial Personnel of the company and their relatives is concerned or interested in the resolution.

The Board recommends the resolution set forth in Item No.7 of the notice for approval by shareholders.

## Item No. 8

Sri R Srinivasan is a Non-Executive Independent Director of the Company. He is also the Chairman of the Audit Committee. He joined the Board in March 1995. Sri R Srinivasan, whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Sri R Srinivasan is proposed to be appointed as a non-executive and Independent Director for a consecutive term commencing from 22nd September, 2014 to 21st September, 2019 on such remuneration by way of fees and other remuneration as may be payable, reimbursement of expenses for participation in the meetings of the board and / or committees as determined by the board and / or committee from time to time. The Company has received a notice in writing under the provisions of Section 160 of the Companies Act, 2013, along with requisite deposit amount, from a member proposing the candidature of Sri R Srinivasan for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

# Sundram Fasteners Limited

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The Company has received from Sri R Srinivasan, a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

The proposed resolution seeks the approval of members for the appointment of Sri R Srinivasan as an Independent Director of the Company pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder. Sri R Srinivasan will not be liable to retire by rotation.

In the opinion of the Board of Directors, Sri R Srinivasan, the Independent Director proposed to be appointed, fulfils the conditions specified in the Act and the Rules made thereunder and he is independent of the management. A copy of the *draft* letter for the appointment of Sri R Srinivasan as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during the normal business hours on working days up to the date of the AGM.

The Board of Directors considers that in view of the managerial experience and expertise of Sri R Srinivasan, his continued association with the company would be of immense benefit and hence propose to avail the services of Sri R Srinivasan as an Independent Director.

Except Sri R Srinivasan, being an appointee, none of the Directors / Key Managerial Personnel of the company and their relatives is concerned or interested in the resolution.

The Board recommends the resolution set forth in Item No.8 of the notice for approval by shareholders.

## Item No. 9

After incorporation of the Company on 10th December, 1962, the existing Articles of Association ("AoA") of the Company was amended earlier during the years 1994, 1999, 2001 and 2006. The existing AoA are based on the Companies Act, 1956. The new Companies Act, 2013 now having been notified with most of the sections coming into effect vide MCA notifications dated 12th September, 2013 and 26th March, 2014, the existing AoA of the Company require alteration or deletions in several articles. Hence, it is considered necessary to fully replace the existing Regulations by a new set of Regulations. Table F of the Companies Act, 2013 sets out the model articles of association for a Company limited by shares. The proposed new Regulations are based on the said Table 'F'. The proposed new draft AoA is being uploaded on the Company's website [www.sundram.com](http://www.sundram.com) for perusal by the shareholders. Copy of the new draft AoA is available for inspection for members during office hours or members may request for a copy of the same.

None of the Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, in the resolution set forth in Item No.9 of the Notice.

The Board commends the Special Resolution set out at Item No.9 of the Notice for approval by the shareholders.

## Item No.10

The Shareholders of the Company in their Annual General Meeting held on 18th August, 2005 authorized the Board of Directors pursuant to erstwhile Section 293(1) (d) of the Companies Act, 1956 to borrow (apart from temporary loans to be obtained from the Company's bankers in the ordinary course of business) up to a limit of Rs 1,000 crores (Rupees One thousand crores only) in excess of the aggregate of the paid-up capital and free reserves of the Company. As per Section 180(1)(c) of the Companies Act, 2013, which has been made effective 12th September, 2013 the Board of Directors of the Company shall not borrow funds unless the same is authorized by the shareholders of the Company by way of Special Resolution. Further, the Ministry of Corporate Affairs vide its General Circular no. 04 /2014 dated 25th March, 2014 has clarified that the resolution passed under

# Sundram Fasteners Limited

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Section 293 of the Companies Act, 1956 prior to 12th September, 2013 will be regarded as sufficient compliance of the requirements of Section 180 of the Companies Act, 2013 for a period of one year from the date of notification of Section 180 of the Act. In view of the requirements specified above the consent of the members is being sought for authorising the Board of Directors to borrow up to a limit of Rs 1,000 crores (Rupees One thousand crores only) in excess of the aggregate of the paid-up capital and free reserves of the Company.

None of the other directors / Key Managerial Personnel of the Company is interested or concerned in the resolution.

The Board recommends the special resolution, as set out in Item No.10 of the notice.

## Item No.11

The Company would be raising borrowings viz., term loans, working capital loans - both short-term and long-term, foreign currency borrowing(s) including external commercial borrowing(s), buyer's credit or such other loan(s), non-convertible debentures etc., in the ordinary course of business. Generally, the terms of sanction of such borrowings, require the Company to create a mortgage / charge on the moveable and immovable properties of the Company in favour of the lenders, as set out in the resolution under Item No.11 of the Notice. Creation of such mortgage / charge, as mentioned above, may be construed as "otherwise" disposing of the undertaking of the Company within the meaning of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules thereunder. Hence, approval of the Members is sought by way of a Special Resolution under the applicable provisions of the Companies Act, 2013 and the Rules made thereunder for mortgaging / charging the movable and immovable properties of the Company for the proposed borrowings.

None of the Directors / Key Managerial Personnel of the Company and their relatives is concerned or interested in the resolution.

The Board recommends the Resolution for approval by the shareholders of the Company.

Chennai  
August 7, 2014

By Order of the Board  
V G JAGANATHAN  
Chief Financial Officer & Company Secretary

# Sundram Fasteners Limited

## PARTICULARS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AS REQUIRED TO BE FURNISHED UNDER CLAUSE 49 OF THE LISTING AGREEMENT

### Ms Arathi Krishna

Ms Arathi Krishna is aged about 46 years. She completed her Master of Arts (MA) in Economics at the Stella Maris College and her Master of Business Administration (MBA) at the University of Michigan Business School, USA. She has undergone on-the-job training in USA after completion of her MBA Program. Ms Arathi Krishna started her career in 1990 as a Management Trainee in the Company. After training, she was appointed as Manager - Business Strategy and Systems in 1993 and became General Manager in 1998. Through her work experience in India and abroad, she has acquired wide managerial and business administration skills. She was appointed as Managing Director effective 3rd May 2006 and later re-appointed as Managing Director effective 3rd May, 2011 for a term of five years.

Ms Arathi Krishna is a relative of Sri Suresh Krishna, Chairman and Managing Director and Ms Arundathi Krishna, Deputy Managing Director.

As on date she is holding 47,040 equity shares of Re 1 each and she is not holding directorship and committee membership in any other Company.

### Sri R Ramakrishnan

Sri R Ramakrishnan aged about 77 years is a Bachelor of Science from Madras University. He underwent training in Tata Iron & Steel Company Limited, Jamshedpur. He is a lifetime Member of Wire Association International, USA. He started Indian Reinforcing Co (Welded Mesh) Pvt Ltd in 1958 and Concord Arai Pvt Ltd in 1965. He was a Member of Indian Advisory Board, Standard Chartered Bank for 6 years during 1987 to 1993. He was a Director of IndusInd Bank Limited, Mumbai, for 8 years from 1996 to 2004. He was a Director of SRP Tools Limited, Chennai, from 1990 to 2005. Sri R Ramakrishnan has more than 57 years of managerial experience in manufacturing and marketing as an entrepreneur. He has 22 years' experience in Finance and Banking. He has been associated with the Company since June 2003. He has expertise in general management and administration.

The details of other Directorships/Committee Memberships held by Sri R Ramakrishnan are as follows :

Directorship	Committee Membership
<b>Chairman</b> Indian Reinforcing Co (Welded Mesh) Pvt Ltd	—
<b>Managing Director</b> Concord Arai Pvt Limited	—
<b>Director in Private Limited Companies</b> Yekediar Farms Pvt Limited Yekediar Coconuts Pvt Limited Yekediar Estates Pvt Limited Yekediar Holdings & Properties Pvt Limited Raghurams Home Furnishings Pvt Ltd	— — — — —
<b>Director in Public Limited Companies</b> Upasana Finance Limited	Audit Committee (Chairman) Investor / Shareholder Grievance Committee (Chairman)

As on date he is holding 6,400 equity shares of Re 1 each and is not related to any other director of the Company.

# Sundram Fasteners Limited

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## Sri M Raghupathy

Sri M Raghupathy aged about 77 years holds an MA degree in Economics from Madras University. He joined the Indian Administrative Service (IAS) on 16th May 1960 and had held posts in the Government of Tamil Nadu as Deputy Secretary (Commercial Taxes), Revenue Department; Collector of Salem District; Director of Rural Development; Managing Director of Tamil Nadu Dairy Development Corporation; Commissioner & Secretary, Transport Department; Commissioner of Land Administration; Commissioner & Secretary, Housing & Urban Development; Special Commissioner, Land Reforms; Chairman, Thiruvalluvar Transport Corporation Limited and Chairman, Tamil Nadu Transport Development Finance Corporation Limited; Agricultural Production Commissioner & Secretary to Government, Agricultural Department; Chief Electoral Officer, Secretary, Handloom & Textiles; Vigilance Commissioner & Principal Commissioner of Revenue Administration. He has expertise in general management and administration.

The details of other Directorship / Committee Memberships held by Sri M Raghupathy are as follows :

Directorship	Committee Membership
Dalmia Bharat Sugar & Industries Ltd	Audit Committee (Member)

He does not hold any shares in the company and is not related to any other director of the Company.

## Sri C V Karthik Narayanan

Sri C V Karthik Narayanan aged about 76 years holds Bachelor of Engineering Degree and is a Chartered Engineer, being a Member of the Institute of Engineering Technology UK.

He was past President of Association of Indian Automobile Manufacturers and Automotive Research Association of India. He was also past Chairman of Association of Indian Engineering Industry – Southern Region, now Confederation of Indian Industry (CII). Presently, he is National Council Member of CII. He has vast managerial experience and has expertise in management and administration.

The details of other Directorship / Committee Memberships held by Sri C V Karthik Narayanan are as follows:

Directorship	Committee Membership
<b>Chairman and Managing Director</b> UCAL Products Private Limited UCAL Auto Private Limited  <b>Director</b> UCAL Travels Private Limited Union Co (Motors) Private Limited PPT Aero Hydraulics Private Limited Mobiltrain Knowledge Services Private Limited Nivedita Engineering Enterprises Private Limited	NIL

He does not hold any shares in the company and is not related to any other director of the Company.

## Sri V Narayanan

Sri V Narayanan, aged about 76 years, is an M Sc (Chemistry) from Madras University and has managerial experience spanning over 51 years. He was the Chairman and Managing Director of erstwhile Pond's (India) Limited. He has been associated with the Company as Director since September 1994. By virtue of his long managerial experience, he has expertise in management and administration.



# Sundram Fasteners Limited

The details of other Directorship / Committee Memberships held by Sri V Narayanan are as follows:

Directorship	Committee Membership
<b>Director in Public Limited Companies</b> Tamil Nadu Newsprint & Papers Limited	Audit Committee (Chairman) Investor Grievance Committee (Chairman)

As on date he is holding 1,200 equity shares of Re 1 each and is not related to any other director of the company.

## Sri R Srinivasan

Sri R Srinivasan, aged about 73 years, is an Engineering Graduate and has managerial experience spanning over 47 years. He has been associated with the Company as Director since March 1995. He has expertise in engineering and general management.

The details of other Directorships / Committee Memberships held by Sri R Srinivasan are as follows :

Directorship	Committee Membership
NTTF Industries Private Limited Yuken India Limited	Audit Committee (Member) Remuneration Committee (Member)
Murugappa Morgan Thermal Ceramics Ltd	—
Nettur Technical Training Foundation	—
Taegutec India Private Limited	—
TTK Prestige Limited	Audit Committee (Member) Remuneration Committee (Member)
ACE Designers Limited	Audit Committee (Chairman)
TTK HealthCare Limited	—
EduTech NTTF India Private Limited	—
Sterling Abrasive Limited	—
Bangalore International Exhibition Services Private Limited	—
Kirloskar Oil Engines Limited	Audit Committee (Member)
Imtma Machine Tool Industry Park	—

As on date, he is holding 9,200 equity shares of Re 1 each jointly with his wife and is not related to any other director of the company.

By Order of the Board

Chennai  
August 7, 2014

V G JAGANATHAN  
Chief Financial Officer & Company Secretary

### Green Initiative in the Corporate Governance

The Ministry of Corporate Affairs has taken a 'Green Initiative in the Corporate Governance' by allowing paperless compliances by the companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holding with the Depository through their Depository Participants. Members who hold shares in physical form are requested to register their e-mail addresses with RTA of the Company.



# **Sundram Fasteners Limited**

## **ANNUAL REPORT**

**for the year ended  
31st March 2014**



# Sundram Fasteners Limited

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<b>BOARD OF DIRECTORS</b>	Sri SURESH KRISHNA, <i>Chairman &amp; Managing Director</i> Ms ARATHI KRISHNA, <i>Joint Managing Director</i> Ms ARUNDATHI KRISHNA, <i>Deputy Managing Director</i> Sri K RAMESH Sri VENU SRINIVASAN Sri V NARAYANAN Sri R SRINIVASAN Sri R RAMAKRISHNAN Sri C V KARTHIK NARAYANAN Sri M RAGHUPATHY IAS (Retd.)
<b>SENIOR MANAGEMENT</b>	Sri V G JAGANATHAN, <i>Chief Financial Officer &amp; Company Secretary</i>
<b>BANKERS</b>	United Bank of India, State Bank of Mysore, Standard Chartered Bank HDFC Bank Ltd., ICICI Bank Ltd., Canara Bank, DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Ltd.
<b>AUDITORS</b>	M/s SUNDARAM & SRINIVASAN Chartered Accountants, No. 4, C P Ramaswamy Road, Alwarpet, Chennai 600 018
<b>REGISTERED OFFICE</b>	98A, Dr Radhakrishnan Salai, Mylapore, Chennai 600 004
<b>FACTORIES</b> (In India)	Tamil Nadu : Padi, Hosur, Aviyur, Mittamandagapet, Velappanchavadi, Gummidipoondi, SEZ - Mahindra World City Puducherry : Korkadu Andhra Pradesh : Bonthapally Uttarakhand : Rudrapur
<b>FACTORIES</b> (In India through subsidiaries)	Tamil Nadu : Ambattur, Hosur
<b>FACTORIES</b> (Outside India - through subsidiaries)	Sundram Fasteners (Zhejiang) Limited, China Cramlington Precision Forge Limited, United Kingdom Peiner Umformtechnik GmbH, Germany

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# Sundram Fasteners Limited

## FINANCIAL HIGHLIGHTS

										Rs lakhs
Particulars	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
<b>Operating results</b>										
Revenue from Operations	202,228	206,942	214,664	181,072	133,386	126,219	120,592	119,944	106,199	92,955
Total Revenue	207,100	209,572	216,471	181,508	133,903	126,748	120,963	120,281	106,396	93,142
EBIDT	30,484	28,363	31,315	23,446	17,275	16,562	15,443	16,999	15,373	13,247
Interest	5,858	8,135	9,220	3,567	1,742	10,104	1,574	2,793	3,019	635
EBDT	24,626	20,228	22,095	19,879	15,533	6,458	13,869	14,206	12,354	12,612
Depreciation	7,637	7,162	6,361	5,454	4,748	4,223	3,423	3,012	2,739	2,333
EBIT	22,847	21,202	24,954	17,992	12,527	12,339	12,020	13,987	12,634	10,914
Profit before tax	15,989	13,066	15,734	14,425	10,785	2,235	10,446	11,194	9,615	10,279
Tax	3,900	3,688	4,475	3,882	3,283	494	3,499	4,008	3,422	3,339
Profit after tax	12,089	9,506	11,260	10,543	7,502	1,741	6,947	7,186	6,193	6,940
<b>Financial status</b>										
Net fixed assets	80,300	72,904	71,288	63,956	57,978	56,798	51,944	40,476	35,235	31,786
Investments	12,316	13,202	14,263	14,237	14,239	14,245	13,325	7,276	7,215	2,160
Net current assets	59,157	71,863	69,596	60,896	40,726	45,888	39,365	39,955	39,670	31,665
Share capital	2,101	2,101	2,101	2,101	2,101	2,101	2,101	2,101	1,051	1,051
Reserves and surplus	75,463	67,328	61,245	53,394	45,914	40,621	40,110	35,375	31,337	27,148
Net worth	77,564	69,429	63,346	55,495	48,015	42,723	42,211	37,476	32,387	28,199
Loan funds	65,108	79,505	82,870	74,961	56,791	66,738	55,507	43,969	43,860	32,056
Deferred Tax Liability	9,101	9,034	8,931	8,633	8,137	7,470	6,915	6,261	5,873	5,356
Total capital employed	1,51,773	157,968	155,147	139,089	112,943	116,931	104,633	87,707	82,120	65,611
<b>Performance parameters - %</b>										
EBIDT to Revenue from Operations	15.1	13.7	14.6	12.9	13.0	13.1	12.8	14.2	14.5	14.3
EBIT to Revenue from Operations	11.3	10.2	11.6	9.9	9.4	9.8	10.0	11.7	11.9	11.7
PBT to Revenue from Operations	7.9	6.3	7.3	8.0	8.1	1.8	8.7	9.3	9.1	11.1
EBIDT/Average capital employed [ROCE]	19.7	18.1	21.3	18.6	15.0	15.0	16.1	20.0	20.8	22.9
EBIT / Average capital employed	14.8	13.5	17.0	14.3	10.9	11.1	12.5	16.5	17.1	18.9
PAT/Average net worth	16.4	14.3	18.9	20.4	16.6	4.1	17.4	20.6	20.4	27.0
Bonus issue	-	-	-	-	-	-	-	1:1	-	-
EPS before extra ordinary items - Rs	5.75	4.52	5.36	5.02	3.57	0.83	3.21	3.59	5.92	6.61
EPS after extra ordinary items - Rs	5.75	4.52	5.36	5.02	3.57	0.83	3.31	3.42	5.92	6.61
Dividend per share - Rs	1.70@	1.40@	1.40@	1.25@	0.90@	0.50@	0.90@	1.75@	1.70	1.70
Dividend payout ratio	29.55	30.95	26.13	24.91	25.21	60.36	27.26	25.59	28.81	25.76
Book value per share - Rs	36.91	33.04	30.15	26.41	22.85	20.33	20.09	17.84	30.83	26.83
Market value per share - Rs	62.80@	40.50@	55.35@	51.05@	51.60@	14.85@	32.35@	63.75@	169.30	109.45

Note : 1 Lakh = Rs 100,000 Ten Lakhs = One Million Ten Millions = One Crore @ Post Bonus Issue



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## REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

The Directors are pleased to present the Fifty first Annual Report together with the audited accounts for the year ended 31st March 2014.

### FINANCIAL RESULTS

		Rs lakhs
	<b>2013-14</b>	<b>2012-13</b>
Revenue from Operations	<b>202,227.62</b>	206,941.67
Other Income	<b>4,871.94</b>	2,630.12
<b>Total Revenue</b>	<b>207,099.56</b>	<b>209,571.79</b>
Gross Profit before interest, depreciation and taxes	<b>30,483.53</b>	28,363.33
Less : Interest	<b>3,074.08</b>	4,108.75
Exchange Losses / (Gains)	<b>2,783.42</b>	4,026.54
Depreciation	<b>7,636.73</b>	7,161.54
Profit before Exceptional Items and taxes	<b>16,989.30</b>	13,066.50
Exceptional items	<b>(1,000.00)</b>	127.80
Profit Before Tax	<b>15,989.30</b>	13,194.30
Less: Provision for tax	<b>3,900.07</b>	3,688.05
Profit after tax	<b>12,089.23</b>	9,506.25
Add: Balance brought forward	<b>7,352.56</b>	6,269.74
Balance available for appropriation	<b>19,441.79</b>	15,775.99
<b>Appropriations</b>		
Interim Dividends	<b>3,572.18</b>	2,941.80
Tax on Interim Dividends	<b>411.57</b>	481.63
Transfer to General Reserve	<b>7,500.00</b>	5,000.00
Balance carried forward	<b>7,958.04</b>	7,352.56
	<b>19,441.79</b>	15,775.99

### SALES & PROFITS

The Company recorded total Net Sales and other income of Rs 2071.00 Crores for the year ended March 31, 2014 as against Rs 2095.72 Crores achieved during the previous year. The export sale was at Rs 760.75 Crores as against Rs 678.25 Crores in the previous year. The Profit after tax was at Rs 120.89 Crores as against Rs 95.06 Crores in the previous year.

The Company continues to be a net foreign exchange earner for the seventeenth year in succession.

### DIVIDEND

The Directors have decided to pay as Second Interim Dividend of Re 1.00 per Share of face value of Re 1 each, which together with the Interim Dividend of Re 0.70 declared and paid earlier would amount to a total dividend for the year of Rs 1.70 per share of Re 1 each. Dividend disbursed amounted to Rs 1,470.90 lakhs. Second Interim Dividend will absorb a total amount of Rs 2,101.28 lakhs. The Directors do not recommend any final dividend.

### CONSOLIDATED FINANCIAL STATEMENTS / STATUTORY STATEMENTS

As required by Accounting Standard - AS 21 on Consolidated Financial Statements, the audited Consolidated Financial Statements of the Company and its Subsidiaries are attached.

As per Section 212 of the Companies Act, 1956, the Company is required to attach the Directors' Report, Balance Sheet and Profit and Loss account of subsidiaries. The Central Government has granted general exemption from complying with Section 212 of the Companies Act, 1956 to all companies vide Notification No.5/12/2007-CL-III dated February 8, 2011. Accordingly, the Company has presented in this Report, the consolidated financial statements of the holding Company and all its subsidiaries, duly audited by the Statutory Auditors. The Company has also disclosed in the Consolidated Balance Sheet the information required to be provided as per

# Sundram Fasteners Limited

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the aforesaid notification dated February 8, 2011. The Company will make available the audited annual accounts and related information of its subsidiaries, upon request by any of its shareholders. The annual accounts of the subsidiary companies will also be kept for inspection, by any member at the Registered Office of the Company and its subsidiary companies.

The Company has not accepted any deposits, within the meaning of Section 58-A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 made thereunder.

The information required under 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 is given in the Annexure to this report.

The information required under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, is given in the Annexure appended hereto and forms part of this report. In terms of Section 219(1)(b)(iv) of the Act, the Report and Accounts are being sent to the Members excluding the aforesaid Annexure. Interested Members may write to the Company Secretary, at the Registered Office of the Company, for obtaining a copy of the said Annexure.

## CORPORATE GOVERNANCE

As per Clause 49 of the Listing Agreement with the Stock Exchanges, a separate report on Corporate Governance and Management Discussion and Analysis together with a certificate from the Company's Auditors confirming the compliance of conditions of Corporate Governance is attached to this report.

## DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that :

- 1) in the preparation of annual accounts, the applicable accounting standards have been followed.
- 2) appropriate accounting policies have been selected and applied consistently, and judgments and estimates that have been made are 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 that period.
- 3) proper and sufficient care has been taken 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.
- 4) the annual accounts have been prepared on a going concern basis.

## DIRECTORS

During the year, the Ministry of Corporate Affairs (MCA) has notified majority of the provisions *inter alia* provisions relating to selection, manner of appointment, roles, functions, duties, re-appointment of independent directors and the relevant rules under the Companies Act, 2013 (the Act 2013) and made them effective 1st April 2014. The existing composition of the company's board is fully in conformity with the applicable provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement having the following directors as non-executive independent directors, namely Sri V Narayanan, Sri R Srinivasan, Sri R Ramakrishnan, Sri C V Karthik Narayanan, and Sri M Raghupathy.

In terms of Section 149(10) read with Section 149(5) of the Companies Act, 2013 it is proposed to appoint them as independent directors for the respective periods specified in the notice of the annual general meeting.

In terms of the provisions of sub-section (6) read with explanation to Section 152 of the Companies Act, 2013, two-third of the total number of directors i.e. excluding independent directors, are liable to retire by rotation and out of which, one-third is liable to retire by rotation at every annual general meeting. Accordingly, Ms Arathi Krishna, Director of the company, becomes liable to retire by rotation, at the ensuing AGM, and being eligible, offers herself for re-appointment.

The brief resume of these directors proposed to be appointed and re-appointed and other relevant information have been furnished in the notice convening the AGM. Necessary resolutions for their appointment / re-appointment are being placed for approval of the members at the AGM.

The board, therefore, recommends their appointment / re-appointment as directors of the company.

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## AUDITORS

### STATUTORY AUDITOR

As per the provisions of Section 139(1) and (2) of the Companies Act, 2013 read with Rule 6(3) of the Companies (Audit and Auditors) Rules, 2014 M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai (who were earlier appointed as statutory auditors of the company, at the annual general meeting held on 23rd August, 2013) are eligible to be appointed for the period of three years, subject to ratification every year in the Annual General Meeting.

The Company has obtained necessary certificate under Section 141 of the Companies Act, 2013 from the auditor conveying their eligibility for the above appointment. Their eligibility criteria were reviewed by the audit committee and board, as specified under Section 141 of the Companies Act, 2013 and recommended their appointment as auditors for the above mentioned period.

### SECRETARIAL AUDITOR

In terms of under Section 204 of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company is required to appoint a Secretarial Auditor for auditing the secretarial and related records of the company and to provide a report in this regard.

Accordingly, M/s. S Krishnamurthy & Co., Company Secretaries, Chennai have been appointed as Secretarial Auditor for carrying out the secretarial audit for the financial year 2014-2015.

### INDUSTRIAL RELATIONS

The industrial relations continued to remain congenial during the current year. The Directors thank the employees for their contribution to the progress of the Company.

### GENERAL

The Directors wish to thank the Chinese Authorities, Officers of Haiyan County, Jiaxin City, Zhejiang province, Chinese tax and other administrative authorities for the support extended to Sundram Fasteners (Zhejiang) Limited. The Directors wish to thank One North East, the Regional Development Authority for Cramlington, United Kingdom for the continued support extended to the Subsidiary.

The Directors wish to thank the Company's bankers, State Electricity Boards in Tamil Nadu, Pondicherry, Andhra Pradesh and Uttarakhand, customers and vendors, for all the assistance rendered by them from time to time.

On behalf of the Board

**SURESH KRISHNA**

Chairman & Managing Director

Chennai  
May 30, 2014

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## ANNEXURE TO DIRECTORS' REPORT

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

#### A. Conservation of Energy

- a. Measures taken:
  1. Optimising compressed air consumption and elimination of leaks.
  2. Modification in compressor piping to minimise pressure drop and leakage.
  3. Elimination of idle running of Auto Phosphate fume exhaust through auto interlocking.
  4. Optimization of furnace cooling tower pump capacity by lower horse power motor with impeller trimming.
  5. Modifications in Ammonia cracker burner system to conserve energy.
- b. Additional Investments and proposals being implemented:

The Company continues to adopt energy efficient practices in its operations and implement proposals arising out of regular energy audits.
- c. Impact of the above measures:

The above measures have resulted in energy saving in consumption of fuel and power besides improving operational efficiency.

## B. Technology Absorption

Research and Development (R & D):

1. Specific areas in which R & D is carried out by the Company and the benefits derived therefrom:
  - a) Development of heat resistant steel fasteners for exhaust application.
  - b) Development of light weight wheel bolts.
  - c) Development of fasteners for aerospace application.
  - d) Development of steam oxidation process for Cr(Chromium) parts.
2. Future plan of action:
  - a) Development of M30 fasteners through cold forging.
  - b) Computational fluid dynamics and finite element analysis through use of software for speedier and precision development work.
  - c) Establishment of Zn-AL finite coating facility.
3. The Company had entered into a technical collaboration agreement with Hitachi, Japan for the manufacture of tappets. The Company has fully absorbed the technology and has been manufacturing tappets at its factory at Hosur.
4. Expenditure on Research & Development:

The Company has incurred expenditure amounting to Rs 1,451.34 lakhs (Capital expenditure Rs 351.77 lakhs and Revenue expenditure Rs 1,099.57 lakhs) towards Research and Development. The Expenditure on Research & Development as a percentage of turnover - 0.70%.

Technology absorption, adaptation and innovation:

1. Efforts, in brief, made towards technology absorption, adaptation and innovation:
  - a) The Company has been continuing its efforts towards ongoing implementation and stabilisation of the methodologies of Total Productive Maintenance (TPM).
  - b) All the major factories of the Company have obtained accreditation to the latest ISO/TS 16949-2009 standards.
  - c) The Company has introduced Total Quality Management (TQM) across all major divisions.
2. Benefits derived as a result of the above efforts:
  - a) TPM is expected to improve productivity and result in considerable reduction in machine downtime, improvement in productivity and cost saving, enabling the Company to gain and retain the competitive edge in the global arena.
  - b) Constant updation of the Quality Management Systems has equipped the Company to meet the stringent standards stipulated by customers.
  - c) TQM is expected to bring about reduction in internal rejection rates, besides further strengthening Company's manufacturing system.

## C. Foreign Exchange Earnings and Outgo:

1. Export Sales during the year under review were Rs 76,075.30 Lakhs. All exports of the Company are directed towards the hard currency areas.
2. Total Foreign Exchange used and earned:

a) Foreign Exchange used	Rs 31,283.87 Lakhs
b) Foreign Exchange earned	Rs 77,780.72 Lakhs

The Company continues to be a net foreign exchange earner for the seventeenth year in succession.

On behalf of the Board

Chennai  
May 30, 2014

**SURESH KRISHNA**  
Chairman & Managing Director

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Overview

Indian gross domestic product registered a growth of 4.7% during the financial year 2013-14 as against 5% in the previous year. Index of Industrial Production relating to the manufacturing sector showed a negative growth. Growth rate has been the slowest in the last ten years and the slowness has been more pronounced in the last two years. Volatility in foreign exchange rates, exacerbated by tapering of "Quantitative easing" by US, capital outflows, large current account deficits, high inflation rates, high interest rates and low consumer confidence marked a difficult year.

US economy showed moderate growth while European economies in general showed a negative growth. The stress in Euro zone economies caused by the financial crisis seems to have abated though full scale recovery is nowhere in sight. Emerging and developing economies also slowed down considerably.

During 2013-14, the automotive sector in India showed a weak growth with some important segments posting a negative growth. The domestic market continued to be affected by macro economic problems, high inflation, high petroleum product prices, high interest rates and poor consumer sentiment. The following table shows the production trend of the industry:

Category	Production		
Segment / Sub-segment	2013-14	2012-13	Variance %
<b>I Passenger Vehicles (PVs)</b>			
Passenger Cars	23,11,972	24,23,086	(4.59)
Utility Vehicles (UVs)	5,63,986	5,68,538	(0.80)
Vans	1,96,693	2,39,434	(17.85)
Total Passenger Vehicles (PVs)	30,72,651	32,31,058	(4.90)
<b>II Commercial Vehicles (CVs)</b>			
<u>M &amp; HCVs</u>			
Passenger Carriers	41,175	51,382	(19.86)
Goods Carriers	1,80,451	2,29,295	(21.30)
Total M & HCVs	2,21,626	2,80,677	(21.04)
<u>LCVs</u>			
Passenger Carriers	45,136	50,058	(9.83)
Goods Carriers	4,32,102	5,01,914	(13.91)
Total LCVs	4,77,238	5,51,972	(13.54)
Total Commercial Vehicles	6,98,864	8,32,649	(16.07)
<b>III Three Wheelers</b>			
Passenger Carriers	7,33,248	7,40,716	(1.01)
Goods Carriers	96,872	99,032	(2.18)
Total Three Wheelers	8,30,120	8,39,748	(1.15)
<b>IV Two Wheelers</b>			
Scooter / Scooterette	36,76,193	30,26,512	21.47
Motor cycle / step-throughs	1,24,71,488	1,19,25,690	4.58
Mopeds	7,32,210	7,91,954	(7.54)
Total Two Wheelers	1,68,79,891	1,57,44,156	7.21
<b>V Tractors</b>	6,96,801	5,78,690	20.41
<b>Grand Total of All Categories</b>	2,21,78,327	2,12,26,301	4.49

Source : SIAM/TMA

# Sundram Fasteners Limited

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There was an improvement in the sales of passenger cars during 2013 in the US and contraction in Europe. In the overseas markets, the CV industry has continued to struggle, with sales recorded at much lower than peak levels. Growth levels in sales of passenger cars may stagnate during 2014 due to uncertain macro economic trends and volatile consumer confidence.

## Domestic Sales

Domestic sales showed a decline at Rs 1,220 crores from Rs 1,347 crores in the light of drop in production of vehicles, especially Medium and Heavy commercial vehicles. Demand from major automotive OEMs was muted throughout the year. Aftermarket sales declined moderately as confidence levels of dealers were low resulting in carrying lower stocks.

## Exports

The US market recovered modestly though not uniformly across all customers of the Company. European markets continued to be hit by recession and negative sentiments. Exports were at Rs 761 crores as against Rs 678 crores in the previous year, an increase of 12%. Export sales were over 38% of the overall sales revenues.

During the year, the Company set up a new factory (SEZ 2) at Mahindra World City for manufacture of new variants of shafts, which commenced operations in the last quarter of the financial year. The existing SEZ unit has been further expanded. These additions have been made based on long term contracts with existing customers.

The Company's push for adding new products and new customers is expected to result in further improvement in exports in the near future. Volatility in exchange rates and slow recovery in demand from European customers are causes for concern.

## Financial Performance

Automotive component industry leans very heavily on commercial vehicle segment for high volume sales and profits. Continuous decline in sales of commercial vehicles resulted in lower sales in many of the units of the Company. Raw material prices were more or less steady during the year. Other input costs rose across the board, especially of petroleum based products. Spend on wages and salaries increased as dearness allowance increased in line with the cost of living index linked to inflation. The Company continued to be under pressure due to rising manufacturing costs. Freight rates also increased in line with increase in cost of diesel and other inputs related to the transportation industry. Power availability eased considerably and measures taken by the Company over the years enabled the Company to reduce usage of self-generated power to a bare minimum and also reduce costs.

During the year, PBIDT (Profit before interest, foreign exchange fluctuation, depreciation, exceptional income and tax) was at Rs 304.84 crores as against Rs 283.63 crores in the previous year.

The Company made sizable investments in creation of capacities for new products and additional capacities for manufacture of existing products to meet projected demand from domestic and international customers. These investments resulted in additional interest costs. Tight money policies followed by Reserve Bank of India resulted in steep increase in interest rates on rupee borrowings and forward premiums in respect of foreign currency borrowings. Financing costs, including premiums on forward cover and adverse foreign exchange variations of Rs 27.83 crores (Rs 40.27 crores) on foreign currency borrowings, were at Rs 58.58 crores as against Rs 81.35 crores in the previous year. The Company has been able to limit interest costs on account of a concerted action to reduce working capital requirements across its major divisions as a result of which borrowing levels have reduced considerably.

In line with the Accounting Standard AS-11 (dealing with the effects of change in foreign exchange rates) and to ensure the principles of consistency, the Company recognises the exchange differences arising out of foreign currency denominated items as expense or income in the profit and loss statements.

Depreciation was higher at Rs 76.37 crores (Rs 71.62 crores).

Profit before tax was higher by 30% at Rs 169.89 crores (Rs 130.67 crores). Investment Allowance admissible under Sec. 32AC of the Income Tax Act resulted in lower net tax rate. Profit after tax after providing for exceptional items increased by 27% to Rs 120.89 crores (Rs 95.06 crores).



**Abridged Statement of Profit and Loss**  
**Summary of operating results**

Rs lakhs

Particulars	2013-14	2012-13
Net revenue from operations	<b>202,227.62</b>	206,941.67
Other Income	<b>4,871.94</b>	2,630.12
Total Revenue	<b>207,099.56</b>	209,571.79
Total expenditure	<b>176,616.03</b>	181,208.46
Profit before interest, depreciation and tax (PBIDT)	<b>30,483.53</b>	28,363.33
Finance Cost	<b>5,857.50</b>	8,135.29
Depreciation / Amortisation	<b>7,636.73</b>	7,161.54
Profit before tax (PBT) and before exceptional item	<b>16,989.30</b>	13,066.50
Exceptional item - loss / (gain)	<b>1,000.00</b>	(127.80)
Profit before tax (PBT)	<b>15,989.30</b>	13,194.30
Current tax	<b>3,833.50</b>	3,582.04
Deferred tax	<b>66.57</b>	103.30
Profit after tax (PAT)	<b>12,089.23</b>	9,508.96
Tax (paid) / refunds relating to earlier years	—	(2.71)
Profit after tax and prior period items	<b>12,089.23</b>	9,506.25

**Key Ratios**

Particulars	2013-14	2012-13
PBIDT / Total Revenue	<b>14.7%</b>	13.5%
Material Cost / Total Revenue	<b>43.5%</b>	46.3%
Operating Expenses / Total Revenue	<b>41.8%</b>	40.2%
PBIT / Total Revenue	<b>11.0%</b>	10.1%
PBT / Total Revenue	<b>7.7%</b>	6.3%
PAT / Total Revenue	<b>5.8%</b>	4.5%
ROCE (Avg. Capital Employed)	<b>19.7%</b>	18.1%
RONW (Avg. Net Worth)	<b>16.4%</b>	14.3%
Economic Value Added (EVA) - Rs lakhs	<b>3,516.88</b>	4,416.97
Incremental EVA - Rs lakhs	<b>(900.10)</b>	(2,528.32)

# Sundram Fasteners Limited

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## Subsidiaries / Consolidated Results

Performance of Subsidiaries has been better despite the slow-down in the automotive industry. German subsidiaries continued to be adversely affected by negative growth in automotive and other industries in Europe.

### Subsidiaries

Rs Crores

Particulars	2013-14	2012-13
Sales & Other Income	797.25	650.19
Cash Profit	38.78	15.83
Net Profit	4.76	(13.55)

### Consolidated Results

Rs Crores

Particulars	2013-14	2012-13
Sales & Other Income	2,784.98	2,692.09
Net Profit	120.77	93.37

## Capacities and Capital Expenditure

During the year, the Company has incurred Rs 150.82 crores towards capital expenditure on existing and new projects. Capital investments were incurred in line with anticipated demand projections of key customers.

The total capital expenditure commitments during 2014-15 are likely to be around Rs 150 crores, subject to market conditions and internal accruals.

## Research and Development

The Company focuses on development of new products for existing customers and new customers. R&D efforts also relate to new processes in line with technological advancements. Projects involving cost reduction, import substitution, safety in manufacture and use of products and new technologies involving patenting get a high priority. The Company's R&D facilities at Padi and Velappanchavadi, Chennai and at Hosur have been granted recognition by the Department of Scientific and Industrial Research (DSIR), making the Company eligible for weighted deduction under Section 35 (2AB) of the Income Tax Act. The Company incurred capital expenditure of Rs 351.77 lakhs besides incurring revenue expenditure of Rs 1,099.57 lakhs during the financial year.

## Quality Systems, TPM, TQM and Cost reduction

All the major factories of the Company have obtained / retained certification according to the latest ISO/TS 16949-2009 and ISO 14001:2004 standards.

The Company has adopted Total Productivity Maintenance (TPM) techniques for nearly twenty years. This has helped the employees to effect improvements in production, reduction in costs, improvements in quality and reduction in wastage. Cross functional teams of employees actively participate in efforts to improve operations through reduction in equipment downtime, reduced cost of maintenance of assets and increased plant utilisation. Shop floor practices are under constant review with emphasis on employee comforts and fatigue reduction, cost control measures and waste reduction / elimination. Low cost automation and installation of visual control systems have lead to improved productivity / safety. Best practices and systems developed by the teams are horizontally deployed, wherever feasible, across the Company.

Total Quality Management (TQM) introduced across major divisions of the Company has resulted in large scale reduction in internal rejection rates. The Company will pursue TQM more vigorously over the coming years so that the Company's manufacturing systems are strengthened further.

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Various teams representing different units of the Company have won Kaizen competitions at all India level. The Company has continued to win awards and recognition from its customers for supply of high quality products and development of new products.

### **Human Resources and Industrial Relations**

Human resources have been the corner stone of the Company since inception. The Company has evolved a host of policies relating to talent acquisition, retention and management. The Company has an extensive learning and development programme covering the entire management staff. Training / re-training is compulsory for all non-unionised staff and forms an integral part of Annual Performance Appraisal. Training is imparted in both hard skills and soft skills in accordance with an annual plan. Such focussed efforts have yielded results in terms of honing skills, acquiring new skill sets and developing a strategic intent. The compensation and benefits policies are reviewed and revised periodically to attract and retain the best talent. Mentoring skills are imparted to pre-identified mentors. Mentors help new employees to settle down quickly and shorten the learning curve. Mentors also serve as the communicators of management policies and provide feed-back to the management on employee aspirations and expectations. Performance Management system has been revamped and digitised which has facilitated data driven decision making.

The Company publishes an in house journal capturing the key moments in its growth and personal milestones of its employees, besides providing a platform to communicate management's view of current business conditions and its vision for the future.

The Company continues to engage its employees and their family members in celebrating local festivals and the Company's achievements. This helps to create awareness among the family members of the environment in which the employees work and a bonding with the Company. The Company imparts free practical training in computers and soft skills to the children of employees, in addition to offering substantial scholarship grants to pursue higher education.

**The Company has maintained its excellent industrial relations record of not losing even a single day due to industrial action since its inception in 1966.**

### **Health, Safety and Environment**

The health and safety of the employees are paramount. Accordingly, the Company endeavours to manufacture products adhering to zero pollution norms and eliminate accidents by continually improving environmental and occupational health and safety management systems. Employee fatigue and sickness can cause accidents. Adequate attention is given to implementation of systems to reduce employee fatigue to the bare minimum. With employees' participation, the Company eliminates or minimises risks due to workplace hazards.

As a part of the TPM methodologies the Company has implemented a system of regular communication, training and mock drills. Periodic audit, internal and external, ensures that safety practices are adhered to without deviations. The Company's factories at Krishnapuram, Gummidipoondi and Velappanchavadi are accredited with OHSAS 18001:2007 certification.

The Company has installed adequate equipments to control air / water pollution and to treat effluents in all its factories. All the major factories of the Company have obtained certification for conformance to ISO 14001 standards. Further, the Company strives to reduce, recycle and reuse waste. The Company aims to keep the factory clean, green and quiet. Based on a comprehensive assessment of ten parameters viz. energy efficiency, renewable energy, water conservation, waste management, greenhouse gas emission, material conservation, recycling, green supply chain product stewardship, life cycle assessment and innovations, **Confederation of Indian Industry (CII) has certified the Company's Krishnapuram factory as "Gold rated"**, which reflects a high level of commitment to continuous ecological improvement. The Company will strive to deploy such practices horizontally in its other factories.

# Sundram Fasteners Limited

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## Risk Management

The Company faces diverse risks in terms of downturn in economy, input prices, reputation, interest rates, foreign exchange, information systems, etc.

The auto component industry has been operating in a challenging environment due to weakness in the automotive industry. The Company has been prudent in incurring capital expenditure or outlays on new projects. The Company enters into long term contracts with customers to underwrite the capacities created. The product prices are determined after engineering studies. The diversified business model in terms of products, market segments, geography and customers ensures that Company is able to withstand any instability in the entire business eco-system. The proportion of sourcing of inputs from indigenous and overseas markets are judiciously undertaken to take advantage of commodity prices and exchange rate movements. Credit risks are analysed through market feedbacks. The company manages its interest risks through a combination of loan products, tenor of financing and currency denomination. The foreign exchange risks are monitored, reviewed and hedged in accordance with the risk management policy.

All the aforesaid risks are managed through continuous review of business parameters on a regular basis by the management. The Board of Directors are also informed periodically of the risks and concerns. Corrective actions and mitigation measures are taken as needed.

## Internal Control Systems

The Company's internal control systems are commensurate with the size of the Company and nature of its business. The internal controls span across operations, inventory, fixed assets, financial records and regulatory compliances. The internal audit department reviews the internal controls periodically. The reports of internal auditors are reviewed from time to time with respect to areas which require further strengthening of controls. The significant findings of internal auditors are placed before the Audit Committee. The improvements directed by the Audit Committee after reviews are implemented and their adequacy and effectiveness are monitored periodically.

## Foreign Subsidiaries

### China

Sundram Fasteners (Zhejiang) Limited (SFZL), China manufactures high tensile fasteners and bearing housings.

Sales and other income during the year 2013 amounted to RMB 122.073 million (Rs 11,706.78 lakhs) as against RMB 114.031 million (Rs 9,692.67 lakhs) during 2012. The operations resulted in profit before tax of RMB 5.675 million (Rs 604.72 lakhs) as against a profit of RMB 5.883 million (Rs 467.71 lakhs) in 2012. Profit after tax amounted to RMB 4.114 million (Rs 455.03 lakhs) as against RMB 5.323 million (Rs 420.09 lakhs). SFZL has wiped out all past losses and will be in a position to declare dividends in future years.

The slowdown in Chinese economic growth resulted in slow growth in Sales. Costs increased more than proportionately resulting in lower profitability. New products for existing customers and addition of new customers will enable SFZL to post better results in 2014. SFZL has obtained / retained certifications according to ISO 14001: 2004, ISO / TS16949-2009, ISO 9001-2008 and OHSAS 18001:2007.

The Company has so far invested USD 13 million (Rs 5,687.60 lakhs) in the Equity capital.

### Germany

German operations are carried out through 100% subsidiary companies viz. Peiner Umformtechnik GmbH (Peiner), TVS Peiner Services GmbH (TVSP) and PUT Grundstücks GmbH (PUTG). Peiner manufactures a wide range of standard and special fasteners catering to the automotive, industrial and construction sectors. TVSP is engaged in providing warehousing and logistical services. PUTG owns the land and buildings from where Peiner operates. The Company has invested Euro 8.724 millions (Rs 4,822.12 lakhs) in Equity capital besides lending Euro 7.800 million (Rs 6,419.40 lakhs) to meet short term requirements.

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Revenues during the year 2013 amounted to Euro 59.544 million (Rs 46,676.61 lakhs) as against Euro 54.537 million (Rs 37,630.82 lakhs) during 2012. The operations resulted in a loss before depreciation and taxes of Euro 1.012 million (Rs 738.71 lakhs) as against loss of Euro 3.212 million (Rs 2,208.65 lakhs) during 2012. Loss after depreciation and taxes amounted to Euro 2.130 million (Rs 1,615.52 lakhs) during 2013 as against Euro 4.546 million (Rs 3,129.14 lakhs) during 2012.

Uncertain economic conditions prevailing in Europe continued to impact German operations. There has been some improvement in operations during 2014. Substantial improvement will only happen when European markets return to normal.

The Company has entered into a 50% joint venture (JV) with a German partner to set up a plant for manufacture of fasteners for wind energy generators (WEG) and has invested Euro 3.0 million by way of equity capital and loans. The Company's share of loss in the JV amounting to Euro 0.461 million (Rs 360.48 lakhs) has been taken into account in consolidated financial statements.

### **UK Operations**

Cramlington Precision Forge Limited (CPFL) UK, a 100% subsidiary of the Company, is engaged in manufacture of precision forged components for application in heavy vehicles for on-highway and off-highway applications. The Company has invested GBP 1.9 million (Rs 1,523.14 lakhs) in CPFL.

Sales and other income during the year 2013 amounted to GBP 10.217 million (Rs 9,430.71 lakhs) as against GBP 8.763 million (Rs 7,453.42 lakhs) during 2012. CPFL made a net profit after tax of GBP 0.856 million (Rs 739.02 lakhs) as against a net profit of GBP 0.646 million (Rs 532.06 lakhs) during 2012. CPFL paid dividends totalling GBP 1.010 million (Rs 992.88 lakhs).

Recessionary conditions in Europe may affect sales volumes and product-mix during 2014 as the entire sales are made to customers in Europe. Cost increases may result in profit remaining stagnant.

### **Indian Subsidiaries**

#### **Upasana Engineering Limited**

Upasana Engineering Limited (UEL), a 100% subsidiary is engaged in the manufacture of spokes and nipples, dies and tools, automotive components and cold extruded components. During the year 2013-14, Sales and other income were Rs 9,059.04 lakhs as against Rs 7,789.89 lakhs in the previous year. Export Sales increased by over 46% to Rs 2,224.97 lakhs from Rs 1,518.08 lakhs, despite recession in Europe. Profit after Tax amounted to Rs 619.69 lakhs as against a net profit of Rs 439.81 lakhs, inclusive of exceptional income of Rs 111.81 lakhs in the previous year.

#### **Sundram Bleistahl Limited**

Sundram Bleistahl Limited (SBL) is engaged in manufacture of sintered valve guides at its 100% export oriented unit at Hosur, Tamilnadu. Bleistahl Produktions GmbH and Co KG holds 24%. SBL caters to the needs of Bleistahl Produktions GmbH & Co KG in Germany. During the year 2013-14, Sales and other income amounted to Rs 2,467.76 lakhs as against Rs 2,048.77 lakhs in the previous year. SBL made a net profit of Rs 99.24 lakhs as against a net profit of Rs 34.55 lakhs in the previous year.

The Company has invested Rs 532 lakhs towards 76% of the Equity capital of the subsidiary.

### **Prospects, Risks and Concerns**

Weak growth in industrial production and gross domestic product are matters causing concern in the short run. FY 2013-14 started on a negative note caused by high inflation, rising input costs, power shortages, high interest rates, high current account deficit, volatile currencies and global uncertainties. Based on higher government spending, removal of bottlenecks affecting the Indian economy better monsoon, lower current account deficit and

# Sundram Fasteners Limited

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better inflation management, Indian economy is expected to recover and post a GDP growth of 6%. With reduction in price of gold and steady crude oil prices, current account deficit may be lower in 2014-15.

The pace of growth in domestic market will improve during 2014-15, as the government addresses various problems faced by the economy and more particularly the automotive sector. Prospects for increasing exports appear to be bright. **Long term prospects for the auto-component industry appear to be good.**

The Company expects to improve its overall performance through development of new products for existing customers and by winning new customers besides increased exports.

Subsidiary companies are expected to show better performance during 2014-15.

## Corporate Social Responsibilities (CSR)

Long before CSR became the buzz word, the Company had recognized the responsibility to serve the community in which it operates and has been engaged in CSR activities. The origin of Corporate Social Responsibility Policy (CSR Policy) of the Company and its continuous development has been inspired by the TVS group's DNA and culture of sharing its prosperity with the society, especially in an area where basic facilities and hence opportunities for social development are below par. The Company's factory at Krishnapuram, Virudhunagar District of Tamilnadu is located in an economically and socially backward area. The area is water-starved and income is very low.

The Company founded an English medium higher secondary co-educational school in 1992-93 to provide high quality education with modern facilities to children. The Company bears the entire cost of running the school. Over the years, the expenditure has steadily increased in line with the increase in the number of children studying. Currently, about 450 children from surrounding villages are studying in the school run under the auspices of Krishna Educational Society. Students of the school have performed very well in curricular and co-curricular activities. The Company provides scholarships to students to pursue higher studies including University education. The school also offers career guidance to students with assistance from professional bodies. The school endeavours to create good citizens who can compete with the best.

The Company offers medical facilities free of cost to villages near the Krishnapuram plant. The Company has adopted eight villages situated near the plant thereby benefitting about 2500 families through the programme. The Company provides regular medical facilities especially to women and children. The centre treats about 50 - 70 patients every day. Medical facilities include maternity services, nutritional supplementation, immunization, family planning, children's health, geriatric health and health education programmes. A health education programme is conducted every month covering topics such as personal hygiene, food & nutrition, antenatal and neonatal care, family planning, HIV awareness, women's health and cancer.

The Company actively encourages its employees to regularly donate for charitable causes of their choice and provides support for channelizing such donations.

During 2014-15, the Company will formulate and implement a new CSR policy in line with requirements of Companies Act, 2013 and corporate best practices.

## Cautionary Statement

*Statements in this management discussion and analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in the automobile industry - global or domestic or both, significant changes in political and economic environment in India or key markets abroad, tax laws, litigation, labour relations, foreign currency fluctuations and interest costs.*

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**CERTIFICATE**

To the members of **Sundram Fasteners Limited**

We have examined the compliance of the conditions of Corporate Governance by **Sundram Fasteners Limited** ('the Company') for the year ended 31st March 2014, as stipulated in Clause 49 of the Listing Agreements of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreements.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **SUNDARAM & SRINIVASAN**  
Regn. No. 004207S  
Chartered Accountants

**M BALASUBRAMANIAM**  
Partner  
Membership No. F7945

Chennai  
May 30, 2014

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**REPORT ON CORPORATE GOVERNANCE (PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT)**

**1. Company's Philosophy on Code of Governance**

The Company, in line with TVS philosophy, truly believes in independence, responsibility, transparency, professionalism, accountability and code of ethics, which are the basic principles of corporate governance. The Company always stressed in achieving optimum performance at all levels by adopting and adhering to best corporate governance practices. The Company has always focused on corporate governance as a means to maximize long-term stakeholders' value through disciplined and sustained growth and value creation.

The Company always strives hard to achieve establishment of internal controls and risk management; internal and external communications; and high standards of safety, health and environment management, accounting fidelity, product and service quality. The Company also believes that for a Company to succeed, it must consistently maintain commendable standards of corporate conduct towards its employees, customers and society.

**2. Board of Directors**

■ **Composition of the Board**

The Board consists of Ten Directors. The Board comprises Executive and Non-Executive Directors. The Chairman and Managing Director, Joint Managing Director and Deputy Managing Director hold Executive positions. There are seven Non-Executive Directors, of whom five are independent. The Non-Executive Directors, use independent judgement in the Board deliberations and decisions.

The Company immensely benefits from the professional expertise of the independent Directors in their individual capacity as Independent Professional / Business Executives and through their invaluable experience in achieving corporate excellence.

The Company has not had any pecuniary relationship / transaction with any of the Non-Executive Directors other than those disclosed elsewhere.



# Sundram Fasteners Limited

## ■ Number of Board Meetings

The Company, in consultation with the Directors, prepares and circulates a tentative annual calendar for the meetings of the Board and Board Committees in order to facilitate and assist the Directors to plan their schedules for the meetings.

There were four Board Meetings during the year ended 31st March 2014, which were on 30th May 2013, 14th August 2013, 1st November 2013 and 10th February 2014. The maximum interval between any two meetings was not more than 100 days.

## ■ Directors' attendance record and directorships held

Name of the Director	Attendance		No. of Directorships held in companies (including SFL) <sup>@</sup>	Committee Memberships (including SFL) <sup>#</sup>	
	Board	AGM		Chairman/Chairperson	Member
Sri Suresh Krishna Chairman & Managing Director	4	Yes	5	–	2
Ms Arathi Krishna Joint Managing Director	4	Yes	1	–	–
Ms Arundathi Krishna Deputy Managing Director	4	Yes	2	1	–
Sri K Ramesh	2	No	7	–	–
Sri Venu Srinivasan	1	Yes	13	1	4
Sri V Narayanan	4	Yes	2	2	1
Sri R Srinivasan	4	Yes	9	2	2
Sri R Ramakrishnan	4	No	2	3	1
Sri C V Karthik Narayanan	4	Yes	1	–	–
Sri M Raghupathy IAS (Retd.)	4	Yes	2	–	1

Except Chairman and Managing Director, Joint Managing Director & Deputy Managing Director all other Directors are Non-Executive Directors. Chairman and Managing Director, Joint Managing Director & Deputy Managing Director are related inter-se. Sri K Ramesh, Director is related to Chairman and Managing Director.

@ Excludes private, foreign companies and companies registered under Section 25 of the Companies Act, 1956.

# Includes only the membership of Audit and Shareholders' / Investors' Grievance & Share Transfer Committees.

None of the Directors is a member of more than ten Board-level Committees or Chairman of more than five such Committees, as required under Clause 49 of the listing agreement, across all companies in which they are directors.

All information as required under Annexure 1A to Clause 49 is being made available to the Board. In terms of the Company's Corporate Governance Policy, all statutory and materially significant information are submitted either as a part of the agenda papers well in advance of the Board Meetings, or are tabled in the course of the Board Meetings to enable Directors to discharge their responsibilities of strategic supervision of the Company as trustees of the Shareholders.

## ■ Code of Conduct

The Board of Directors has laid down a code of conduct for all Board members and senior management of the Company. The code of conduct is available on the website of the Company [www.sundram.com](http://www.sundram.com). All Board members and senior management personnel have affirmed compliance with the code of conduct. A declaration signed by the Chairman and Managing Director to this effect is enclosed at the end of this report.

## ■ Prevention of Insider Trading

The Company has framed a code of conduct for Prevention of Insider Trading based on SEBI (Prohibition of Insider Trading) Regulations, 1992. This Code is applicable to all Board members / officers / designated employees. The code ensures the prevention of dealing in shares by persons having access to unpublished price sensitive information.



■ Secretarial Standards

The Institute of Company Secretaries of India (ICSI) has *inter-alia* laid down Standards on secretarial practices relating to meetings of the Board and Board Committees, General Meetings etc. Though these Standards are only recommendatory, till the financial year 2013-14, the secretarial and the operating practices of the Company are in line with the above Secretarial Standards. However, the Companies Act, 2013 has mandated companies to comply with the secretarial standards with respect to general and board meetings. The Company will comply with such standards as and when issued / notified by the ICSI / Ministry of Corporate Affairs.

### 3. Audit Committee

■ Composition of Audit Committee of the Board

The Audit Committee consists of Sri R Srinivasan, Sri V Narayanan and Sri R Ramakrishnan, all non-executive independent Directors of the Company with Sri R Srinivasan as its Chairman.

■ Meetings and the attendance record of Committee Members

The Audit Committee met four times during the year on 30th May 2014, 14th August 2013, 1st November 2013 and 10th February 2014. The attendance of each Member of the Committee is given below :

Name of the Director	No. of meetings attended
Sri R Srinivasan	4
Sri V Narayanan	4
Sri R Ramakrishnan	4

Sri Suresh Krishna, Chairman and Managing Director, Ms Arathi Krishna, Joint Managing Director and Ms Arundathi Krishna, Deputy Managing Director are permanent invitees. Sri V G Jaganathan, Secretary, acts as Secretary of the Committee.

Sri S Meenakshisundaram, President - Finance and Sri V V S Ramakrishnan, Deputy General Manager - Internal Audit, are invited to attend and participate at meetings of the Committee.

The Statutory Auditors are invited to attend and participate at the meetings of the Committee.

The Chairman of the Audit Committee was present at the Annual General Meeting held on 23rd August 2013.

■ Brief description of terms of reference

The Terms of Reference of Audit Committee cover the matters specified for Audit Committees under Clause 49 of the Listing Agreements as well as in Section 292A of the Companies Act, 1956. The role of Audit Committee is as prescribed under Clause 49(II)(D) of the Listing Agreements.

In addition to the above, the Audit Committee looks into controls and security of the Company's critical IT applications, the internal and statutory audit reports of all units / divisions and deviations, if any.

### 4. Remuneration to Directors

■ Remuneration Committee and Remuneration Policy

The Company has not set up a Remuneration Committee. The Board of Directors decides the remuneration of the Executive Directors viz. Chairman & Managing Director, Joint Managing Director and Deputy Managing Director and of the Non-Executive Directors, subject to approval of Shareholders and Central Government, wherever applicable.

The non-Executive Directors are paid sitting fees as approved by the Board of Directors and as permitted under the relevant statutory provisions for every Board / Committee meeting, attended by them.

■ Remuneration to Directors

The Remuneration paid/payable to the Chairman & Managing Director (CMD), Joint Managing Director (JMD) and Deputy Managing Director (DMD) for the year ended 31st March 2014 are as follows :

Particulars	Rs lakhs		
	CMD	JMD	DMD
Salary	48.00	42.00	24.00
Commission	375.00	275.00	250.00
Perquisites and other allowances	61.36	62.99	42.18
Total	484.36	379.99	316.18

# Sundram Fasteners Limited

The Remuneration paid to Non-Executive Directors for the year ended 31st March 2014 is as follows:

Rs in lakhs

Name of the Director	Sitting Fee*
Sri K Ramesh	0.40
Sri Venu Srinivasan	0.20
Sri V Narayanan	1.60
Sri R Srinivasan	1.60
Sri R Ramakrishnan	1.60
Sri C V Karthik Narayanan	0.80
Sri M Raghupathy	0.80

\*Includes sitting fee paid for attending Committee Meetings.

## 5. Investor / Shareholder Grievance Committee

- Details of the Members, Compliance Officer, Number of Complaints received and pending and pending transfers as on close of the year ended 31st March 2014 :

The Share Transfer and Shareholder/Investor Grievance Committee comprises of Sri R Ramakrishnan, Chairman, Sri Suresh Krishna and Sri Venu Srinivasan, as members. The Committee deals *inter alia* with redressal of investors/shareholders complaints.

Sri V G Jaganathan, Secretary, is the Compliance Officer of the Company.

During the year, 795 queries and 7 complaints were received from shareholders / investors and other agencies, all of which have been resolved. No complaints of material nature were received during the year under review.

## 6. General Meetings

- Details of the location, date and time of the last three Annual General Meetings (AGM) and the details of the resolutions passed or to be passed by Postal Ballot:

Year	Meeting	Location	Date	Time
2013	AGM	The Music Academy, Chennai	23-08-2013	10.00 am
2012	AGM	The Music Academy, Chennai	17-08-2012	10.00 am
2011	AGM	The Music Academy, Chennai	19-08-2011	10.00 am

The shareholders passed all the Resolutions including Special Resolution set out in the respective notices.

No Postal Ballots were used for voting at these meetings. The Companies Act, 2013 has mandated listed Companies to facilitate its shareholders to vote through electronic means. Consequent to this, the Company has entered in to agreement with NSDL for providing E-voting facility to its shareholders.

- Brief background, functional experience of the Directors seeking appointment / re-appointment

The details of Directors seeking appointment / re-appointment are provided in the Notice calling for the Annual General Meeting.

## 7. Disclosure

- Transactions where Directors may have a pecuniary interest

All details relating to financial and commercial transactions where Directors may have a pecuniary interest are provided to the Board, and the interested Directors neither participate in the discussion, nor do they vote on such matters. In matters other than those involving pecuniary interest, the Directors are considered

to be interested to the extent of their shareholding in the Company and following is the status of their shareholding as on 31st March 2014 :

Name of the Director	Number of Equity Shares	% holding
Sri Suresh Krishna Chairman & Managing Director	36,040	0.0171
Ms Arathi Krishna Joint Managing Director	47,040	0.0223
Ms Arundathi Krishna Deputy Managing Director	51,840	0.0247
Sri K Ramesh	4,000	0.0019
Sri Venu Srinivasan	–	–
Sri V Narayanan	1,200	0.0005
Sri R Srinivasan*	9,200	0.0044
Sri R Ramakrishnan	6,400	0.0030
Sri C V Karthik Narayanan	–	–
Sri M Raghupathy IAS (Retd.)	–	–

\* Joint holder.

■ Materially significant related party transactions during the year ended 31st March 2014 :

There were no materially significant related party transactions made by the Company with its Promoters, their subsidiaries, Directors or Management or relatives etc. that may have potential conflict with the interests of the Company at large. The Register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval.

■ Accounting treatment

The Company follows Accounting Standards prescribed, by the Central Government in consultation with National Advisory Committee on Accounting Standards, under the Companies (Accounting Standards) Rules, 2006 and in the preparation of financial statements, the Company has not adopted a treatment different from that prescribed in any Accounting Standard.

■ Instances of non-compliance

There were no instances of non-compliance by the Company, penalties, and strictures imposed on the Company by the Stock Exchange or SEBI or any authority on any matter related to capital markets during the last three years.

The Company has fully complied with all matters relating to the capital market and the listing agreements.

The Company has complied with all mandatory requirements. Adoption of non-mandatory requirements is provided under Item No. 10 of this report.

## 8. Means of Communication

- The quarterly, half yearly and annual results are published in widely circulating national and local dailies such as Business Line (in English) and Makkal Kural (in Tamil). These are not sent individually to the shareholders.
- The financial results are displayed on the website of the Company, [www.sundram.com](http://www.sundram.com)
- The website also displays official press releases. The Company has not made any presentation to institutional investors or to analysts.
- The Management Discussion and Analysis Report forms part of this Annual Report.

# Sundram Fasteners Limited

## 9. General Shareholder Information

1	Annual General Meeting Date, Time and Venue	Monday, 22nd September 2014, 10.00 a.m. The Music Academy - T T Krishnamachari Auditorium (Main Hall), 168, TTK Road, Royapettah, Chennai 600 014
2	Financial calendar	(i) April 2014 to March 2015 (ii) First Quarter Results – on or before 15-8-2014 (iii) Half-yearly Results – on or before 15-11-2014 (iv) Third Quarter Results – on or before 15-2-2015 (v) Annual Results for the year ending 31st March 2015 - on or before 30-5-2015
3	Record Date - 1st interim Dividend Record Date - 2nd interim Dividend Book Closure Date	14th November 2013 11th June 2014 15th September 2014 to 22nd September 2014 (both days inclusive)
4	1st Interim Dividend 2nd Interim Dividend Final Dividend (if any) Payment Date	Paid on 25th November 2013 Payable on 19th June 2014 –
5	Listing of Equity Shares on Stock Exchanges	The Equity Shares of the Company are listed on Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE) and Madras Stock Exchange Limited (MSE). The Company has paid the annual listing fees due to the Stock Exchanges for the financial years 2013-14 and 2014-15.
6	Registrar and Transfer Agents (acting as common agency for all investor servicing activities relating to both electronic and physical segments)	Integrated Enterprises (India) Limited, Kences Towers, 2nd Floor, No. 1, Ramakrishna Street, North Usman Road, T Nagar, Chennai 600 017 Telephone: +91 44 28140801 - 803 Fax : +91 44 28142479, 28143378 <b>E-Mail : <a href="mailto:srirams@integratedindia.in">srirams@integratedindia.in</a></b> <i>Investor Contacts :</i> Mr. Suresh Babu, Vice President Mr. S. Sriram, Assistant General Manager
7	Stock Code – Physical  The ISIN No. for Company's Equity Shares in Demat form Depository Connectivity	SFS – Madras Stock Exchange Limited (MSE) Code: 500 403 – Bombay Stock Exchange Ltd (BSE) SUNDRMFAST – National Stock Exchange of India Ltd INE387A01021  National Securities Depository Limited (NSDL) Central Depository Services (India) Limited (CDSL)
8	Share Transfer System	All the transfers in physical form are processed and approved by the Share Transfer and Shareholder / Investor Grievance Committee and / or the Board. Share transfer / Remat requests are processed within the timelines stipulated by SEBI. Demat requests are processed within a period of 10 days from the date of receipt.

## 9. General Shareholder Information (Contd.)

		<p>The Company's Registrar and Share Transfer Agent, Integrated Enterprises (India) Limited (IEL) has adequate infrastructure to process the share transfers. The Board of directors has delegated the power to approve transfer of shares, transmission of shares, transposition of shares, consolidations of shares, split of shares, change of name, issue of new share certificates in lieu of old / mutilated certificates, dematerialization of shares and rematerialisation of shares ("Transactions") and rejection of the said transactions on technical grounds to the authorized officers of the Company (delegated authority). The delegated authority attends to share transfer formalities at such intervals as required. Later, Share Transfer and Shareholder / Investor Grievance Committee takes on record the approved transactions and ratifies the same.</p> <p>In compliance with the Listing / SEBI Guidelines –</p> <ul style="list-style-type: none"> <li>■ Sri K. Sriram, Practicing Company Secretary, S. Krishnamurthy &amp; Co., Chennai carries out Reconciliation of Share Capital Audit on 'Dematerialised Equity Shares and Equity Shares in physical form' every quarter and the necessary Reports are taken on record by the Board and also filed with the Stock Exchanges. The Equity Shares in Dematerialised form and Physical form tally with the issued / paid-up and listed capital of the Company.</li> <li>■ Sri K. Sriram, Practicing Company Secretary carries out a Due Diligence survey, pertaining to share transfers every six months and necessary certificates to that effect are issued and the same are filed with the Stock Exchanges.</li> </ul>
9	Pattern of Shareholding as on 31st March 2014	Data in statement form – Enclosed
10	Distribution of shareholding as on 31st March 2014	Data in statement form – Enclosed
11	Share Performance	Share Price Vs BSE Index – Graph form - Enclosed Share Price Vs NSE Index – Graph form - Enclosed
12	Share Price Data – High / Low	BSE – Data in statement form - Enclosed NSE – Data in statement form – Enclosed
13	Dematerialization of shares	<p>Shares of the Company can be held and traded in electronic form. As stipulated by SEBI, the shares of the Company are accepted in the Stock Exchanges for delivery compulsorily only in dematerialized form.</p> <p>96.61% of total equity capital (including holding of promoter companies) is held in dematerialized form with NSDL and CDSL as on 31st March 2014.</p> <p>Shares of the Company are actively traded in the Bombay Stock Exchange and National Stock Exchange, and hence have good liquidity.</p> <p>No capital has been raised in the last three years.</p>
	Details of public funding obtained in the last three years Outstanding GDRs/ADRs/ Warrants or any convertible instruments	Not issued.

# Sundram Fasteners Limited

## 9. General Shareholder Information (Contd.)

14	Sub-division of Shares	Each equity share of face value of Rs 10 was subdivided into 10 equity shares of Re 1 each, effective 2nd February 2004. Following the sub-division and issue of bonus equity shares, there has been a significant increase in the number of shareholders.
15	Plant Locations	<u>Tamil Nadu</u> 1) Padi, Chennai 600 050, Chengleput District 2) Harita, Hosur 635 109, Krishnagiri District 3) Krishnapuram, Aviyur 626 160, Virudhunagar District 4) Mittamandagapet Village 605 106, Villupuram District 5) Velappanchavadi, Chennai 600 077 6) SIPCOT Industrial Complex, Gummidipoondi 601 021 7) Auto Ancillary SEZ, Mahindra World City, Natham Sub Post, Chengleput, Kancheepuram District 603 002 <u>Puducherry (Pondicherry)</u> 8) Korkadu, Nettapakkam Commune, Bahur Taluk Puducherry 605 110 <u>Andhra Pradesh</u> 9) Bonthapally Village 502 313, Medak District <u>Uttarakhand</u> 10) Pantnagar, Integrated Industrial Estate Rudrapur, Dist. Udam Singh Nagar Uttarakhand 263 153
16	Address for communication	Sundram Fasteners Limited 98A, 7th Floor, Dr Radhakrishnan Salai Mylapore, Chennai 600 004 Telephone: + 91-44-28478500 Extn. : 236 / 213 Fax: + 91-44-28478510 <b>E-mail: shanmugasundaram.b@corp.sfl.co.in</b> Shareholders holding shares in electronic form should address all their correspondence relating to change in address/ instructions regarding dividend etc. to their respective <b>Depository Participant (DP)</b> .
17	Compliance Officer	Sri V G Jaganathan Chief Financial Officer & Company Secretary 98A, 7th Floor, Dr Radhakrishnan Salai Mylapore, Chennai 600 004 Phone: + 91 - 44 - 28478500 Fax: + 91 - 44 - 28478510 E-mail: vgj@corp.sfl.co.in
18	Exclusive E-mail id for redressal of investor complaints	In terms of Clause 47(f) of the Listing Agreement, investors may use the following E-mail id for redressal of complaints : <b>investorshelpdesk@corp.sfl.co.in</b>
19	Website	<b>www.sundram.com</b>

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## 10. NON-MANDATORY REQUIREMENTS

### 1) The Board

All the Independent Directors contribute effectively to the business carried on by the Company. In view of the requirements of the Companies Act, 2013 and Clause 49 of the Listing Agreement, it is proposed to appoint Independent Directors for such period as specified in the Notice of the AGM.

### 2) Remuneration Committee

The remuneration package of Executive Directors viz. Chairman and Managing Director, Joint Managing Director, Deputy Managing Director are determined by the Board. As per the requirement under the Companies Act, 1956 / Companies Act, 2013, the Executive Directors neither participate in the discussion / meeting while discussing such transaction nor do they vote on such Resolutions while considering their remuneration package by the Board. In the opinion of the Board, there is no conflict of interest in determination of remuneration package to Executive Directors. The Company is in the process of constituting Nomination & Remuneration Committee as required Companies Act, 2013 and Clause 49 (IV) of the Listing Agreement.

### 3) Shareholder Rights

The quarterly / annual results, after they are taken on record by the Board of Directors, are forthwith sent to the Stock Exchanges with whom the Company has listing arrangements. The results, in prescribed proforma, are published in Business Line (English) and Makkal Kural (Tamil) newspapers.

### 4) Audit Qualification

There is no Audit Qualification by the Statutory Auditors.

### 5) Training of Board Members/Mechanism for evaluating non-executive Board Members

All the Non-executive (including independent) Directors are having rich experience and expertise in functional areas of manufacturing, operations, finance, sales and marketing. They are also members on the Board of other Companies. All of them actively take part in the deliberations at the Board Meetings and contribute effectively to the business. In the opinion of the Board, the Board members do not require any further training. At present, there is no mechanism for evaluating Non-Executive Board Members.

### 6) Whistle Blower Policy

The Company has a mechanism for employees to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of business conduct and ethics.

The Company is in the process of formulating a whistle blower policy as required under the Companies Act, 2013 and Clause 49 (II) (F) of the Listing Agreement.

## 11. Auditor's Certificate on Corporate Governance

As required by Clause 49 of the listing agreement, the Auditor's Certificate is given as an annexure to the Directors' Report.

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30th May 2014

### To the members of Sundram Fasteners Limited

#### DECLARATION TO THE MEMBERS PURSUANT TO CLAUSE 49(I)(D)(ii) OF THE LISTING AGREEMENT

I, Suresh Krishna, Chairman & Managing Director, hereby declare that all Board members and senior management personnel have affirmed compliance with the Code of Business Conduct and Ethics formulated by the Company for the financial year ended March 31, 2014.

#### SURESH KRISHNA

Chairman & Managing Director

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# Sundram Fasteners Limited

## Categories of Shareholding as on 31<sup>st</sup> March 2014

Category	Shares	% holding
Promoter Companies	104,085,280	49.53
Mutual Funds	23,634,314	11.25
Insurance Companies, Financial Institutions & Banks	18,642,539	8.87
Foreign Institutional Investors (FIIs)	2,672,066	1.27
Public / Private Limited Companies	4,241,828	2.02
Non-resident Indians & Foreign Nationals	958,137	0.46
Resident Individuals	55,894,206	26.60
<b>Total</b>	<b>210,128,370</b>	<b>100.00</b>

## Distribution of Shareholding as on 31<sup>st</sup> March 2014

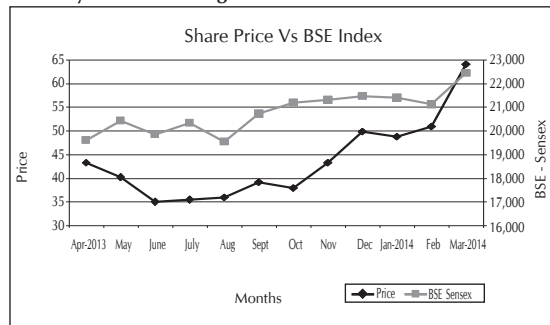
Number of Shares	Shareholders		No. of shares	
	Number	%	Number	%
Upto 100	12,437	31.02	685,834	0.33
101 - 250	6,534	16.30	1,186,547	0.56
251 - 500	6,338	15.81	2,536,680	1.21
501 - 1,000	4,336	10.82	3,530,525	1.68
1,001 - 5,000	8,839	22.05	21,502,724	10.23
5,001 - 10,000	1,019	2.54	7,344,329	3.50
10,001 and above	587	1.46	173,341,731	82.49
<b>Total</b>	<b>40,090</b>	<b>100.00</b>	<b>210,128,370</b>	<b>100.00</b>
Physical Mode	5,069	12.64	7,122,260	3.39
Demat Mode	35,021	87.36	203,006,110	96.61
<b>Total</b>	<b>40,090</b>	<b>100.00</b>	<b>210,128,370</b>	<b>100.00</b>

## Share Price Data

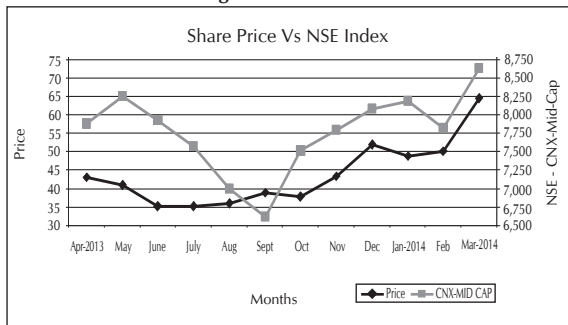
Month	Bombay Stock Exchange Ltd.				National Stock Exchange of India Ltd.			
	Price - Rs		Index - Sensex		Price - Rs		Index - CNX Mid Cap	
	High	Low	High	Low	High	Low	High	Low
April 2013	43.40	38.00	19,622.68	18,144.22	43.00	38.25	7,871.15	7,303.80
May 2013	40.25	33.05	20,443.62	19,451.26	40.80	32.80	8,242.65	7,737.00
June 2013	35.05	31.60	19,860.19	18,467.16	35.00	30.65	7,916.80	7,005.10
July 2013	35.50	32.05	20,351.06	19,126.82	35.00	30.65	7,567.95	6,693.95
August 2013	36.05	30.35	19,569.20	17,448.71	35.80	30.25	6,995.85	6,330.75
September 2013	39.25	32.40	20,739.69	18,166.17	38.80	32.40	7,205.85	6,530.35
October 2013	38.00	34.30	21,205.44	19,264.72	37.65	34.65	7,509.15	6,950.15
November 2013	43.40	36.15	21,321.53	20,137.67	43.30	36.20	7,791.75	7,394.10
December 2013	50.00	40.50	21,483.74	20,568.70	51.75	40.70	8,076.05	7,594.25
January 2014	48.90	42.25	21,409.66	20,343.78	48.80	42.25	8,181.25	7,346.70
February 2014	51.00	43.00	21,140.51	19,963.12	49.95	42.75	7,818.50	7,376.90
March 2014	64.20	47.25	22,467.21	20,920.98	64.25	47.50	8,623.95	7,752.45

Source: (Stock Exchange Website - [www.bseindia.com](http://www.bseindia.com), [www.nseindia.com](http://www.nseindia.com))

## Bombay Stock Exchange Ltd.



## National Stock Exchange of India Ltd.





## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SUNDRAM FASTENERS LIMITED FOR THE YEAR ENDED MARCH 31, 2014**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Sundram Fasteners Limited, Chennai ("the Company"), which comprise of Balance Sheet as at 31st March 2014, and the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date along with Notes to financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion and to the best of our information and according to the explanations furnished to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2014;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

**INDEPENDENT AUDITORS' REPORT (Contd.)**

2. As required by section 227(3) of the Act, we report that:
- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e) on the basis of written representations received from the directors as on 31st March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **SUNDARAM & SRINIVASAN**  
Chartered Accountants  
Regn. No. 004207S

Chennai  
May 30, 2014

**M BALASUBRAMANIAM**  
Partner  
Membership No. F7945

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## **Annexure referred to in para 1 of our report on other legal requirements of even date**

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification at reasonable intervals, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The Company has not disposed off substantial part of its fixed assets, which will affect the going concern status of the Company.
- (ii) (a) The inventory other than in transit has been physically verified at reasonable intervals during the year by the management. In our opinion, the frequency of such verification is adequate. In respect of inventory lying with third parties which have not been physically verified, there is a process of obtaining confirmation from such parties.
- (b) In our opinion and according to the information and explanations furnished to us, the procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion, the Company has maintained proper records of inventory. The discrepancies between the physical stocks and book stocks were not material and have been properly dealt with in the books of account.
- (iii) (a) During the year, the Company has not granted any loan to Company, firms or parties covered in the register maintained under Section 301 of the Act. However, the Company has received repayments amounting to Rs 670 lakhs towards loan balance due from a wholly owned subsidiary Company covered in the register maintained under Section 301 of the Act. The balance due at the year end after the repayment amounts to Rs 1180 lakhs.

The Company has waived interest due from subsidiary companies viz., Peiner Umformtechnik Germany and TVS Peiner Services, Germany amounting to Rs 363.49 lakhs and Rs 24.52 lakhs respectively.
- (b) In our opinion, the rate of interest and other terms and conditions on which such loan is made is not prima facie prejudicial to the interest of the Company.
- (c) The recovery of principal amount and interest thereon are in accordance with the terms of loan.
- (d) As on the date of Balance Sheet there was no overdue amount recoverable on the said loan.
- (e) The Company has not availed any loan secured or unsecured from Companies, firms or other parties covered in the Register maintained under Section 301 of the Act and accordingly paragraphs 4 (iii) (e), (f) and (g) are not applicable.
- (iv) In our opinion and according to the information and explanations furnished to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and for the sale of goods. During the course of our audit, no minor or major continuing failure has been noticed in the internal control procedures.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered in the register maintained in pursuance of Section 301 of the Act have been properly entered in the said register;

**Annexure referred to in para 1 of our report on other legal requirements of even date (Contd.)**

- (b) In our opinion and according to the information and explanations furnished to us, the transactions entered in the Register maintained under Section 301 of the Act and exceeding Rupees five Lakhs during the year in respect of each party have been made at prices which are reasonable having regard to prevailing market prices at the relevant time;
- (vi) The Company has not accepted any deposits from the public.
- (vii) The Company has an internal audit system which, in our opinion, is commensurate with the size and nature of its business;
- (viii) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government under Section 209 (1) (d) of the Act for maintenance of cost records and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of records with a view to determining whether they are accurate or complete.
- (ix) (a) According to the records provided to us, the Company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities. However, few delays were noticed in respect of remittance of Employees' State Insurance, Employees' Provident Fund, Income Tax Collected at Source, Income Tax Deducted at Source, Customs Duty, Works Contract Tax and Service Tax into Government and contribution to Tamilnadu Labour Welfare Fund.
- (b) According to the information and explanations furnished to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Cess were in arrears, as at 31st March 2014 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations furnished to us, the following are the details of the disputed Income Tax, Customs Duty, Sales Tax, Service Tax and Excise Duty that was not paid to the concerned authorities.

Nature of demand	Amount (Rs lakhs)	Forum where the dispute is pending
Income Tax	19.64	High Court of Judicature at Madras
Income Tax	359.41	Commissioner of Income Tax (Appeals)
Excise Duty	70.39	Customs, Excise & Service Tax Appellate Tribunal
Excise Duty	81.02	Commissioner (Appeals)
Excise Duty	2.54	High Court of Judicature at Madras
Property Tax	1.56	High Court of Judicature at Madras
Sales Tax/VAT	76.90	Joint Commissioner (Appeals) - Commercial Tax
Central Sales Tax	106.69	Sales Tax Appellate Tribunal
Service Tax	0.04	Assistant Commissioner
Service Tax	61.50	Customs, Excise & Service Tax Appellate Tribunal
Service Tax	59.45	Commissioner (Appeals)
Customs Duty	229.25	Customs, Excise & Service Tax Appellate Tribunal

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**Annexure referred to in para 1 of our report on other legal requirements of even date (Contd.)**

- (x) The Company neither has accumulated losses as at the end of the financial year nor has incurred cash losses during the financial year and in the immediately preceding year.
- (xi) According to the records of the Company examined by us and the information and explanations furnished to us by the management, the Company has not defaulted in repayment of dues to any financial institution or bank as at the balance sheet date.
- (xii) Based on our examination and according to the information and explanations furnished to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund/nidhi/ mutual benefit fund/ society and clause (xiii) of the Order is not applicable.
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments other than in the units of mutual funds. Proper records have been maintained in respect of these transactions and contracts and timely entries have been made therein.

The investments have been held by the Company in its own name except to the extent of exemption granted under Section 49 of the Act, in respect of shares held in subsidiary companies through the nominees.
- (xv) The Company has furnished guarantee to banks and financial institution for loans taken by Subsidiary Companies and also housing loans availed by its employees. The terms and conditions of such guarantees are not prejudicial to the interests of the Company.
- (xvi) In our opinion and according to the information and explanations furnished to us, the term loans have been applied for the purposes for which they have been obtained.
- (xvii) On the basis of our examination of the Balance sheet of the Company and according to the explanations furnished to us, in our opinion, funds raised on short term basis have not been used for long term investment.
- (xviii) The Company has not allotted any shares on preferential basis to parties and companies covered in the Register maintained under section 301 of the Act.
- (xix) The Company has not issued any secured debentures;
- (xx) The Company has not raised any money by issue of shares to the public.
- (xxi) During the course of examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations furnished to us by the management, no fraud on or by the Company has been noticed or reported during the course of audit.

For **SUNDARAM & SRINIVASAN**  
Chartered Accountants  
Regn. No. 004207S

**M BALASUBRAMANIAM**  
Partner  
Membership No. F7945

Chennai  
May 30, 2014

# Sundram Fasteners Limited

## BALANCE SHEET AS AT 31ST MARCH 2014

	Note	As at 31-3-2014	Rs lakhs As at 31-3-2013
<b>I EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital	1	2,101.28	2,101.28
(b) Reserves & Surplus	2	75,463.00	67,327.52
		77,564.28	69,428.80
<b>2. Non-Current Liabilities</b>			
(a) Long-Term Borrowings	3	22,896.51	28,815.06
(b) Deferred Tax Liabilities (Net)	4	9,100.88	9,034.31
(c) Long-Term Provisions	7	283.00	286.86
		32,280.39	38,136.23
<b>3. Current Liabilities</b>			
(a) Short-Term Borrowings	3	36,902.17	42,105.29
(b) Trade Payables	5	21,576.37	17,256.61
(c) Other Current Liabilities	6	12,832.85	14,537.94
(d) Short-Term Provisions	7	3,757.40	3,065.29
		75,068.79	76,965.13
Total		184,913.46	184,530.16
<b>II ASSETS</b>			
<b>1. Non-Current Assets</b>			
(a) Fixed Assets			
i) Tangible Assets	8	78,246.60	70,710.42
ii) Intangible Assets	8	—	52.52
iii) Capital work-in-progress	8	2,052.97	2,140.59
(b) Non-Current Investments	9	12,316.42	13,202.02
(c) Long-Term Loans and Advances	10	3,474.24	3,840.63
(d) Other Non-Current Assets	11	33.57	46.73
		96,123.80	89,992.91
<b>2. Current Assets</b>			
(a) Inventories	12	29,018.16	32,118.22
(b) Trade Receivables	13	40,576.56	43,292.13
(c) Cash and Cash Equivalents	14	920.55	1,058.81
(d) Short-Term Loans and Advances	10	17,826.77	17,869.64
(e) Other Current Assets	11	447.62	198.45
		88,789.66	94,537.25
Total		184,913.46	184,530.16
<hr/>			
<b>ARUNDATHI KRISHNA</b> Deputy Managing Director	<b>ARATHI KRISHNA</b> Joint Managing Director	<b>SURESH KRISHNA</b> Chairman & Managing Director As per our report annexed For <b>SUNDARAM &amp; SRINIVASAN</b> Chartered Accountants Regn. No. 004207S	
<b>V G JAGANATHAN</b> Chief Financial Officer & Company Secretary		<b>M BALASUBRAMANIAM</b> Partner Membership No. F7945	
Chennai May 30, 2014			

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2014

			Rs lakhs
	Note	Year ended 31-3-2014	Year ended 31-3-2013
I. Revenue from Operations	15	202,227.62	206,941.67
II. Other Income	16	4,871.94	2,630.12
III. Total Revenue [I + II]		<u>207,099.56</u>	<u>209,571.79</u>
IV. <b>EXPENSES</b>			
Cost of Materials Consumed	17	89,455.07	96,669.22
Changes in Inventories of Finished Goods, Work-in-Process and Stock-in-Trade	18	662.79	318.18
Employee Benefit Expense	19	21,823.08	20,191.10
Finance Costs	20	5,857.50	8,135.29
Depreciation and Amortization Expenses & Impairment losses	8	7,636.73	7,161.54
Other Expenses	21	64,675.09	64,029.96
Total Expenses		<u>190,110.26</u>	<u>196,505.29</u>
V. <b>Profit before exceptional and extraordinary items and tax (III - IV)</b>		16,989.30	13,066.50
VI. Exceptional Items [Refer Note No. 31 (5(i))]		1,000.00	(127.80)
VII. <b>Profit before extraordinary items and tax (V - VI)</b>		15,989.30	13,194.30
VIII. Extraordinary Items		-	-
IX. <b>Profit before tax (VII - VIII)</b>		15,989.30	13,194.30
X. Tax expense :			
1. Current Tax		3,833.50	3,582.04
2. Deferred Tax		66.57	103.30
3. Earlier years		-	2.71
XI. <b>Profit for the period from continuing operations (IX - X)</b>		12,089.23	9,506.25
XII. Profit / (Loss) from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. <b>Profit / (Loss) from Discontinuing operations (after tax) (XII - XIII)</b>		-	-
XV. <b>Profit for the period (XI + XIV)</b>		12,089.23	9,506.25
XVI. Earnings per equity share :			
1. Basic		5.75	4.52
2. Diluted		5.75	4.52
3. No. of Shares		210,128,370	210,128,370

**ARUNDATHI KRISHNA**  
Deputy Managing Director

**ARATHI KRISHNA**  
Joint Managing Director

**SURESH KRISHNA**  
Chairman & Managing Director  
As per our report annexed  
For **SUNDARAM & SRINIVASAN**  
Chartered Accountants  
Regn. No. 004207S

**V G JAGANATHAN**  
Chief Financial Officer & Company Secretary

**M BALASUBRAMANIAM**  
Partner  
Membership No. F7945

Chennai  
May 30, 2014

# Sundram Fasteners Limited

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

	Year ended 31-3-2014	Rs lakhs Year ended 31-3-2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax	15,989.30	13,194.30
Adjustments for:		
Depreciation	7,636.73	7,161.54
Provision for diminution in Investment	1,000.00	1,000.00
Interest expense (Net)	3,818.12	5,456.45
(Profit) / Loss on Sale of Investments	(84.06)	(102.85)
(Profit) / Loss on Sale of Assets (Net)	13.00	(1,129.66)
Dividend received	(1,135.61)	(310.88)
Unrealised Exchange (gain)/loss	2,050.81	542.17
	<u>13,298.99</u>	<u>12,616.77</u>
Operating Profit before Extra-ordinary items & Working Capital changes:	29,288.29	25,811.07
Adjustments for Changes in Working Capital:		
Trade and other receivables <sup>@</sup>	3,720.07	(1,726.52)
Inventories	3,100.06	279.47
Trade and other payables <sup>s</sup>	6,335.21	962.87
	<u>13,155.34</u>	<u>(484.18)</u>
Cash Generated From Operations	42,443.63	25,326.89
Less: Direct Taxes Paid (Net)	3,863.14	3,459.56
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>38,580.49</u>	<u>21,867.33</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(15,082.41)	(9,745.14)
Sale of Fixed Assets	36.64	2,098.12
Sale of Investments	62,234.06	67,414.79
Purchase of Investments	(62,264.40)	(67,250.99)
Interest received	499.17	699.15
Dividend received	1,135.61	310.88
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(13,441.33)</u>	<u>(6,473.19)</u>



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014 (Contd.)

	Year ended 31-3-2014	Rs lakhs Year ended 31-3-2013
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Term Loans raised during the year <sup>#</sup>	<b>2,087.40</b>	12,814.87
Term Loans repaid during the year	<b>(13,172.26)</b>	(15,283.16)
Proceeds from working capital loans(net of repayments)*	<b>(6,212.21)</b>	(2,876.47)
Capital Subsidy received	<b>30.00</b>	—
Interest paid	<b>(4,397.41)</b>	(6,254.78)
Dividend & Corporate Dividend Taxes Paid	<b>(3,626.10)</b>	(3,406.15)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(25,290.58)</b>	(15,005.69)
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)</b>	<b>(151.42)</b>	388.45
<b>CASH AND CASH EQUIVALENTS - Opening Balance</b>	<b>1,105.54</b>	717.09
<b>CASH AND CASH EQUIVALENTS - Closing Balance</b>	<b>954.12</b>	1,105.54
<b>Notes :</b>		
<b>CASH AND CASH EQUIVALENTS include</b>		
a) Cash and Cheques on hand	<b>676.47</b>	361.46
b) With Scheduled Banks:		
i) Current Account	<b>94.68</b>	560.44
ii) Deposit Accounts	<b>33.57</b>	46.73
iii) Dividend warrant Accounts	<b>149.40</b>	136.91
	<b>954.12</b>	1,105.54

<sup>#</sup> Excludes unrealised exchange Loss of Rs 1,890.41 lakhs on term loans (Last year Loss of Rs 993.65 lakhs)

<sup>\*</sup> Excludes unrealised exchange Loss of Rs 1,009.09 lakhs on other borrowings (Last year Loss of Rs 986.03 lakhs)

<sup>@</sup> Excludes unrealised exchange Gain of Rs 814.78 lakhs on Trade & other receivables (Last year Gain of Rs 1,327.61 lakhs)

<sup>\$</sup> Excludes unrealised exchange Gain of Rs 33.91 lakhs on Trade & other payables (Last year Gain of Rs 109.9 lakhs)

**ARUNDATHI KRISHNA**  
Deputy Managing Director

**ARATHI KRISHNA**  
Joint Managing Director

**SURESH KRISHNA**  
Chairman & Managing Director  
As per our report annexed  
For **SUNDARAM & SRINIVASAN**  
Chartered Accountants  
Regn. No. 004207S

**V G JAGANATHAN**  
Chief Financial Officer & Company Secretary

**M BALASUBRAMANIAM**  
Partner  
Membership No. F7945

Chennai  
May 30, 2014

# Sundram Fasteners Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2014

	As at 31-3-2014	Rs lakhs As at 31-3-2013
<b>1 SHARE CAPITAL</b>		
a) <b>Authorised</b>		
25,00,00,000 Equity Shares of Re 1 each	<u>2,500.00</u>	<u>2,500.00</u>
b) <b>Issued</b>		
21,01,28,370 Equity Shares of Re 1 each	<u>2,101.28</u>	<u>2,101.28</u>
c) <b>Subscribed and Paid-up</b>		
21,01,28,370 Equity Shares of Re 1 each fully paid-up	<u>2,101.28</u>	<u>2,101.28</u>

**d) Reconciliation of number of shares :**

Equity Shares	As at 31-3-2014		As at 31-3-2013	
	No. of shares	Value in Rs lakhs	No. of shares	Value in Rs lakhs
1 Balance at the beginning of the year	210,128,370	2,101.28	210,128,370	2,101.28
2 Add: Shares issued during the year	—	—	—	—
3 Bonus Shares issued during the year	—	—	—	—
4 Balance at the end of the year	210,128,370	2,101.28	210,128,370	2101.28

**e) Terms / rights attached to shares :**

The Company has only one class of equity shares having a par value of Re 1 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**f) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company**

Name of the Shareholder	As at 31-3-2014		As at 31-3-2013	
	No. of Shares	Shares as % of Total No. of Shares	No. of shares	Shares as % of Total No. of Shares
1. T V Sundram Iyengar & Sons Ltd., Madurai	53,312,000	25.37	53,312,000	25.37
2. Southern Roadways Limited, Madurai	50,773,280	24.16	50,773,280	24.16
Sub Total	104,085,280	49.53	104,085,280	49.53
3. Total No. of Equity Shares of the Company	210,128,370	100.00	210,128,370	100.00

**g) Bonus Shares / Buy Back / Shares for consideration other than cash issued during the period of five years immediately preceding the financial year ended 31<sup>st</sup> March 2014 :**

- Aggregate number of equity shares allotted as fully paid up pursuant to contracts without payment being received in cash : Nil
- Aggregate number of equity shares allotted as fully paid up by way of Bonus Shares : Nil.
- Aggregate number of equity shares bought back : Nil

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31-3-2014	Rs lakhs As at 31-3-2013
<b>2 RESERVES AND SURPLUS</b>		
<b>a) General Reserve</b>		
1. Balance as at the beginning of the year	59,974.96	54,974.96
2. Add : Transfer from Surplus in Statement profit and loss	7,500.00	5,000.00
Sub Total	67,474.96	59,974.96
3. Less : Amount utilized on issue of fully paid bonus shares	—	—
4. Balance as at the end of the year	67,474.96	59,974.96
<b>b) Capital Reserve</b>		
1. Balance as at the beginning of the year	—	—
2. Add : Capital Subsidy from state government	30.00	—
3. Balance as at the end of the year [1 + 2]	30.00	—
<b>c) Surplus in Statement of Profit and Loss</b>		
1. Balance as at the beginning of the period	7,352.56	6,269.74
2. Profit for the period	12,089.23	9,506.25
3. Balance available for appropriation (1 + 2)	19,441.79	15,775.99
<b>Appropriations :</b>		
4. Interim Dividend paid	1,470.90	1,260.77
5. Tax paid there on	192.98	195.94
6. Second Interim Dividend payable	2,101.28	1,681.03
7. Tax payable there on	227.38	289.98
8. Excess Provision for Dividend Tax written back	(8.79)	(4.29)
9. Transfer to General Reserve	7,500.00	5,000.00
10. Amount appropriated during the year	11,483.75	8,423.43
11. Balance at the end of the year (3-10)	7,958.04	7,352.56
<b>d) Total Reserves and Surplus (a + b + c)</b>	<b>75,463.00</b>	<b>67,327.52</b>

	Long-term / Non-current		Short-term / Current	
	As at 31-3-2014	As at 31-3-2013	As at 31-3-2014	As at 31-3-2013
<b>3 BORROWINGS</b>				
<b>a) Secured</b>				
i) Term Loans	20,896.51	26,815.06	—	—
ii) Working Capital Loans*	—	—	9,712.04	7,077.59
(A)	20,896.51	26,815.06	9,712.04	7,077.59
<b>b) Unsecured</b>				
i) Term Loans	2,000.00	2,000.00	—	—
ii) Working Capital Loans	—	—	27,190.13	35,027.70
(B)	2,000.00	2,000.00	27,190.13	35,027.70
Total (A + B)	22,896.51	28,815.06	36,902.17	42,105.29

\* Secured by hypothecation of current assets viz., stocks of raw materials, work-in-process and finished goods.

# Sundram Fasteners Limited

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Rs lakhs

### 3A LONG-TERM BORROWINGS - FROM BANKS - MATURITY PROFILE

Particulars	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
a) Term Loans - Secured*	11,208.50	3,696.00	2,996.00	2,996.01
b) Term Loans - Unsecured	2,000.00	–	–	–
Total	<b>13,208.50</b>	<b>3,696.00</b>	<b>2,996.00</b>	<b>2,996.01</b>

\* Secured by first charge on movable fixed assets, present and future.

### 4 DEFERRED TAX LIABILITY / ASSETS

#### a) Deferred Tax Liability

##### On Depreciation :

As per last Balance Sheet	<b>9,513.03</b>	9,382.97
For the current year (transferred from Statement of Profit & Loss)	<b>296.79</b>	130.06
Sub Total	<b>9,809.82</b>	9,513.03

#### b) Deferred Tax Asset :

##### i. On Provision for Leave Salary

As per last Balance Sheet	<b>(152.93)</b>	(152.28)
For the current year (transferred from Statement of Profit & Loss)	<b>(4.23)</b>	(0.65)

##### ii. Others

As per last Balance Sheet	<b>(325.79)</b>	(299.68)
For the current year (transferred from Statement of Profit & Loss)	<b>(225.99)</b>	(26.11)
Sub Total	<b>(708.94)</b>	(478.72)

#### c) Net Deferred Tax Liability (a + b)

<b>9,100.88</b>	9,034.31
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## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

		Rs lakhs	
		Long-term / Non-current	Short-term / Current
		As at 31-3-2014	As at 31-3-2013
		As at 31-3-2014	As at 31-3-2013
<b>5</b>	<b>TRADE PAYABLES</b>		
	Sundry Creditors for Goods Purchased / Services availed	—	—
		<u>21,576.37</u>	<u>17,256.61</u>
		<u>21,576.37</u>	<u>17,256.61</u>
	Trade Payables includes :		
a)	Total outstanding Dues of Micro, Small & Medium Enterprises (MSMEs) **	—	—
		<b>162.36</b>	186.80
b)	Total outstanding Dues of of creditors other than MSMEs	—	—
		<b>21,414.01</b>	<b>17,069.81</b>
	Total	<u>—</u>	<u>—</u>
		<b>21,576.37</b>	<b>17,256.61</b>
** Based on the information available with the Company in respect of Micro, Small & Medium Enterprises (as defined in 'The Micro, Small & Medium Enterprises Development Act, 2006'). The Company is generally regular in making payments of dues to such enterprises. Hence the question of payments of interest or provision towards belated payments does not arise.			
<b>6</b>	<b>OTHER LIABILITIES</b>		
a)	Current Maturities of Long-Term Debt	—	—
		<b>5,308.98</b>	8,584.88
b)	Interest accrued but not due	—	—
		<b>208.45</b>	288.58
c)	Unclaimed Dividend	—	—
		<b>149.40</b>	136.91
d)	Statutory Dues	—	—
		<b>623.90</b>	675.32
e)	Trade deposits	—	—
		<b>125.16</b>	21.02
f)	Unclaimed Wages & Salaries	—	—
		<b>25.40</b>	47.92
g)	Unclaimed Bonus	—	—
		<b>5.97</b>	4.07
h)	Bonus Payable	—	—
		<b>251.12</b>	212.18
i)	Outstanding Liabilities	—	—
		<b>5,818.26</b>	4,115.77
j)	Customer Advances	—	—
		<b>161.24</b>	288.45
k)	Non-Statutory dues	—	—
		<b>154.97</b>	162.84
	Total	<u>—</u>	<u>—</u>
		<b>12,832.85</b>	<b>14,537.94</b>
<b>7</b>	<b>PROVISIONS</b>		
(i)	<b>Employee Benefits</b>		
a)	Leave Salary	<b>283.00</b>	286.86
		<b>180.47</b>	164.16
b)	Gratuity	—	—
		<b>441.19</b>	481.63
(ii)	<b>Others</b>		
a)	Dividend payable	—	—
		<b>2,101.28</b>	1,681.03
b)	Dividend distribution tax payable	—	—
		<b>227.38</b>	289.98
c)	Expenses	—	—
		<b>807.08</b>	448.49
	Total	<u>283.00</u>	<u>286.86</u>
		<b>3,757.40</b>	<b>3,065.29</b>

# Sundram Fasteners Limited

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

### 8 FIXED ASETS - NON-CURRENT

Rs lakhs

Particulars	Tangible									Intangible	Total
	Aircraft*	Land - Free Hold	Land - Lease Hold	Buildings	Plant and Equip-ment#	Furniture & Fixtures	Office Equip-ment	Vehicles	Total	Technical Know-how	
<b>A Cost of Assets</b>											
As at 01-04-2013	720.99	3,988.77	738.19	13,616.31	101,111.29	625.43	1,913.78	411.73	123,126.49	490.38	123,616.87
Additions	-	-	-	1,379.19	13,545.44	73.72	165.26	6.42	15,170.03	-	15,170.03
Sales / Discards	-	-	-	-	(278.70)	(1.55)	(2.71)	(10.78)	(293.74)	-	(293.74)
Other Adjustments											
- Transfer	-	-	-	-	0.32	-	(0.32)	-	-	-	-
<b>As at 31-03-2014</b>	<b>720.99</b>	<b>3,988.77</b>	<b>738.19</b>	<b>14,995.50</b>	<b>114,378.35</b>	<b>697.60</b>	<b>2,076.01</b>	<b>407.37</b>	<b>138,002.78</b>	<b>490.38</b>	<b>138,493.16</b>
<b>B Depreciation / Amortization</b>											
As at 01-04-2013	94.25	-	45.39	3,455.22	47,017.67	409.37	1,252.87	141.30	52,416.07	437.86	52,853.93
For the year	40.38	-	6.38	445.41	6,850.11	25.36	157.43	35.46	7,560.53	52.52	7,613.05
Deduction on sale or discards	-	-	-	-	(233.45)	(1.26)	(1.87)	(7.52)	(244.10)	-	(244.10)
Other Adjustments											
- Transfer	-	-	-	-	0.04	-	(0.04)	-	-	-	-
- Impairment Loss for the year	-	-	-	-	23.68	-	-	-	23.68	-	23.68
<b>As at 31-03-2014</b>	<b>134.63</b>	<b>-</b>	<b>51.77</b>	<b>3,900.63</b>	<b>53,658.05</b>	<b>433.47</b>	<b>1,408.39</b>	<b>169.24</b>	<b>59,756.18</b>	<b>490.38</b>	<b>60,246.56</b>
<b>C Written Down Value</b>											
As at 31-03-2014	586.36	3,988.77	686.42	11,094.87	60,720.30	264.13	667.62	238.13	78,246.60	-	78,246.60
As at 31-03-2013	626.74	3,988.77	692.80	10,161.09	54,093.62	216.06	660.91	270.43	70,710.42	52.52	70,762.94
<b>D Capital Work-in-Progress</b>											
As at 31-03-2014	-	-	-	-	2,039.27	13.70	-	-	2,052.97	-	2,052.97
As at 31-03-2013	-	-	-	135.49	1,988.94	-	16.16	-	2,140.59	-	2,140.59

\* Jointly Owned [Vide Note No. 31 (27) (A)] on financial reporting of interest in Joint Ventures.

# Includes assets under operating lease to sub-contractors (Cost Rs 2,946.52 lakhs, Accumulated Depreciation Rs 1,629.21 lakhs, Written Down Value Rs 1,317.31 lakhs).

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

		Rs lakhs
	As at 31-3-2014	As at 31-3-2013
<b>9 INVESTMENTS</b>		
<b>1. Non-Trade (Valued at Cost unless otherwise stated)</b>		
<b>Quoted equity instruments</b>		
a) 75,000 Equity Shares of Rs 2 each in Housing Development Finance Corporation Limited, Mumbai	<b>0.94</b>	0.94
b) 2,500 Equity Shares of Rs 2 each in HDFC Bank Limited, Mumbai	<b>0.05</b>	0.05
c) 20,439 Equity Shares of Rs 10 each in IDBI Bank Limited, Mumbai	<b>9.23</b>	9.23
Sub Total	<b>10.22</b>	10.22
<b>Unquoted equity instruments</b>		
a) 1,25,000 Equity Shares of Rs 10 each in Madras Engineering Industries Private Limited, Chennai	<b>12.50</b>	12.50
b) 100 Shares of Rs 5 each in TVS- Co-operative Stores Limited, Madurai	<b>—</b>	—
Sub Total	<b>12.50</b>	12.50
Total of 1	<b>22.72</b>	22.72
<b>2. Trade - (Valued at Cost unless otherwise stated)</b>		
<b>Unquoted equity instruments / preference instruments / capital contribution</b>		
<b>Investment in subsidiaries</b>		
a) 24,90,000 Equity Shares of Rs 10 each in Sundram Fasteners Investments Limited, Chennai (extent holding - 100%)	<b>249.00</b>	249.00
b) 14,00,000 Equity Shares of £ 1 each fully paid up in Cramlington Precision Forge Limited, Northumberland, UK (extent holding - 100%)	<b>1,117.12</b>	1,117.12
5,00,000 6% Redeemable Preference shares of £ 1 each fully paid up in Cramlington Precision Forge Limited	<b>406.02</b>	406.02
c) 3,50,000 Ordinary Shares of RM 1 each in Sundram RBI Sdn. Bhd. Kuala Lumpur, (Formerly RBI Auto Parts Sdn. Bhd., Kuala Lumpur, Malaysia) (extent holding - 70%)	<b>68.00</b>	68.00
Less : Provision for diminution in value of investments [Vide Note No. 31 (13) (a)]	<b>(68.00)</b>	(68.00)
d) 53,20,000 Equity Shares of Rs 10 each in Sundram Bleistahl Limited, Chennai (extent holding - 76%)	<b>532.00</b>	532.00
e) 18,215 Shares of US \$ 10 each in Sundram International Inc., Michigan, USA (extent holding - 100%)	<b>81.46</b>	81.46
Less : Provision for diminution in value of investments [Vide Note No. 31 (13) (a)]	<b>(81.46)</b>	(81.46)
f) Purchase price of Equity Share Capital in Peiner Umformtechnik, GmbH, Peine, Federal Republic of Germany (extent holding - 100%)	<b>4,791.55</b>	4,791.55
Less : Provision for diminution in value of investments [Vide Note No. 31 (13) (a)]	<b>(2,000.00)</b>	(1,000.00)

# Sundram Fasteners Limited

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

		Rs lakhs	
		As at	As at
		31-3-2014	31-3-2013
<b>9 INVESTMENTS (Contd.)</b>			
g) Capital Contribution in PUT Grundstucks GmbH, Peine, Federal Republic of Germany (extent holding - 100%)		15.23	15.23
h) Capital Contribution in Sundram Fasteners (Zhejiang) Limited, Zhejiang, People's Republic of China (extent holding - 100%)		5,687.60	5,687.60
i) 1,18,99,674 Equity Shares of Rs 10 each in Upasana Engineering Limited, Chennai (extent holding - 100%)		1,191.70	1,191.70
j) 2,64,691 Equity Shares of Rs 10 each fully paid up in Sundram Non-Conventional Energy Systems Limited, Chennai (extent holding - 52.94%)		92.87	92.87
k) Capital Contribution in TVS Peiner Services, GmbH (Formerly Peiner Logistik, GmbH), Peine, Federal Republic of Germany (extent holding - 100%)		15.34	15.34
<b>Investment in Associate / Joint Venture</b>			
Capital Contribution in Windbolt, GmbH, Hohenstein-Ernstthal, Federal Republic of Germany (extent holding - 24.99%)		22.22	22.22
Total of 2		<u>12,120.65</u>	<u>13,120.65</u>
<b>3. Other Investments (Valued at Cost)</b>			
<b>Unquoted</b>			
<b>Investment in Venture Capital Fund</b>			
a) Venture Capital Fund - 3,626 Units of Rs 100 each in ICICI Emerging Sectors Fund, Bengaluru		3.63	3.63
<b>Investment in Equity Shares</b>			
a) 35 Shares of Rs 100 each (Rs 65 paid up) in The Adyar Property Holding Co. Ltd. [Vide Note No. 31 (29) (A) on Contingent Liabilities]		—	—
b) 5,788 Equity Shares of Rs 10 each (Class A) and 1,44,692 Equity Shares of Rs 10 each (Class B) in PPS Enviro Power Pvt. Ltd., Hyderabad*		54.99	54.99
c) 6,02,097 Equity Shares of Rs 10 each (Class A) in Beta Wind Farm Pvt. Limited, Chennai*		114.40	—
Total of 3		<u>173.02</u>	<u>58.62</u>
<b>4. Government Securities</b>			
a) Kisan Vikas Patra (Series Nos. 43AA 954864, 43AA 954863, 07EE053434)		0.03	0.03
Total (1 + 2 + 3 + 4)		<u>12,316.42</u>	<u>13,202.02</u>
<b>TOTAL INVESTMENTS</b>			
a) Aggregate Value of Quoted investments		10.22	10.22
b) Aggregate Value of Unquoted Investments		12,306.20	13,191.80
Total (a + b)		<u>12,316.42</u>	<u>13,202.02</u>
c) Aggregate provision for diminution in value of investments		2,149.46	1,149.46
d) Market Value of Quoted Investments		694.99	651.72

\* The right to sell / transfer these shares are subject to terms and conditions of shareholder agreement.



## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

		Rs lakhs	
		Non-current	Current
	As at	As at	As at
	31-3-2014	31-3-2013	31-3-2014
			As at
			31-3-2013
<b>10. LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD UNLESS STATED OTHERWISE)</b>			
A) Capital Advance	972.80	1,830.62	–
B) Security Deposits	1,524.00	1,363.48	–
C) Loans and Advances to Related Parties (refer note on related party)	–	–	11,044.48
D) Other Loans and Advances			10,735.59
Advance Income-tax (net of provision for taxation)	964.95	633.03	432.81
Prepaid Expenses	–	–	570.83
Loans / Advances to Employees*	12.49	13.50	244.54
Balance with statutory / government authorities	–	–	17.27
Advances to suppliers	–	–	829.49
Advances recoverable in Cash or in kind	–	–	4,687.35
Total (A + B + C + D)	3,474.24	3,840.63	17,826.77
* Includes Loans and Advances due from Officer			5.00
			4.75
<b>11 OTHER ASSETS (UNSECURED, CONSIDERED GOOD UNLESS STATED OTHERWISE)</b>			
a) Electricity Deposits	33.57	46.73	–
b) Interest receivable	–	–	447.62
Total (a + b)	33.57	46.73	447.62

# Sundram Fasteners Limited

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31-3-2014	Rs lakhs As at 31-3-2013
<b>12 INVENTORIES (VALUED AT LOWER OF COST AND NET REALIZABLE VALUE) *</b>		
a) Stores & Spares	1,202.20	1,241.35
b) Stores & Spares in Transit	—	1.71
c) Loose Tools	1,871.53	1,756.62
d) Loose Tools in Transit	—	4.61
e) Raw Materials and Components	7,081.22	9,489.66
f) Raw Materials and Components in Transit	1,141.20	1,227.59
g) Work-in-Process	7,066.73	9,662.26
h) Work-in-Process in Transit	30.49	41.37
i) Finished Goods	10,624.79	8,692.05
j) Goods in Transit	—	1.00
Total	<u>29,018.16</u>	<u>32,118.22</u>
* Certified by Chairman and Managing Director		
<b>13 TRADE RECEIVABLES</b>		
<b>A) Unsecured, considered good unless stated otherwise</b>		
i) Outstanding for a period exceeding 6 months from the date they are due for payment	29.20	7.83
ii) Other Receivables	40,547.36	43,284.30
Sub Total	<u>40,576.56</u>	<u>43,292.13</u>
<b>B) Doubtful</b>		
i) Others	4.26	21.54
Less : Provision for bad and doubtful debts	(4.26)	(21.54)
Sub Total	<u>—</u>	<u>—</u>
Total (A + B)	<u>40,576.56</u>	<u>43,292.13</u>
<b>14 CASH AND CASH EQUIVALENTS #</b>		
<b>a) Balances with Bank</b>		
i) Current Account	94.68	560.44
ii) Deposit Accounts*	33.57	46.73
iii) Other Deposits	—	—
iv) Earmarked balances with banks - Dividend Warrant Accounts	149.40	136.91
<b>b) Cheques / drafts on hand</b>	651.98	334.88
<b>c) Cash on hand</b>	24.49	26.58
	<u>954.12</u>	<u>1,105.54</u>
<b>d) *Deposits have been lodged with electricity board to meet the security deposit requirements, hence classified under other Non-current Bank Balance</b>	(33.57)	(46.73)
<b>e) Actual Balances with Bank</b>	<u>920.55</u>	<u>1,058.81</u>

#The details furnished above are current items and there are no non-current items.

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

		Rs lakhs	
		Year ended 31-3-2014	Year ended 31-3-2013
<b>15 REVENUE FROM OPERATION</b>			
a) <b>Sales of Products</b> (Refer Note 15A)			
Domestic Sales		137,514.74	151,144.39
Export Sales		76,075.30	67,825.24
Sub Total		<u>213,590.04</u>	<u>218,969.63</u>
b) <b>Sales of Service</b>			
Sub Contract Receipts		120.58	103.53
c) <b>Other Operating Revenues</b> (Refer Note 15B)		4,333.35	4,774.75
Sub Total (a + b + c)		<u>218,043.97</u>	<u>223,847.91</u>
Less : Excise Duty		15,816.35	16,906.24
Total		<u>202,227.62</u>	<u>206,941.67</u>
<b>15A DETAILS OF PRODUTS SOLD</b>			
a) High tensile fasteners		77,231.01	80,418.52
b) Automotive & other miscellaneous cold formed / extruded parts / precision formed gears		13,266.86	14,915.94
c) Powder metal parts		21,485.13	21,456.99
d) Iron powder		1,030.69	700.89
e) Radiator caps		5,910.40	5,580.29
f) Gear Shifters		415.67	662.82
g) Tyre Carriers		148.19	242.14
h) Hot and warm forged parts		2,058.16	1,434.77
i) Pump Assemblies (Water / Oil / Fuel Pumps)		37,404.05	41,857.13
j) Engine Components		32,740.67	36,575.71
k) Water / Oil Pumps Kits and Spares		4,062.69	1,594.65
l) Shafts		5,505.13	4,515.77
m) Hubs		7,203.65	5,869.19
n) Sprockets		3,411.42	2,649.71
o) Nozzle Ring Assembly		1,716.32	450.73
p) Others		—	44.38
Total		<u>213,590.04</u>	<u>218,969.63</u>
<b>15B OTHER OPERATING REVENUE</b>			
a) Scrap Sales		3,993.53	4,362.34
b) Lease Income		75.36	75.39
c) Export Incentives		264.46	337.02
Total		<u>4,333.35</u>	<u>4,774.75</u>
<b>16 OTHER INCOME</b>			
a) Interest Income on deposits		499.17	699.15
b) Net Foreign exchange gain (net off loss)		3,052.37	1,437.50
c) Dividends - Subsidiary Companies		1,125.23	289.72
d) Dividends - From Other Companies		10.38	21.16
e) Miscellaneous Income		78.23	46.89
f) Profit on Sale of Assets		22.50	36.01
g) Profit on Sale of Investments in Mutual Funds		84.06	99.69
Total		<u>4,871.94</u>	<u>2,630.12</u>

# Sundram Fasteners Limited

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

		Rs lakhs
	Year ended 31-3-2014	Year ended 31-3-2013
<b>17 RAW MATERIALS INCLUDING PACKING MATERIALS CONSUMED</b>		
Opening Stock of Raw Materials	9,489.66	9,325.60
Add : Purchase of Materials	87,046.63	96,833.28
Less : Closing Stock of Raw Materials	7,081.22	9,489.66
Total	<u>89,455.07</u>	<u>96,669.22</u>
<b>Consumption of Raw Material under Broad Head</b>		
a) Steel	43,567.35	55,773.03
b) Metal Powder	3,868.42	4,747.52
c) Aluminium Ingots	1,208.76	1,792.58
d) MS Scrap	2,993.01	2,688.43
e) Other Components	37,970.77	31,731.05
Sub Total	<u>89,608.31</u>	<u>96,732.61</u>
Less: Amount relating to research & Development Expenses	153.24	63.39
Consumption Total	<u>89,455.07</u>	<u>96,669.22</u>
<b>18 CHANGES IN INVENTORIES OF FINISHED GOODS, AND WORK-IN-PROCESS AND STOCK-IN-TRADE</b>		
A. Opening Stock :		
Work-in-Process	9,662.26	9,650.55
Finished Goods	8,692.05	9,021.94
Less : Excise Duty on Finished Goods	401.54	391.86
Sub Total	<u>17,952.77</u>	<u>18,280.63</u>
B. Less : Closing Stock :		
Work-in-Process	7,066.73	9,662.26
Finished Goods	10,624.79	8,692.05
Less : Excise Duty on Finished Goods	615.04	401.54
Sub Total	<u>17,076.48</u>	<u>17,952.77</u>
Total (A + B)	<u>876.29</u>	<u>327.86</u>
Add / (Less) : Excise Duty on opening and closing of Finished Goods (Net)	(213.50)	(9.68)
Total	<u>662.79</u>	<u>318.18</u>
<b>18A WORK-IN-PROCESS – UNDER BROAD HEADS</b>		
a) High tensile fasteners	2,793.98	5,231.88
b) Automotive & other miscellaneous cold formed / extruded parts / precision formed gears	591.72	819.81
c) Powder metal parts	706.85	727.06
d) Iron powder	145.65	34.21
e) Radiator caps	137.87	119.10
f) Gear shifters	11.51	15.85
g) Tyre carriers	3.06	2.79
h) Hot and warm forged parts	439.10	269.34
i) Pump Assemblies & Engine Components (Water / Oil / Fuel Pumps Kits & Spares)	1,237.37	1,802.95
j) Shafts, Hubs & Sprockets	954.09	624.97
k) Nozzle ring assembly	45.53	14.30
Total	<u>7,066.73</u>	<u>9,662.26</u>

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

		Rs lakhs
	Year ended 31-3-2014	Year ended 31-3-2013
<b>19 EMPLOYEE BENEFIT EXPENSES</b>		
a) Salaries, Wages, Bonus and Allowances	17,930.92	16,303.00
b) Leave travel assistance	104.06	187.04
c) Provident and Other Funds	1,592.39	1,601.97
d) Welfare expenses	2,195.71	2,099.09
Total	<u>21,823.08</u>	<u>20,191.10</u>
<b>20 FINANCE COST</b>		
a) Interest expense	3,033.48	3,839.07
b) Other borrowing costs	40.60	269.68
c) Applicable net loss on foreign currency transaction and translation including borrowing cost	2,783.42	4,026.54
Total	<u>5,857.50</u>	<u>8,135.29</u>
<b>21 OTHER EXPENSES</b>		
a) Stores and Tools consumed	21,333.08	22,595.52
b) Power & Fuel	11,145.34	11,915.82
c) Rent	641.20	601.18
d) Rates & Taxes (Excluding taxes on Income)	527.46	595.56
e) Insurance	540.20	525.23
f) Repairs & Maintenance - Building	1,457.38	1,497.79
g) Repairs & Maintenance - Plant & Equipment	2,156.93	2,107.76
h) Miscellaneous Expenses (Refer Note 22)	26,873.50	24,191.10
Total	<u>64,675.09</u>	<u>64,029.96</u>
<b>22 MISCELLANEOUS EXPENSES</b>		
a) Sub-contract expenses	13,445.19	13,184.28
b) Freight & Cartage Inward	1,383.70	1,526.33
c) Repairs & Maintenance - Other Assets	499.01	481.85
d) Commission on Sales	578.12	499.75
e) Directors' Sitting Fees	7.00	7.00
f) Remuneration to Auditors (Refer Note 23)	72.21	55.34
g) Loss on Sale of Assets	35.50	39.17
h) Research and Development Expenditure (Refer Note 27)	1,099.57	710.30
i) Freight & Cartage Outward	4,378.90	3,911.81
j) Travel Expenses	984.77	860.94
k) Postage & Telecom Expenses	293.85	302.22
l) Customer Claims - Warranty and Other Claims	631.04	157.26
m) Consultancy Fees	1,712.06	907.11
n) Sundry Expenses [Under this head there is no expenditure which is in excess of 1% of revenue from operations or Rs 1 lakhs whichever is higher]	1,752.58	1,547.74
Total	<u>26,873.50</u>	<u>24,191.10</u>

# Sundram Fasteners Limited

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

		Rs lakhs
	Year ended 31-3-2014	Year ended 31-3-2013
<b>23 REMUNERATION TO AUDITORS CONSIST OF</b>		
a) As Auditor	32.50	32.50
b) Taxation Matters	5.66	5.72
c) Company Law Matters	0.26	0.01
d) Other Services	16.10	7.00
e) Reimbursement of Expenses	17.69	10.11
Total	<u>72.21</u>	<u>55.34</u>
<b>24 CIF VALUE OF IMPORTS</b>		
a) Raw Materials	18,150.53	24,519.57
b) Components & Spare Parts	1,525.82	1,838.99
c) Capital Goods	6,890.49	3,076.94
d) Tool Steel, Tools, Gauges etc.	1,329.92	2,141.36
e) Others	12.96	50.50
Total	<u>27,909.72</u>	<u>31,627.36</u>
<b>25 EARNINGS IN FOREIGN EXCHANGE</b>		
a) FOB Value of Exports	76,075.30	67,825.24
b) Dividend income from overseas subsidiaries	992.88	210.31
c) Interest income from overseas subsidiaries	211.30	148.53
d) Others	396.80	120.67
Total	<u>77,676.28</u>	<u>68,304.75</u>
<b>26 EXPENDITURE IN FOREIGN CURRENCY</b>		
a) Agency Commission	42.72	37.24
b) Consultancy Fees	123.09	55.29
c) Interest on Foreign Currency Loans	1,359.59	1,716.62
d) Royalty	122.66	95.04
e) Others	1,731.48	819.32
Total	<u>3,379.54</u>	<u>2,723.51</u>

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

		Rs lakhs
	Year ended 31-3-2014	Year ended 31-3-2013
<b>27 DETAILS OF RESEARCH AND DEVELOPMENT EXPENDITURE *</b>		
i) Capital Expenditure	<b>351.77</b>	524.01
ii) Revenue Expenditure		
a) Raw Material and Components consumed	<b>153.24</b>	63.39
b) Salaries, Wages, Bonus and Allowances	<b>528.05</b>	384.83
c) Staff and Labour Welfare Expenses	<b>13.18</b>	4.75
d) Stores and Tools consumed	<b>279.54</b>	170.40
e) Travelling Expenses	<b>11.66</b>	17.74
f) Freight and Cartages	<b>0.08</b>	0.02
g) Sub-Contract Expenses	<b>39.69</b>	7.96
h) Repairs and Maintenance		
– Building	<b>1.17</b>	–
– Plant & Equipment	<b>10.38</b>	19.10
– Other Assets	<b>6.95</b>	9.51
i) Consultancy Fees	<b>4.86</b>	24.11
j) Software expenses	<b>40.09</b>	–
k) Other Expenses	<b>10.68</b>	8.49
Total Revenue Expenditure	<b>1,099.57</b>	710.30
iii) Total Research and Development Expenditures [(i) + (ii)]	<b>1,451.34</b>	1,234.31

\* All the above Research and Development Expenditures are incurred on projects approved by DSIR [Department of Scientific and Industrial Research].

## 28 DISCLOSURE IN RESPECT OF DERIVATIVE INSTRUMENTS

a) Derivative Instruments outstanding* :		
Forward Contracts	<b>32,183.63</b>	46,636.00
Principal Only Swap**	–	–
b) Foreign Currency exposures that are not hedged by derivative instruments :		
– Loans	<b>17,379.83</b>	17,919.23
– Interest on Foreign Currency Loans	<b>180.85</b>	223.00
– Others	<b>18,414.59</b>	14,004.31

\* The Company has entered into derivative contracts to hedge against exchange risk.

\*\* Hedged by means of Principal Only Swap from JPY to USD. USD-INR leg is unhedged and is included at (b) above.

# Sundram Fasteners Limited

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

### 29 VALUE OF IMPORTED AND INDIGENOUS RAW MATERIALS CONSUMED AND THEIR PERCENTAGE TO TOTAL CONSUMPTION

Rs lakhs				
	Year ended 31-3-2014		Year ended 31-3-2013	
	Value Rs in lakhs	% to total consumption	Value Rs in lakhs	% to total consumption
<b>A) Raw Materials, Components &amp; Finished Goods</b>				
<b>1. Imported :</b>				
a) Steel	9,325.22	10.41	14,851.00	15.40
b) Metal Powder	2,465.76	2.75	2,721.01	2.80
c) Aluminium Ingots	933.16	1.04	1,152.70	1.20
d) Other Components @	6,237.94	6.96	4,269.90	4.40
	<u>18,962.08</u>	<u>21.16</u>	<u>22,994.61</u>	<u>23.80</u>
<b>2. Indigenous :</b>				
a) Steel	34,242.13	38.21	40,922.03	42.30
b) Metal Powder*	1,402.65	1.57	2,026.51	2.00
c) Aluminium Ingots	275.59	0.31	639.88	0.70
d) Other Components @	31,732.85	35.41	27,461.15	28.40
e) M.S. Scrap	2,993.01	3.34	2,688.43	2.80
	<u>70,646.23</u>	<u>78.84</u>	<u>73,738.00</u>	<u>76.20</u>
	<u>89,608.31</u>	<u>100.00</u>	<u>96,732.61</u>	<u>100.00</u>
<b>B) Spares :</b>				
a) Imported	321.18	10.10	320.27	9.30
b) Indigenous	2,857.90	89.90	3,116.51	90.70
	<u>3,179.08</u>	<u>100.00</u>	<u>3,436.78</u>	<u>100.00</u>

@ Do not individually account for more than 10% of the total consumption.

\* The above particulars excludes inter unit transfers.

### 30 Figures for the previous year have been re-grouped, wherever necessary to conform to current year classification.



## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

### 31. Accounting policies / compliance of Accounting Standards issued by the Institute of Chartered Accountants of India

(1) **AS 1: Disclosure of accounting policies**

The accounts are maintained on accrual basis as a going concern.

(2) **AS 2: Valuation of inventories**

Inventories are valued at lower of cost or net realisable value. Cost is ascertained on weighted average basis in accordance with the method of valuation prescribed by the Institute of Chartered Accountants of India. Raw materials are valued at cost of purchase and includes all expenses incurred in bringing the materials to location of use. Work-in-process and finished goods include conversion costs in addition to the landed cost of raw materials.

(3) **AS 3: Cash flow statements**

Pursuant to the listing agreement with Stock Exchanges, Cash Flow Statement is attached to the Balance Sheet and Statement of Profit and Loss.

(4) **AS 4: Contingencies and Events occurring after the Balance Sheet date**

There are no significant events occurring after the Balance Sheet date that materially affect the financial statements for the current year.

(5) **AS 5: Net profit or loss for the period, prior period items and changes in accounting policies**

(i) **Net profit for the period**

All items of income and expense in the period are included in the determination of net profit for the period, unless specifically mentioned elsewhere in the financial statements or is required by an Accounting Standard. Following are the details of income and expenses in the period which are not in the normal course of the business.

	<u>2013-14</u>	<u>2012-13</u>
		Rs lakhs
a) Profit on sale of fixed assets	–	(1,596.07)
b) Loss on sale of fixed assets	–	471.43
c) Profit on sale of long term investments	–	(3.16)
d) Provision for diminution in value of investment	<b>1,000.00</b>	<b>1,000.00</b>
Total	<b><u>1,000.00</u></b>	<b><u>127.80</u></b>

(ii) **Prior period items**

a) Prior Period Income :

1) Sales	–	1.19
Total	<u>–</u>	<u>1.19</u>

b) Prior Period Expenses :

1) Raw materials consumption	<b>0.72</b>	0.77
2) Staff & Labour Welfare Expenses	<b>0.12</b>	1.17
3) Stores & Tools Consumed	<b>1.50</b>	0.05
4) Rates & Taxes	–	0.13
5) Freight & Cartage	<b>1.39</b>	1.21
6) Sub-Contract Expenses	<b>0.16</b>	7.55
7) Sales Discount	<b>2.01</b>	–
8) Repairs and Maintenance - Plant and Machinery	–	2.05
9) Repairs and Maintenance - Building	<b>0.58</b>	0.62
10) Others	<b>5.40</b>	13.10
Total	<b><u>11.88</u></b>	<b><u>26.65</u></b>

# Sundram Fasteners Limited

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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(6) **AS 6: Depreciation Accounting**

Depreciation is provided under Straight Line Method as per the Schedule XIV of the Companies Act, 1956, after identifying the units constituting continuous process plants for applying appropriate rates of depreciation. The specified period for assets as on April 1, 1993, has been calculated by allocating unamortised value as on that date as per the books over the recomputed specified period.

With respect to the assets of Autolec Division, Chennai acquired by the Company under the Scheme of Amalgamation, depreciation has been charged under Straight Line/ Written Down Value Method as follows:

- a) For Assets acquired before 31st March 1991, depreciation has been charged at Written down value Method as per Schedule XIV rates prevailing during that period.
- b) For assets acquired after 1st April 1991 but before 31st March 1993 depreciation has been charged at Straight Line Method as per Schedule XIV rates prevailing during that period.
- c) With regard to additions to assets after 1st April 1993, depreciation is charged on Straight Line Method at the new rates prescribed.

Cost of Leasehold lands are amortised over the period of lease.

Technical know-how fees is amortised over the agreement period.

(7) **AS 7: Accounting for Construction Contracts**

The above standard is not applicable to the Company as it is not engaged in the business of construction.

(8) **AS 8: Accounting for Research and Development**

This Standard was withdrawn with effect from 1-4-2003 consequent to Accounting Standard AS 26 on Accounting for Intangible Assets becoming mandatory.

(9) **AS 9: Revenue recognition**

Income of the company is derived from sale of products and includes excise duty and is net of sales returns, trade and cash discounts. Revenue is recognized when the risk and reward in the goods pass on to the customer. As per the terms of the contract with some customers, risk and reward pass on to them when the goods are dispatched to them through designated logistics. In other cases the risks and rewards pass on to them only when the goods were inwarded by them. Accordingly revenue is recognized at that point of time.

Direct Export sales are recognised on the basis of date of bills of lading and let export certification. Export benefits are recognised on post shipment basis.

The revenue and expenditure are accounted on a going concern basis.

Interest incomes/expenses are recognised using the time proportion method based on the rates implicit in the transaction.

Dividend income is recognised when the right to receive dividend is established.

(10) **AS 10: Accounting for fixed assets**

The gross blocks of fixed assets are disclosed at the cost of acquisition, which includes taxes, duties (net of excise duty credit availed) and other identifiable direct expenses incurred up to the date the asset is put to use.

Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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Details of expenditure incurred during construction and capitalized are as follows:

		Rs lakhs
	<b>2013-14</b>	<b>2012-13</b>
a) Raw Material Consumption	<b>377.93</b>	—
b) Salaries, Wages, Bonus & Allowance	<b>101.79</b>	—
c) Staff & Labour Welfare Expenses	<b>4.62</b>	—
d) Stores & Tools consumed	<b>692.43</b>	—
e) Power & Fuel	<b>127.83</b>	—
f) Rent	<b>1.56</b>	—
g) Rates & Taxes	<b>0.72</b>	—
h) Freight & Cartages	<b>76.27</b>	—
i) Exchange fluctuation	<b>(1.38)</b>	—
j) Repairs & Maintenance	<b>56.13</b>	—
k) Amortisation-Land	<b>1.60</b>	—
l) Travel expenses	<b>28.48</b>	—
m) Miscellaneous expenses	<b>130.13</b>	—
n) Sales	<b>(588.01)</b>	—

**(11) AS 11: Accounting for the effects of changes in foreign exchange rates**

Transactions on account of import of raw materials and other inputs are accounted based on the actual liability incurred if the transactions are settled within the accounting year. Such transactions not settled during the accounting year are accounted on rates prevailing on close of the accounting year.

Export sales are accounted at rates prevailing on the date of shipment (Transaction date). Exchange difference between the actual realization and value arrived based on the transaction rate are accounted as other income.

Non - monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of transaction.

Gain or loss arising due to repayment or restatement of liabilities incurred for the purpose of acquiring fixed assets have been recognised in the statement of profit and loss.

Net exchange difference is recognised in the Statement of Profit and Loss - gain of Rs 268.95 lakhs (Rs 2,589.04 lakhs loss in the previous year).

**(12) AS 12: Accounting for Government grants**

Lump sum capital subsidies, not relating to any specific fixed asset, received from state governments for setting up new projects are accounted as capital reserve.

During the year, the Company has received Rs 30 lakhs from state government of Uttarakhand as special capital subsidy, for setting up an industrial undertaking in the state. The capital subsidy received has been credited to capital reserve.

**(13) AS 13: Accounting for Investments**

(a) Investments are accounted at the cost of acquisition which includes stamp fees, etc. All the investments are long term investments. Diminution in the market value of long term investments is provided for only when there is a permanent diminution in the value of such investments.

# Sundram Fasteners Limited

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Provision for diminution in value of investments stands as follows:

		Rs lakhs
	<b>2013-14</b>	<b>2012-13</b>
i) Sundram International Inc, Michigan, USA	<b>81.46</b>	81.46
ii) Sundram RBI Sdn. Bhd, Kuala Lumpur, Malaysia	<b>68.00</b>	68.00
iii) Peiner Umformtechnik, GmbH, Peine, Germany	<b>2,000.00</b>	1,000.00
Total	<b>2,149.46</b>	1,149.46

- (b) The investments have been held by the Company in its own name except to the extent of exemption granted under Section 49 of the Act, in respect of shares held in subsidiary companies through the nominees.

### (14) AS 14: Accounting for amalgamations

This standard is not applicable as there was no amalgamation during the year.

### (15) AS 15: Accounting for Employee Benefits

#### (A) Defined Contribution Plan

- Contribution to Provident Fund is in the nature of defined contribution plan and are made to a recognised fund.
- Contribution to Superannuation Fund is in the nature of defined contribution plan and is remitted to Life Insurance Corporation of India in accordance with the scheme framed by the Corporation.
- Contribution to Defined Contribution Plan, recognised as expense for the year are as under:
  - Employer's Contribution to Provident Fund during the year Rs 918.53 lakhs previous year Rs 887.74 lakhs
  - Employer's Contribution to Superannuation Fund during the year Rs 75.96 lakhs previous year Rs 76.63 lakhs.

#### (B) Defined Benefit Plan

##### (i) Provident Fund

The Provident Fund being administered by a Trust is a defined benefit scheme whereby the Company deposits an amount determined as a fixed percentage of basic pay to the fund every month. The benefit vests upon commencement of employment. The interest credited to the accounts of the employees is adjusted on an annual basis to conform to the interest rate declared by the Government for the Employees Provident fund. The Guidance Note on implementing AS-15, Employee Benefits (Revised 2005) issued by the Accounting Standard Board (ASB) states that, interest shortfall in respect of provident fund set up by employers are to be met by employer and hence such fund need to be treated as defined benefit plan. The net liability due to interest shortfall determined under paragraphs 58 & 59 of AS-15 (Revised) amounting to NIL (Rs 19.08 lakhs) has been provided for.

##### (ii) Gratuity

Retirement benefit in the form of Gratuity Liability (being administered by Life Insurance Corporation of India) is a defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of each financial year.

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

The following tables summarise the components of net benefit expenses recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the Gratuity.

		Rs lakhs
	<u>2013-14</u>	<u>2012-13</u>
<b>1) Statement of Profit and Loss</b>		
<b>Net employee benefit expense (recognised in Employee Cost)</b>		
Current Service cost	<b>198.91</b>	185.44
Interest cost on benefit obligation	<b>243.45</b>	203.51
Expected return on plan assets	<b>(218.30)</b>	(179.84)
Net actuarial loss recognised in the year	<b>224.27</b>	288.39
Past service cost	–	–
Liability not accounted as on March 31, 2014	–	–
<b>Net benefit expense</b>	<b><u>448.33</u></b>	<u>497.50</u>
<b>Actual return on plan assets</b>	<b>218.30</b>	179.84
<b>2) Balance sheet</b>		
<b>Details of Provision for Gratuity</b>		
Defined benefit obligation	<b>3,221.21</b>	2,700.95
Fair value of plan assets	<b>(2,773.73)</b>	(2,218.47)
Less: Unrecognised past service cost	–	–
Less: Liability not funded as on March 31, 2014	–	–
<b>Plan Liability (adjusted from operating revenue/retained earning)</b>	<b><u>447.48</u></b>	<u>482.48</u>
<b>3) Changes in present value of the defined benefit obligation are as follows:</b>		
Defined benefit obligation as at April 1, 2013	<b>2,700.95</b>	2,302.12
Interest cost	<b>243.45</b>	203.51
Current service cost	<b>198.91</b>	185.44
Benefits paid	<b>(130.65)</b>	(241.74)
Actuarial loss on obligation	<b>208.55</b>	251.62
<b>Defined benefit obligation as at March 31, 2014</b>	<b><u>3,221.21</u></b>	<u>2,700.95</u>
<b>4) Changes in the fair value of plan assets are as follows:</b>		
Fair value of plan assets as at April 1, 2013	<b>2,218.47</b>	1,923.57
Expected return	<b>218.30</b>	179.84
Contribution by employer	<b>480.91</b>	378.54
Benefits paid	<b>(130.65)</b>	(241.74)
Actuarial gain	<b>(13.30)</b>	(21.74)
<b>Fair value of plan assets as at March 31, 2014</b>	<b><u>2,773.73</u></b>	<u>2,218.47</u>

# Sundram Fasteners Limited

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	2013-14	Rs lakhs 2012-13
The major categories of plan assets as a percentage of the fair value of total plan assets are as follows :	%	%
Investment with insurer	99.95	99.95
Investment in Government Bonds	—	—
Bank Balance	0.05	0.05
Total	100.00	100.00

The principal plan assets consists of a scheme of insurance taken by the Trust, which is a qualifying policy. Break down of individual investments that comprise the total plan assets is not supplied by the insurer.

### (iii) Leave Salary - Compensated Absences

The Company also extends defined benefit plans in the form of Compensated absences to employees. Provision for Compensated absences is made on actuarial valuation basis.

The Employee Benefits towards Compensated absences are provided based on actuarial valuation made at the end of the year.

Employee benefits towards Compensated absences recognised in the Statement of Profit and Loss are as follows:

	2013-14	Rs lakhs 2012-13
(a) Current service cost	30.86	45.15
(b) Interest cost	34.97	33.40
(c) Net actuarial (gain) / loss	(36.18)	(12.71)
Total	29.65	65.84

### Actuarial Assumptions:

The Principal assumptions used in determining gratuity benefit obligation and determining company's liability towards employee benefits under Compensated absences are furnished below:

	%	%
Discount rate - Gratuity	9.00	9.35
Discount rate - Leave Salary	9.00	7.90

The estimates of future salary increases, considered in actuarial valuation taking into account of inflation, seniority, promotion, attrition and relevant factors, such as supply and demand in the employment market.

### (16) AS 16: Borrowing costs

Interest on borrowings to finance fixed assets are capitalised only if the borrowing costs are attributable to the acquisition of fixed assets that take a substantial period of time to get ready for its intended use. Expenditure incurred on alteration / temporary constructions is charged off as expenditure under appropriate heads of expenditure in Statement of Profit and Loss in the year in which it is incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

There is no borrowing cost capitalised during the year.

### (17) AS 17: Segment reporting

The Company operates in the same segment which are subject to similar risks and returns.

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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### (18) AS 18: Related party disclosures

#### **Related Parties :**

#### **(I) Where Control exists:**

##### **(A) Subsidiary Companies**

##### **Domestic Subsidiaries**

1. Sundram Fasteners Investments Ltd., Chennai,
2. Upasana Engineering Ltd., Chennai,
3. Sundram Non-Conventional Energy Systems Ltd., Chennai,
4. Sundram Bleistahl Ltd, Chennai.

##### **Foreign Subsidiaries**

1. Cramlington Precision Forge Ltd., Northumberland, United Kingdom,
2. Sundram RBI Sdn. Bhd, Kuala Lumpur, Malaysia,
3. Sundram Fasteners (Zhejiang) Ltd., Zhejiang Peoples Republic of China,
4. Sundram International Inc, Michigan, USA,
5. TVS Peiner Services, GmbH (formerly Peiner Logistik GmbH), Peine, Federal Republic of Germany,
6. Peiner Umformtechnik GmbH, Peine, Federal Republic of Germany and
7. PUT Grundstücks GmbH, Peine, Federal Republic of Germany.

##### **(B) Associate**

1. TVS Infotech Ltd., Chennai,
2. TVS Infotech Inc, Michigan, USA (Subsidiary of associate),
3. TV Sundram Iyengar & Sons Ltd., Madurai and
4. Southern Roadways Ltd., Madurai

##### **(C) Joint Venture**

Windbolt GmbH, Germany

#### **(II) Other Related Parties with whom transactions have been entered into during the year :**

##### **(A) Key Management Personnel**

Mr Suresh Krishna,  
Ms Arathi Krishna and  
Ms Arundathi Krishna

##### **(B) Relatives of Key Management Personnel**

Ms Usha Krishna and  
Ms Preethi Krishna

##### **(C) Enterprise in which Key Management Personnel have significant influence**

Upasana Finance Limited, Chennai

# Sundram Fasteners Limited

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

### (III) Transactions with related parties referred in (I) and (II) above, in ordinary course of business:

Rs lakhs

Nature of transaction	Subsidiary Companies	Associate	Joint Venture	Key Management Personnel	Relatives of Key Management Personnel	Enterprise in which key management personnel have significant influence
<b>Purchases</b>						
Goods and Materials	<b>1,054.08</b> (1,528.23)	<b>2.30</b> (121.97)	— —	— —	— —	— —
Fixed Assets	<b>25.87</b> —	— —	— —	— —	— —	— —
<b>Sales</b>						
Goods and Materials	<b>1,332.17</b> (588.18)	<b>8,642.27</b> (8,277.68)	— —	— —	— —	— —
<b>Services</b>						
Rendered	<b>91.54</b> (98.81)	— —	— —	— —	— —	— —
Received	<b>536.58</b> (277.24)	<b>199.43</b> (694.79)	— —	— —	— —	<b>39.38</b> (37.42)
<b>Finance*</b>						
Inter Corporate Deposit	<b>2,092.64</b> (6,148.20)	— —	— (347.45)	— —	— —	— —
Interest on Inter Corporate Deposit	<b>191.15</b> (185.57)	— —	<b>192.58</b> (148.53)	— —	— —	— —
Dividend Received	<b>1,125.23</b> (289.72)	— —	— —	— —	— —	— —
Dividend Paid	— —	<b>1,561.28</b> (1,457.19)	— —	— —	— —	— —
<b>Others</b>						
Leasing or hire purchase arrangements	<b>74.24</b> (67.94)	— —	— —	<b>19.20</b> (19.20)	<b>6.20</b> (6.20)	— —
Guarantees & Collaterals	<b>946.65</b> (1,013.40)	— —	— —	— —	— —	— —
Management contracts, including deputation of employees	<b>10.74</b> —	— —	— —	<b>1,180.54</b> (793.92)	— —	— —
<b>Outstanding balances</b>						
Due to the Company	<b>9,071.60</b> (8,836.81)	<b>698.97</b> (692.39)	<b>2,839.83</b> (2,061.54)	— —	— —	— —
Due by the Company	<b>248.94</b> (137.75)	— (16.59)	— —	<b>900.00</b> (525.00)	— —	— —

\* Finance includes loans  
(Previous year figures are in brackets)



## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	<u>2013-14</u>	<u>Rs lakhs</u> <u>2012-13</u>
<b>(IV) Transactions with related parties required to be disclosed pursuant to listing agreement:</b>		
<b>Loans and advances (without repayment schedule) given to Subsidiaries:</b>		
(i) Sundram Fasteners Investments Limited, Chennai [maximum outstanding during the year - Rs 1,064.54 lakhs (Rs 1,209.11 lakhs) (includes interest free loan of Rs 572.04 lakhs (Rs 952.50 lakhs))]	<b>979.54</b>	906.50
(ii) Sundram Bleistahl Limited, Chennai [maximum outstanding during the year Rs 434.71 lakhs (Rs 684.53 lakhs)]	–	303.26
(iii) Upasana Engineering Limited, Chennai [maximum outstanding during the year Rs 1,850.00 lakhs (Rs 2,300.00 lakhs)]	<b>1,180.00</b>	1,850.00
(iv) TVS Peiner Services GmbH, Peine, Germany [maximum outstanding during the year Rs 123.45 lakhs (Rs 451.69 lakhs)]	<b>658.40</b>	451.69
(v) Sundram International Inc. Michigan, USA [maximum outstanding during the year Rs 23.96 lakhs (Rs 20.36 lakhs)]	<b>23.96</b>	20.36
(vi) Peiner Umformtechnik GmbH, Peine, Germany [maximum outstanding during the year - Rs 6,167.34 lakhs (Rs 5,142.26 lakhs)]	<b>5,761.00</b>	5,142.26
<b>(19) AS 19: Accounting for Leases</b>		
The company has entered into lease agreements for a period up to five years, which are in the nature of operating leases as defined in the Accounting Standard prescribed by the Institute of Chartered Accountants of India.		
(a) Future minimum lease payments under non cancellable operating leases in respect of lease agreements entered into on or after 01.04.2001:		
Upto One year	<b>55.84</b>	45.91
One to Five years	<b>85.19</b>	95.18
Total	<b>141.03</b>	141.09
(b) During the year Rs 448.45 lakhs(Rs 429.06 lakhs) of Lease payments recognised in the statement of profit and loss, in respect of operating lease agreements entered into on or after 01.04.2001 as well as share of lease rent for aircraft under joint ownership.		

# Sundram Fasteners Limited

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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(c) Significant Leasing arrangements :

The Company has entered into leasing arrangements in respect of vehicles and data processing equipments.

(i) Basis of determining contingent rent :

Contingent rents are payable for excessive, improper or unauthorised use of the asset, beyond the terms of the lease agreement, prejudicially affecting the resale value of the asset, either by way of increase in lease rentals or by way of lump-sum amount, as agreed between the parties.

(ii) Renewal / purchase options and escalation clauses :

Lease agreements are renewable for further period or periods on terms and conditions mutually agreed between the parties. Variations in lease rentals are made in the event of a change in the basis of computation of lease rentals by the lessor.

(iii) There are no restrictions imposed by the lease arrangements, concerning dividends, additional debt and further leasing.

(20) **AS 20: Earnings per share**

Basic earnings per share are disclosed in the Statement of Profit and Loss. There is no diluted earnings per share as there are no dilutive potential equity shares.

Particulars	2013-14	2012-13
Basic / Diluted EPS before considering Extra-ordinary items (Rs)	5.75	4.52
Basic / Diluted EPS after considering Extra-ordinary items (Rs)	5.75	4.52
Weighted average number of shares	21,01,28,370	21,01,28,370
Face Value per share (fully paid up)	Re 1	Re 1

(21) **AS 21: Consolidated financial statements**

Consolidated financial statements of the Company and its subsidiaries, viz.

**Domestic Subsidiaries**

1. Sundram Fasteners Investments Ltd., Chennai, 2. Upasana Engineering Ltd., Chennai, 3. Sundram Non-Conventional Energy Systems Ltd., Chennai, 4. Sundram Bleistahl Ltd, Chennai.

**Foreign Subsidiaries**

1. Cramlington Precision Forge Ltd., Northumberland, United Kingdom, 2. Sundram RBI Sdn. Bhd, Kuala Lumpur, Malaysia, 3. Sundram Fasteners (Zhejiang) Ltd., Zhejiang Peoples Republic of China, 4. Sundram International Inc, Michigan, USA, 5. TVS Peiner Services, GmbH (formerly Peiner Logistik GmbH), Peine, Federal Republic of Germany, 6. Peiner Umformtechnik GmbH, Peine, Federal Republic of Germany, 7. PUT Grundstücks GmbH, Peine, Federal Republic of Germany are annexed.

(22) **AS 22: Accounting for taxes on income**

Refer Note 4 to the Accounts

Tax expense comprises of current and deferred. Current income tax is measured as the amount expected to be paid to the tax authorities in accordance with the Indian Income tax Act, 1961. Deferred income taxes

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

The company reviews carrying amount of deferred tax assets at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

(23) **AS 23: Accounting for Investments in associates in Consolidated Financial Statements**

TVS Infotech Limited, Chennai and TVS Infotech Inc, Michigan, USA (formerly TVS International Inc) are associates of the Company and have been considered in the preparation of the Consolidated Financial Statements of the Company.

(24) **AS 24: Discontinuing Operations**

The Company has not discontinued any operations during the year.

(25) **AS 25: Interim Financial Reporting**

Quarterly financial results are published in accordance with the guidelines given by SEBI. The recognition and measurement principles as laid down in the standard are followed with respect to such results. The Quarterly results are also subject to a limited review by the auditors as required by SEBI.

(26) **AS 26: Intangible Assets**

The Company has not acquired any intangible asset during the year. With respect to fees paid for acquiring Technical Know how before 01-04-2003, the amount capitalised has been amortised over the currency of the collaboration agreement.

The company had entered into a Technical agreement for manufacture of tappets, the Technical Know how fees paid for acquiring Technical Know how has been grouped under Technical Know how fees.

(27) **AS 27: Financial Reporting of Interests in Joint Ventures**

A) The Company has entered into joint venture agreements with T V Sundram Iyengar and Sons Limited, Madurai and The Ramco Cements Limited, Chennai (formerly known as Madras Cements Limited, Chennai) for utilisation of Aircraft for business purposes. The agreement involves joint control and ownership of the aircraft by the ventures. The Company's share of jointly controlled asset and expenditure have been recognised in the books of accounts as detailed below :

**Information on Joint Venture**

i) Jointly Controlling entities with reporting entity

Sl No.	Name of the Joint Venturers	Country of Incorporation	Share of Ownership interest
1	T V Sundram Iyengar & Sons Ltd., Madurai	India	1/3
2	The Ramco Cements Limited, Chennai (Formerly known as Madras Cements Ltd., Chennai)	India	1/3

# Sundram Fasteners Limited

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

		Rs lakhs
	<u>2013-14</u>	<u>2012-13</u>
ii) <b>Share of Interest in the transactions with respect to Jointly Controlled entities</b>		
<b>A) Assets</b>		
WDV of Aircraft	586.37	626.74
Current Assets - Advances	–	27.59
Current Assets - Deposits	125.58	125.58
<b>B) Liabilities</b>		
<b>Current liabilities and provisions</b>		
Current liabilities	36.13	88.21
<b>C) Income</b>	–	–
<b>D) Expenditure</b>		
Subscription	–	1.82
Consultancy fees	123.22	123.08
Travelling Expenses	9.97	16.73
Postage, Courier and Telephone charges	0.66	0.45
Insurance	6.38	7.99
Lease Rent	230.50	194.93
Aircraft Maintenance	175.68	199.50
Bank Charges	0.40	0.03
Legal Expenses	–	0.04
Sundry Expenses	1.85	0.89
Depreciation	40.38	40.38

- B) The Company has participated in capital contribution of 24.99% in Windbolt GmbH along with Mr. Wolfgang Walter Naumann. The scheme of capital contribution is accounted at cost (Vide Note No.9).

### (28) AS 28: Impairment of Assets

At the Balance Sheet date, an assessment is done to determine whether there is any indication of impairment in the carrying amount of the Company's fixed assets. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. After recognition of impairment loss, the depreciation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value if any, on straight line basis over its remaining useful life.

During the year Rs. 23.68 Lakhs (Nil for the previous year) accounted for impairment loss.

		Rs lakhs
	<u>2013-14</u>	<u>2012-13</u>
<b>(29) AS 29: Provisions, Contingent Liabilities and Contingent Assets</b>		
<b>(i) Contingent Liabilities :</b>		
a) On Letters of Guarantee	<b>946.65</b>	1,135.26
b) On Letters of Credit	<b>65.87</b>	212.05
c) On Guarantee issued to Housing Development Finance Corporation on behalf of employees	—	—
d) On partly paid shares of The Adyar Property Holding Co. Ltd.	<b>0.01</b>	0.01
e) The Company has given guarantees to fulfil various obligations of Cramlington Precision Forge Limited, UK and Sundram Fasteners (Zhejiang) Limited, China wholly owned subsidiaries of the Company, the amount of which is to the extent of non fulfilment of obligations of the subsidiaries which is not ascertainable.		
<b>(ii) Liabilities disputed and not provided for :</b>		
a) Sales Tax / entry tax - under appeal	<b>1,017.76</b>	1,663.53
b) Excise Duty / Customs Duty / Service Tax - under appeal	<b>504.19</b>	190.14
c) Income-tax - under appeal	<b>65.63</b>	52.34
d) Others	<b>1.56</b>	50.67
<b>(iii) Estimated amount of contracts remaining to be executed on capital account and not provided for</b>	<b>4,334.89</b>	6,910.71
<b>(iv) Contingent Assets :</b>		
Claim of additional compensation against land acquisition	<b>23.29</b>	23.29
<b>(30) AS 30 : Financial Instruments : Recognition and Measurement</b>		
a) AS 30 was issued by the Institute of Chartered Accountants of India (ICAI) in 2007 but has not yet been notified by the Government under Section 211(3C) of the Companies Act,1956.		
b) The Institute of Chartered Accountants of India has clarified that to the extent of accounting treatments covered by any of the existing notified accounting standards (for eg. AS 11, AS 13 etc,) the existing accounting standards would continue to prevail over AS 30.		
c) Since the company follows the accounting treatment specified in the AS 30 through the accounting treatment under existing accounting standards i.e AS 11 & AS 13 etc, AS 30 is not followed.		
<b>ARUNDATHI KRISHNA</b> Deputy Managing Director	<b>ARATHI KRISHNA</b> Joint Managing Director	<b>SURESH KRISHNA</b> Chairman & Managing Director As per our report annexed For <b>SUNDARAM &amp; SRINIVASAN</b> Chartered Accountants Regn. No. 004207S
<b>V G JAGANATHAN</b> Chief Financial Officer & Company Secretary		<b>M BALASUBRAMANIAM</b> Partner Membership No. F7945
Chennai May 30, 2014		

# Sundram Fasteners Limited

## STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Particulars	Sundram Fasteners Investments Limited, India	Cramlington Precision Forge Limited, United Kingdom	Sundram RBI Sdn. Bhd., Malaysia	Sundram International Inc Michigan, USA
1 No. of shares issued by the subsidiary: Equity / Ordinary / Common Shares  6% Preference Shares	24,90,000 shares of Rs 10 each	14,00,000 ordinary shares of GBP 1 each  5,00,000 shares of GBP 1 each	5,00,000 ordinary shares of MYR 1 each	18,215 shares of US \$10 each
2 No. of shares held by the Company: Equity / Ordinary / Common Shares	24,90,000	14,00,000 5,00,000	3,50,000	18,215
3 Number of equity shares held by subsidiary company	Not applicable	Not applicable	Not applicable	Not applicable
4 Financial period of the subsidiary	01/04/2013 to 31/03/2014	01/01/2013 to 31/12/2013	01/04/2013 to 31/03/2014	01/04/2013 to 31/03/2014
5 Net aggregate amount of the subsidiary's profits/(losses) not dealt with in the holding company's accounts (Rs lakhs)				
i) For the financial year of the subsidiary	Rs 1.70 lakhs	GBP 855,824 Rs 739.03 lakhs		(US \$ 10,972) (Rs 5.62 lakhs)
ii) For the previous financial years	Rs 185.53 lakhs	GBP 645,601 Rs 532.06 lakhs	(MYR 3,876) (Rs 0.68 lakhs)	(US \$ 69,056) (Rs 34.56 lakhs)
6 Net aggregate amount of the subsidiary's profits/(losses) dealt with in the holding company's accounts (Rs lakhs)				
i) For the financial year of the subsidiary	–	Rs 673.79 lakhs	–	–
ii) For the previous financial years	–	Rs 204.15 lakhs	–	–

**ARUNDATHI KRISHNA**  
Deputy Managing Director

**ARATHI KRISHNA**  
Joint Managing Director

**SURESH KRISHNA**  
Chairman & Managing Director

Chennai  
May 30, 2014

**V G JAGANATHAN**  
Chief Financial Officer & Company Secretary

## STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 (Contd.)

Particulars	Sundram Bleistahl Limited, India	Peiner Umformtechnik GmbH Peine, Germany	Upasana Engineering Limited, India	Sundram Fasteners Zhejiang) Limited, China	PUT Grundstücks GmbH Peine, Germany	TVS Peiner Services GmbH Peine, Germany	Sundram Non-Conventional Energy Systems Limited, India
1 No. of shares issued by the subsidiary: Equity / Ordinary / Common Shares 6% Preference Shares	70,00,000 equity Shares of Rs.10 each	67,74,617 Euro Capital Stock	1,18,99,674 Shares of Rs.10 each	10,04,77,945 Capital Stock	25,000 Euro Capital Stock	25,000 Euro Capital Stock	4,99,993 Shares of Rs 10 each
2 No. of shares held by the Company: Equity / Ordinary / Common Shares 6% Preference Shares	53,20,000	100 % held by the Company	100 % held by the Company	100% held by the Company	100% held by the Company	100% held by the Company	2,64,691
3 Number of equity shares held by subsidiary company	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
4 Financial period of the subsidiary	1/04/2013 to 31/03/2014	1/1/2013 to 31/12/2013	1/04/2013 to 31/03/2014	1/1/2013 to 31/12/2013	1/1/2013 to 31/12/2013	1/1/2013 to 31/12/2013	1/4/2013 to 31/3/2014
5 Net aggregate amount of the subsidiary's profits/ (losses) not dealt with in the holding company's accounts (Rs lakhs)							
i) For the financial year of the subsidiary	Rs 99.24 lakhs	(Euro 2,376,608) (Rs 1,808.89 lakhs)	Rs 619.69 lakhs	RMB 4,114,405 Rs 455.03 Lakhs	Euro 191,687 Rs 132.26 lakhs	Euro 18,922 Rs 14.99 lakhs	Rs 182.82 lakhs
ii) For the previous financial years	Rs 34.55 lakhs	(Euro 4,112,179) (Rs 2,829.17 lakhs)	Rs 439.81 lakhs	(RMB 5,323,143) (Rs 420.09 lakhs)	Euro 227,551 Rs 178.38 lakhs	(Euro 625,749) (Rs 432.24 lakhs)	Rs 200.68 lakhs
6 Net aggregate amount of the subsidiary's profits/ (losses) dealt with in the holding company's accounts (Rs lakhs)							
i) For the financial year of the subsidiary	—	—	—	—	—	—	Rs 199.99 lakhs
ii) For the previous financial years	—	—	—	—	—	—	Rs 79.41 lakhs

**ARUNDATHI KRISHNA**  
Deputy Managing Director

**ARATHI KRISHNA**  
Joint Managing Director

**SURESH KRISHNA**  
Chairman & Managing Director

Chennai  
May 30, 2014

**V G JAGANATHAN**  
Chief Financial Officer & Company Secretary

# Sundram Fasteners Limited

## DISCLOSURE OF INFORMATION RELATING TO SUBSIDIARIES

(As per general exemption under Section 212(8) of the Companies Act, 1956)

Rupees

	Particulars	Sundram Fasteners Investments Limited	Cramlington Precision Forge Limited	Sundram RBI Sdn. Bhd. *	Upasana Engineering Limited	Sundram International Inc.	Sundram Non Conventional Energy Systems Limited	Sundram Bleistahl Limited	Sundram Fasteners (Zhejiang) Limited	Peiner Umform-technik GmbH	TVS Peiner Services GmbH	PUT Grundstücks GmbH
(a)	Financial Year End	31-03-2014	31-12-2013	31-03-2013	31-03-2013	31-03-2013	31-03-2013	31-03-2013	31-12-2013	31-12-2013	31-12-2013	31-12-2013
(b)	Country of Incorporation	India	United Kingdom	Malaysia	India	USA	India	India	China	Germany	Germany	Germany
(c)	Share Capital	24,900,000	194,408,000	8,760,000	118,996,740	8,120,513	4,999,930	70,000,000	1,025,879,821	575,496,976	2,123,750	2,123,725
(d)	Reserves	41,713,464	102,311,375	(27,846,578)	145,495,780	(7,761,392)	30,273,328	47,700,000	29,598,400	(917,539,715)	(54,459,793)	97,920,857
(e)	Loan Funds	97,954,450	2,057,246		260,192,316	2,396,400	-	29,000,000	156,213,000	127,423,500	45,873,000	171,997,322
(f)	Deferred Government Grants	-	865,423		-	-			-	-	-	
(g)	Deferred tax liability(asset)	-	30,580,685		19,358,092	-	97,737	6,352,000	-	-	-	-
(h)	Current Liabilities & Provisions	437,884	178,964,762	19,593,816	129,800,976	-	4,490,730	21,779,000	349,486,771	2,076,255,883	100,814,441	61,888,380
(i)	<b>Total Liabilities</b>	<b>165,005,798</b>	<b>509,187,491</b>	<b>507,238</b>	<b>673,843,904</b>	<b>2,755,521</b>	<b>39,861,725</b>	<b>174,831,000</b>	<b>1,561,177,992</b>	<b>1,861,636,644</b>	<b>94,351,398</b>	<b>333,930,284</b>
(j)	Fixed Assets	25,120,000	199,500,569		197,817,028	-	21,888,230	79,943,000	775,305,348	478,965,545	48,333,323	328,704,965
(k)	Investments	97,166,885	-		1,129,577	-	-	-	-	-	-	-
(l)	Current Assets, Loans & Advances	42,718,913	309,686,922	507,238	474,897,299	2,755,521	17,973,495	94,888,000	785,872,644	1,382,671,099	46,018,075	5,225,319
(m)	<b>Total Assets</b>	<b>165,005,798</b>	<b>509,187,491</b>	<b>507,238</b>	<b>673,843,904</b>	<b>2,755,521</b>	<b>39,861,725</b>	<b>174,831,000</b>	<b>1,561,177,992</b>	<b>1,861,636,644</b>	<b>94,351,398</b>	<b>333,930,284</b>
(n)	Revenue/ Income	4,258,152	943,071,168		905,903,544	-	34,153,585	246,776,000	1,170,677,615	4,196,633,541	415,571,535	55,458,571
(o)	Profit/(Loss) before taxation	201,249	100,238,848		98,663,416	(562,017)	26,761,339	16,641,000	60,472,324	(180,615,797)	1,499,740	21,188,317
(p)	Provision for Taxation	30,822	26,336,306		36,694,028	-	8,479,170	6,717,000	14,969,500	(273,909)	-	3,350,689
(q)	Profit/(Loss) after Taxation	170,427	73,902,542	-	61,969,388	(562,017)	18,282,169	9,924,000	45,502,824	(180,889,706)	1,499,740	17,837,628
(r)	Details of Investment											
	Quoted - Non Trade - Current	15,535			1,132,162	-	-					
	Quoted - Non Trade - Long Term	1,204,650			-	-	-					
	Unquoted - Subsidiaries											
	Unquoted - Non Trade - Others	95,946,700			-	-	-					
		97,166,885		-	1,132,162	-	-		-	-		-
	Less: Provision for diminution in Value of investments	-			2,585	-	-					
	<b>Total Investments</b>	<b>97,166,885</b>		-	<b>1,129,577</b>	-	-		-	-		-
	<b>Market Value of Quoted Investments</b>	<b>2,152,374</b>		-	<b>8,724,382</b>	-	-		-	-		-

\* There is no transaction during the Financial year 2013-14. Financial statement yet to be received.



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**AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF SUNDARAM FASTENERS LIMITED, CHENNAI ON THE CONSOLIDATED FINANCIAL STATEMENTS INCLUDING ITS SUBSIDIARIES FOR THE YEAR ENDED 31ST MARCH 2014**

**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of M/s Sundram Fasteners Limited, Chennai ('the Company') and its subsidiary companies, which comprise of the consolidated balance sheet as at 31st March 2014, the consolidated statement of profit and loss and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other information.

**Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at 31st March 2014;
- (b) in the case of the consolidated statement of profit and loss, of the consolidated results of operations of Sundram Fasteners Limited and its subsidiaries for the year ended on that date; and
- (c) in the case of the cash flow statement, of the consolidated cash flow of Sundram Fasteners Limited and its subsidiaries for the year ended on that date.

**Other Matters**

We did not audit the financial statements of subsidiaries viz. Sundram Fasteners (Zhejiang) Limited, China, Cramlington Precision Forge Limited, United Kingdom, Sundram RBI Sdn. Bhd., Malaysia, Peiner Umformtechnik GmbH, Germany, PUT Grundstucks GmbH, Germany, TVS Peiner Services GmbH, Germany, Sundram International Inc., USA and Windbolt GmbH, Germany. These financial statements and other information of the subsidiaries have been audited by other auditors except Sundram International Inc., USA and Sundram RBI Sdn. Bhd., Malaysia. We have relied on the audit reports and certificates of Managements which have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the audit reports of other auditors and certificates of Managements.

Our opinion is not qualified in respect of other matters.

Chennai  
May 30, 2014

For **SUNDARAM & SRINIVASAN**  
Chartered Accountants  
Regn. No. 004207S  
**P MENAKSHISUNDARAM**  
Partner  
Membership No. 217914

# Sundram Fasteners Limited (CONSOLIDATED)

## BALANCE SHEET AS AT 31ST MARCH 2014

					Rs lakhs
			As at	As at	
	Note		31-3-2014	31-3-2013	
	No.				
<b>I EQUITY AND LIABILITIES</b>					
<b>1. Shareholders' Funds</b>					
(a) Share Capital	1	2,101.28		2,101.28	
(b) Reserves and Surplus	2	78,038.15	80,139.43	68,499.12	70,600.40
<b>2. Minority Interest</b>					
(a) Share Capital		219.05		217.81	
(b) Reserves and Surplus		169.39	388.44	197.20	415.01
<b>3. Non-current Liabilities</b>					
(a) Long-term Borrowings	3	24,656.31		31,164.97	
(b) Deferred Tax Liabilities (Net)	4	9,664.77		9,619.66	
(c) Trade Payables	5	54.13		—	
(d) Other Long-term Liabilities	6	8.65		41.09	
(e) Long-term Provisions	7	345.22	34,729.08	337.25	41,162.97
<b>4. Current Liabilities</b>					
(a) Short-term Borrowings	3	43,204.75		45,969.25	
(b) Trade Payables	5	33,938.07		25,105.18	
(c) Other Current Liabilities	6	15,160.87		16,331.82	
(d) Short-term Provisions	7	8,799.48	101,103.17	7,360.12	94,766.37
Total			216,360.12		206,944.75
<b>II ASSETS</b>					
<b>1. Non-Current Assets</b>					
(a) Fixed Assets					
i) Tangible Assets	8	100,144.53		90,158.22	
ii) Intangible Assets	8	567.56		603.23	
iii) Capital work-in-progress	8	4,041.45		3,350.85	
(b) Non-current Investments		1,002.07		890.53	
(c) Long-term Loans and Advances	9	4,804.27		4,215.53	
(d) Other Non-current Assets	10	33.82	110,593.70	79.95	99,298.31
<b>2. Current Assets</b>					
(a) Current Investments		11.45		11.43	
(b) Inventories	11	44,095.28		44,029.57	
(c) Trade Receivables	12	48,392.01		49,412.19	
(d) Cash and Cash Equivalents	13	2,548.72		2,168.79	
(e) Short-term Loans and Advances	9	10,383.98		11,203.45	
(f) Other Current Assets	10	334.98	105,766.42	821.01	107,646.44
Total			216,360.12		206,944.75

The notes form an integral part of the Financial Statements.

**ARUNDATHI KRISHNA**  
Deputy Managing Director

**ARATHI KRISHNA**  
Joint Managing Director

**SURESH KRISHNA**  
Chairman & Managing Director

**V G JAGANATHAN**  
Chief Financial Officer & Company Secretary

As per our report annexed  
For **SUNDARAM & SRINIVASAN**  
Chartered Accountants  
Regn. No. 0042075

Chennai  
May 30, 2014

**P MENAKSHISUNDARAM**  
Partner  
Membership No. 217914

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2014

			Rs lakhs
	Note	Year ended	Year ended
	No.	31-3-2014	31-3-2013
I. Revenue from Operations	14	273,620.10	265,098.85
II. Other Income	15	4,878.70	4,110.97
III. Total Revenue		<u>278,498.80</u>	<u>269,209.82</u>
IV. <b>EXPENSES</b>			
Cost of Materials Consumed	16	120,067.85	120,894.50
Changes in Inventories of FG, WIP and Stock-in-Trade	17	(560.95)	1,074.44
Employee Benefit Expense	18	38,847.44	34,623.49
Finance Costs	19	6,759.63	8,977.85
Depreciation, amortization expenses and impairment losses	8	10,213.72	9,418.78
Other Expenses	20	86,299.32	81,896.09
Share of Loss / (Profits) of Associate Company		2.91	0.08
Total Expenses		<u>261,629.92</u>	<u>256,885.23</u>
V. <b>Profit before exceptional and extraordinary items and tax (III - IV)</b>		<u>16,868.88</u>	<u>12,324.59</u>
VI. Exceptional Items		(0.01)	(1,473.28)
VII. <b>Profit before extraordinary items and tax (V - VI)</b>		<u>16,868.89</u>	<u>13,797.87</u>
VIII. Extraordinary Items		8.92	8.16
IX. <b>Profit before tax (VII - VIII)</b>		<u>16,859.97</u>	<u>13,789.71</u>
X. Tax expense :			
1. Current Tax		4,760.04	4,293.35
2. Deferred Tax		1.58	133.12
3. MAT Credit		-	(10.65)
4. Earlier years		15.75	1.55
XI. <b>Profit / (Loss) for the period from continuing operations (IX - X)</b>		<u>12,082.60</u>	<u>9,372.34</u>
XII. Profit / (Loss) from discontinuing operations		(5.95)	(35.24)
XIII. Tax expense of discontinuing operations		-	-
XIV. <b>Profit / (Loss) from Discontinuing operations (after tax) (XII - XIII)</b>		(5.95)	(35.24)
XV. <b>Profit / (Loss) for the period before Minority Interest (XI + XIV)</b>		<u>12,076.65</u>	<u>9,337.10</u>
XVI. Minority's share of profit for the current year		(0.36)	43.83
XVII. Profit/(Loss) for the period after Minority Interest (XV - XVI)		<u>12,077.01</u>	<u>9,293.27</u>
XVIII. Earnings per equity share :			
1. Basic		5.75	4.42
2. Diluted		5.75	4.42
Weighted average No. of Equity Shares of Re 1/- each.		<b>210,128,370</b>	210,128,370

The notes form an integral part of the Financial Statements.

**ARUNDATHI KRISHNA**  
Deputy Managing Director

**ARATHI KRISHNA**  
Joint Managing Director

**SURESH KRISHNA**  
Chairman & Managing Director

**V G JAGANATHAN**  
Chief Financial Officer & Company Secretary

As per our report annexed  
For **SUNDARAM & SRINIVASAN**  
Chartered Accountants  
Regn. No. 004207S

**P MENAKSHISUNDARAM**  
Partner  
Membership No. 217914

Chennai  
May 30, 2014

**Sundram Fasteners Limited (CONSOLIDATED)****CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014**

	Year ended 31-3-2014	Rs lakhs Year ended 31-3-2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax	16,859.97	13,789.71
Add : Profit / (loss) on Discontinuing operation	(5.95)	(35.24)
Add : Loss of sale of Associate	2.91	0.08
Add : Provision for Diminution in Investments (net)	(0.01)	0.02
<b>Adjusted net profit</b>	<b>16,856.92</b>	<b>13,754.57</b>
<b>Adjustments for :</b>		
Depreciation	10,213.72	9,418.78
Exchange loss / (gain) arising on Application of AS 11	(1,095.45)	11.40
Unrealised Profit on Closing Stock	6.22	(3.62)
Interest expense (Net)	4,906.06	6,493.02
(Profit) / loss on Sale of Investments	(84.06)	(100.85)
(Profit) / loss on Sale of Assets (net)	22.66	(1,469.53)
Dividend received	(10.87)	(48.97)
Unrealised Exchange (gain) / loss - Loans	1,531.37	1,984.71
Unrealised Exchange (gain) / loss - Others	(3,052.38)	(1,437.51)
	<b>12,437.27</b>	<b>14,847.43</b>
<b>Operating Profit before Extraordinary Items &amp; Working Capital changes:</b>	<b>29,294.19</b>	<b>28,602.00</b>
<b>Adjustments for Changes in Working Capital:</b>		
Trade and other receivables	6,065.65	1,849.48
Inventories	(65.71)	650.93
Trade and other payables	12,121.66	426.00
Cash Generated From Operations	<b>47,415.79</b>	<b>31,528.41</b>
Less: Direct Taxes Paid (Net)	(4,712.72)	(4,106.99)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>42,703.07</b>	<b>27,421.42</b>

## CONSOLIDATED CASH FLOW STATEMENT (Contd.)

	Year ended 31-3-2014	Rs lakhs Year ended 31-3-2013
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(18,323.02)	(13,927.51)
Sale of Fixed Assets	61.50	2,596.81
Sale of Investments	(62,066.00)	67,458.59
Purchase of Investments	62,035.60	(67,250.99)
Interest received	322.20	500.12
Dividend received	10.87	48.96
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(17,958.85)</b>	<b>(10,574.02)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Term Loans raised#	4,969.25	14,336.90
Term Loans Repaid	(15,283.16)	(15,283.16)
Proceeds from other borrowings (net of repayments)#	(5,056.81)	(4,528.66)
Interest paid	(5,308.39)	(7,100.00)
Dividend & Corporate Dividend Taxes Paid	(3,698.34)	(3,706.54)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(24,377.45)</b>	<b>(16,281.46)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>366.77</b>	<b>565.94</b>
<b>CASH AND CASH EQUIVALENTS - Opening Balance</b>	<b>2,215.52</b>	<b>1,649.58</b>
<b>CASH AND CASH EQUIVALENTS - Closing Balance</b>	<b>2,582.29</b>	<b>2,215.52</b>
<b>Notes :</b>		
<b>CASH AND CASH EQUIVALENTS include</b>		
a) Cash and Cheques on hand	681.74	562.31
b) With Scheduled Banks:		
i) Current Account & Cash Credit a/c	1,062.90	826.37
ii) Deposit Accounts	688.25	689.93
iii) Dividend warrant Accounts	149.40	136.91
	<b>2,582.29</b>	<b>2,215.52</b>

# Excludes unrealised exchange loss of Rs 531.12 lakhs on term loans (Last year loss of Rs 993.65 lakhs).

# Excludes unrealised exchange Loss of Rs 1,000.25 lakhs on other borrowings (Last year loss of Rs 991.06 lakhs).

Excludes unrealised exchange gain of Rs 52.84 Lakhs (Last Year gain of Rs 109.90 Lakhs) on trade payables and exchange gain of Rs 2,999.54 lakhs (Last Year gain of Rs 1,327.61 Lakhs) in trade and other receivables

**ARUNDATHI KRISHNA**  
Deputy Managing Director

**ARATHI KRISHNA**  
Joint Managing Director

**SURESH KRISHNA**  
Chairman & Managing Director  
As per our report annexed  
For **SUNDARAM & SRINIVASAN**  
Chartered Accountants  
Regn. No. 004207S

**V G JAGANATHAN**  
Chief Financial Officer & Company Secretary

**P MENAKSHISUNDARAM**  
Partner  
Membership No. 217914

Chennai  
May 30, 2014

# Sundram Fasteners Limited (CONSOLIDATED)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

	As at 31-3-2014	Rs lakhs As at 31-3-2013
<b>1 SHARE CAPITAL</b>		
a) <b>Authorised</b>		
25,00,00,000 Equity Shares of Re 1 each	<u>2,500.00</u>	<u>2,500.00</u>
b) <b>Issued</b>		
21,01,28,370 Equity Shares of Re 1 each	<u>2,101.28</u>	<u>2,101.28</u>
c) <b>Subscribed and Paid-up</b>		
21,01,28,370 Equity Shares of Re 1 each fully paid-up	<u>2,101.28</u>	<u>2,101.28</u>

**d) Reconciliation of number of shares**

Equity Shares	As at 31-3-2014		As at 31-3-2013	
	No. of Shares	Value in Rs. lakhs	No. of shares	Value in Rs. lakhs
1 Balance at the beginning of the year	210,128,370	2,101.28	210,128,370	2,101.28
2 Add: Shares issued during the year	—	—	—	—
3 Bonus Shares issued during the year	—	—	—	—
4 Balance as at the end of the year	210,128,370	2,101.28	210,128,370	2,101.28

**e) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company**

Name of the Shareholder	As at 31-3-2014		As at 31-3-2014	
	No. of Shares	Shares as % of Total No. of Shares	No. of shares	Shares as % of Total No. of Shares
1. TV Sundram Iyengar & Sons Ltd., Madurai	53,312,000	25.37	53,312,000	25.37
2. Southern Roadways Limited, Madurai	50,773,280	24.16	50,773,280	24.16
Sub Total	104,085,280	49.53	104,085,280	49.53
3. Total No. of shares of the Company	210,128,370	100.00	210,128,370	100.00

**f) Bonus Shares / Buy Back / Shares for consideration other than cash issued during the period of five years immediately preceding the financial year ended 31<sup>st</sup> March, 2014 :**

- (i) Aggregate number of equity shares allotted as fully paid up pursuant to contracts without payment being received in cash : Nil
- (ii) Aggregate number of equity shares allotted as fully paid up by way of Bonus Shares : Nil
- (ii) Aggregate number of equity shares bought back : Nil

**g) Terms / rights attached to shares**

The Company has only one class of equity shares having a face value of Re 1/- each. Each holder of equity share is entitled to one vote per share. The Company declares dividend and pays dividends in Indian Rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. the distribution will be in proportion to the number of equity shares held by the shareholder.

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31-3-2014	Rs lakhs As at 31-3-2013
<b>2 RESERVES AND SURPLUS</b>		
<b>a) General Reserve</b>		
1. Balance as at the beginning of the year	<b>60,123.34</b>	55,106.89
2. Add : Transfer from Surplus in Statement of Profit and Loss	<b>7,518.27</b>	5,020.07
Sub Total	<b>67,641.61</b>	60,126.96
3. Stock Reserve	<b>6.22</b>	(3.62)
4. Balance as at the end of the year	<b>67,647.83</b>	60,123.34
<b>b) Surplus in Statement of Profit and Loss</b>		
1. Balance as at the beginning of the year	<b>3,250.70</b>	2,604.64
2. Less : Exchange variation - balance brought forward in foreign subsidiaries	<b>1,095.43</b>	118.35
3. Adjusted balance as at the beginning of the year (1 - 2)	<b>2,155.27</b>	2,486.29
4. Profit for the year	<b>12,077.01</b>	9,293.27
5. Balance available for appropriation (3 + 4)	<b>14,232.28</b>	11,779.56
<b>Appropriations :</b>		
6. Interim Dividend paid	<b>1,491.87</b>	1,284.30
7. Tax paid there on	<b>226.98</b>	212.16
8. Second Interim Dividend payable	<b>2,101.28</b>	1,681.03
9. Tax payable there on	<b>218.59</b>	294.19
10. Transfer to Special Reserve	<b>0.34</b>	37.11
11. Transfer to General Reserve	<b>7,518.27</b>	5,020.07
12. Amount appropriated during the year	<b>11,557.33</b>	8,528.86
13. Balance as at the end of the year (5-12)	<b>2,674.95</b>	3,250.70
<b>c) Capital Reserve</b>	<b>105.50</b>	75.50
<b>d) Special Reserve</b>		
Balance as at the beginning of the year	<b>81.88</b>	44.77
Add : Transfer from Surplus in Statement of Profit and Loss	<b>0.34</b>	37.11
	<b>82.22</b>	81.88
<b>e) Foreign Exchange Translation Reserve / (Asset)</b>		
Balance as at the beginning of the year	<b>4,967.70</b>	4,309.10
Current year foreign exchange gain / (loss)	<b>2,559.95</b>	658.60
	<b>7,527.65</b>	4,967.70
<b>Total Reserves and Surplus (a + b + c + d + e)</b>	<b>78,038.15</b>	68,499.12

# Sundram Fasteners Limited (CONSOLIDATED)

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

		Rs lakhs	
		Long-term / Non-current	Short-term / Current
		As at	As at
		31-3-2014	31-3-2013
		31-3-2014	31-3-2013
<b>3</b>	<b>BORROWINGS</b>		
a)	<b>Secured</b>		
i)	Term Loans	22,656.31	29,147.15
ii)	Working Capital Loans*	–	–
	* Secured by hypothecation of current assets viz., stocks of raw materials, work-in-progress and finished goods		
iii)	Hire Purchase Agreement	–	17.82
(A)		22,656.31	29,164.97
b)	<b>Unsecured</b>		
i)	Term Loans	2,000.00	2,000.00
ii)	Working Capital Loans	–	–
(B)		2,000.00	2,000.00
Total (A + B)		24,656.31	31,164.97
		43,204.75	45,969.25
<b>4</b>	<b>DEFERRED TAX LIABILITY / ASSETS</b>		
a)	<b>Deferred Tax Liability</b>		
	On Depreciation	10,085.38	9,912.99
b)	<b>Deferred Tax Asset :</b>		
i)	On Provision for Leave Salary	118.09	56.72
ii)	Others	(538.70)	(350.05)
	<b>Net Deferred Tax Liability (a + b)</b>	<b>9,664.77</b>	<b>9,619.66</b>



## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

		Rs lakhs	
		Long-term / Non-current	Short-term / Current
		As at 31-3-2014	As at 31-3-2013
		As at 31-3-2014	As at 31-3-2013
<b>5</b>	<b>TRADE PAYABLES</b>		
	Sundry Creditors for Goods purchased /		
	Services availed	<b>54.13</b>	–
		<b>54.13</b>	–
<b>6</b>	<b>OTHER LIABILITIES</b>		
	1. Current Maturities of Long-Term Debt	–	–
	2. Interest accrued but not due	–	–
	3. Unclaimed Dividend	–	–
	4. Statutory Dues	–	–
	5. Trade deposits	–	–
	6. Unclaimed Wages & Salaries	–	–
	7. Unclaimed Bonus	–	–
	8. Bonus Payable	–	–
	9. Outstanding Liabilities	–	–
	10. Customer Advances	–	–
	11. Non-Statutory dues	–	–
	12. Provision for Income Tax less Advance Tax	–	–
	13. Government grant	<b>8.65</b>	41.09
	14. Interest on Income Tax Payable	–	–
		<b>8.65</b>	41.09
<b>7</b>	<b>PROVISIONS</b>		
	a) Leave Salary	<b>303.43</b>	303.81
	b) Gratuity	<b>41.79</b>	33.44
	c) Dividend Payable	–	–
	d) Expenses	–	–
		<b>345.22</b>	337.25
		<b>8,799.48</b>	7,360.12

# Sundram Fasteners Limited (CONSOLIDATED)

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

### 8 FIXED ASSETS

Rs lakhs

Particulars	Tangible									Intangible		Total
	Aircraft*	Land - Free Hold**	Land - Lease Hold	Buildings	Plant and Equipment#	Furniture & Fixtures	Office Equip-ment	Vehicles	Total	Technical Know-how	Soft-ware	
<b>A Cost of Assets</b>												
As at 1-4-2013	720.99	4,579.05	1,090.22	21,366.75	139,217.66	9,039.16	2,237.75	455.38	178,706.96	490.38	901.90	180,099.24
Additions	—	—	—	1,384.25	15,869.86	88.09	181.85	6.94	17,530.99	—	101.43	17,632.42
Sales/Discards	—	—	—	—	(1,315.37)	(61.91)	(4.72)	(11.58)	(1,393.58)	—	—	(1,393.58)
Other Adjustments	—	—	—	—	0.26	0.10	(0.36)	—	—	—	—	—
- Exchange difference	—	—	55.94	1,177.97	5,624.48	1,466.52	48.69	6.35	8,379.95	—	152.67	8,532.62
<b>As at 31-3-2014</b>	<b>720.99</b>	<b>4,579.05</b>	<b>1,146.16</b>	<b>23,928.97</b>	<b>159,396.89</b>	<b>10,531.96</b>	<b>2,463.21</b>	<b>457.09</b>	<b>203,224.32</b>	<b>490.38</b>	<b>1,156.00</b>	<b>204,870.70</b>
<b>B Depreciation / Amortization</b>												
As at 1-4-2013	94.25	—	129.92	4,516.53	75,039.86	7,179.64	1,410.99	177.55	88,548.74	437.86	351.19	89,337.79
Charges for the year	40.38	—	13.57	676.46	8,758.06	224.97	187.42	37.24	9,938.10	52.52	164.12	10,154.74
Deduction on sale or discards	—	—	—	—	(1,236.68)	(61.62)	(2.91)	(8.21)	(1,309.42)	—	—	(1,309.42)
Other Adjustments	—	—	—	3.33	8.25	0.10	(0.08)	—	11.60	—	—	11.60
Impairment for the year	—	—	—	—	23.68	—	—	—	23.68	—	—	23.68
Exchange Difference	—	—	13.90	158.81	4,463.90	1,199.28	25.61	5.59	5,867.09	—	73.13	5,940.22
<b>As at 31-3-2014</b>	<b>134.63</b>	<b>—</b>	<b>157.39</b>	<b>5,355.13</b>	<b>87,057.07</b>	<b>8,542.37</b>	<b>1,621.03</b>	<b>212.17</b>	<b>103,079.79</b>	<b>490.38</b>	<b>588.44</b>	<b>104,158.61</b>
<b>C Written Down Value</b>												
As at 31-3-2014	586.36	4,579.05	988.77	18,573.84	72,339.82	1,989.59	842.18	244.92	100,144.53	—	567.56	100,712.09
As at 31-3-2013	626.74	4,579.05	960.30	16,850.22	64,177.80	1,859.52	826.76	277.83	90,158.22	52.52	550.71	90,761.45
<b>D Capital Work-in-Progress</b>												
As at 31-3-2014	—	—	—	2,039.27	2,002.18	—	—	—	4,041.45	—	—	4,041.45
As at 31-3-2013	—	—	—	135.49	3,199.20	—	16.16	—	3,350.85	—	—	3,350.85

Capital Work in Progress - Write-off during the year in Sundram Bleisthal Ltd Rs 35.30 treated as current year Depreciation.

\* Jointly owned. # Includes assets under operating lease to sub-contractors (cost Rs 2,946.52 lakhs, accumulated depreciation Rs 1,629.21 lakhs and written down value Rs 1,317.31 lakhs)

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

		Rs lakhs			
		Non-current		Current	
		As at 31-3-2014	As at 31-3-2013	As at 31-3-2014	As at 31-3-2013
<b>9. LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD UNLESS STATED OTHERWISE)</b>					
A) Capital Advance		<u>977.57</u>	<u>1,832.73</u>	<u>—</u>	<u>—</u>
(A)		<u>977.57</u>	<u>1,832.73</u>	<u>—</u>	<u>—</u>
B) Security Deposits		<u>1,570.13</u>	<u>1,404.05</u>	<u>—</u>	<u>—</u>
(B)		<u>1,570.13</u>	<u>1,404.05</u>	<u>—</u>	<u>—</u>
C) Loans and Advances to Related Parties (refer note on related party)		<u>1,153.37</u>	<u>100.00</u>	<u>657.85</u>	<u>1,265.91</u>
(C)		<u>1,153.37</u>	<u>100.00</u>	<u>657.85</u>	<u>1,265.91</u>
D) Other Loans and Advances					
Advance Income-tax (net of provision for taxation)		<u>994.18</u>	<u>695.64</u>	<u>432.81</u>	<u>735.09</u>
Prepaid Expenses		<u>45.52</u>	<u>59.55</u>	<u>2,507.10</u>	<u>2,164.69</u>
Loans / Advances to Employees		<u>38.87</u>	<u>45.50</u>	<u>255.43</u>	<u>262.50</u>
Balance with statutory / government authorities		<u>24.58</u>	<u>24.99</u>	<u>643.41</u>	<u>892.89</u>
Advances to suppliers		<u>—</u>	<u>7.92</u>	<u>952.43</u>	<u>1,073.62</u>
Advances recoverable in Cash or in kind		<u>0.05</u>	<u>0.05</u>	<u>4,798.51</u>	<u>4,658.09</u>
Minimum Alternate Tax Credit Entitlement		<u>—</u>	<u>45.10</u>	<u>136.44</u>	<u>150.66</u>
(D)		<u>1,103.20</u>	<u>878.75</u>	<u>9,726.13</u>	<u>9,937.54</u>
Total (A + B + C + D)		<u>4,804.27</u>	<u>4,215.54</u>	<u>10,383.98</u>	<u>11,203.45</u>
<b>10 OTHER ASSETS (UNSECURED, CONSIDERED GOOD UNLESS STATED OTHERWISE)</b>					
a) Non-Current Bank Balance (refer note 13 b)		<u>33.57</u>	<u>79.70</u>	<u>—</u>	<u>—</u>
b) Other Assets		<u>—</u>	<u>—</u>	<u>99.21</u>	<u>616.49</u>
c) Interest receivable		<u>0.25</u>	<u>0.25</u>	<u>235.77</u>	<u>204.52</u>
		<u>33.82</u>	<u>79.95</u>	<u>334.98</u>	<u>821.01</u>

# Sundram Fasteners Limited (CONSOLIDATED)

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

		Rs lakhs	
		As at	As at
		31-3-2014	31-3-2013
<b>11 INVENTORIES (VALUED AT LOWER OF COST OR NET REALISABLE VALUE) - CURRENT</b>			
a) Stores & Spares		1,346.69	1,614.17
b) Stores & Spares in Transit		–	1.71
c) Loose Tools		2,388.90	2,179.53
d) Loose Tools in Transit		–	4.61
e) Raw Materials and Components		9,964.29	11,719.23
f) Raw Materials and Components in Transit		1,141.20	1,227.59
g) Work-in-Progress		12,389.02	13,373.55
h) Work-in-Progress in Transit		30.49	41.37
i) Finished Goods		16,834.69	13,866.81
j) Finished Goods in Transit		–	1.00
	Total	<u>44,095.28</u>	<u>44,029.57</u>
<b>12 TRADE RECEIVABLES (UNSECURED, CONSIDERED GOOD UNLESS STATED OTHERWISE) - CURRENT</b>			
a) Outstanding for a period exceeding 6 months from the date they are due for payment		5,927.03	3,752.26
b) Other Receivables		42,591.56	45,773.87
	Sub Total (a + b)	<u>48,518.59</u>	<u>49,526.13</u>
c) Provision for Doubtful Debts		(126.58)	(113.94)
	Total	<u>48,392.01</u>	<u>49,412.19</u>
<b>13 CASH AND CASH EQUIVALENTS</b>			
<b>a) Balances with Bank</b>			
i) Cash Credit		–	–
ii) Current Account		1,062.90	826.37
iii) Deposit Accounts*		573.34	503.88
iv) Deposits with maturity less than 3 months		–	100.00
v) Earmarked Balances with Banks – Dividend Warrant Accounts		149.40	136.91
Cheques / Drafts on hand		651.99	531.17
Cash on hand		29.75	31.14
		<u>2,467.38</u>	<u>2,129.47</u>
*Deposits have been lodged with electricity board to meet the security deposit requirements, hence classified under other Non-current Bank Balance			
		(33.57)	(46.73)
	Sub Total	<u>2,433.81</u>	<u>2,082.74</u>
		As at	As at
		31-3-2014	31-3-2013
<b>b) Other Bank Balances</b>			
Deposits with maturity for more than 12 months		–	32.97
Deposits with maturity for more than 3 months but less than 12 months		–	–
Deposits with maturity for more than 12 months shown under other current assets (Note No. 10)		–	(32.97)
	Sub Total	<u>–</u>	<u>–</u>
Actual Balances with Bank (a + b)		<u>2,433.81</u>	<u>2,082.74</u>
		As at	As at
		31-3-2014	31-3-2013
		–	–
		114.91	86.05
		–	–
		114.91	86.05
		<u>2,548.72</u>	<u>2,168.79</u>

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

		Rs lakhs	
		Year ended 31-3-2014	Year ended 31-3-2013
<b>14</b>	<b>REVENUE FROM OPERATION</b>		
	<b>a) Sale of Products</b>		
	Domestic Sales	<b>181,297.84</b>	187,053.02
	Export Sales	<b>103,664.42</b>	89,408.79
	Sub Total	<b>284,962.26</b>	276,461.81
	<b>b) Other Operating Revenues (Refer Note 14A)</b>	<b>5,442.53</b>	6,315.77
	Sub Total(a + b)	<b>290,404.79</b>	282,777.58
	Less : Excise Duty	<b>16,784.69</b>	17,678.73
	Total	<b>273,620.10</b>	265,098.85
<b>14A</b>	<b>OTHER OPERATING REVENUE</b>		
	Scrap Sales	<b>4,857.08</b>	5,157.83
	Export Incentives	<b>305.91</b>	364.40
	Others	<b>279.54</b>	793.54
	Total	<b>5,442.53</b>	6,315.77
<b>15</b>	<b>OTHER INCOME</b>		
	Interest Income	<b>322.20</b>	500.12
	Net Foreign exchange gain (net off loss)	<b>3,241.58</b>	1,505.91
	Dividends - From Other Companies	<b>10.87</b>	48.96
	Miscellaneous Income	<b>1,195.81</b>	1,918.24
	Profit on Sale of Assets	<b>24.18</b>	36.90
	Profit on Sale of Investments	<b>84.06</b>	100.84
	Total	<b>4,878.70</b>	4,110.97
<b>16</b>	<b>RAW MATERIALS INCLUDING PACKING MATERIALS CONSUMED</b>		
	Opening Stock of Raw Materials	<b>12,259.65</b>	11,949.55
	Add : Purchase of Materials	<b>118,084.91</b>	120,851.67
	Less : Closing Stock of Raw Material	<b>10,276.71</b>	11,906.72
	Total	<b>120,067.85</b>	120,894.50

**Sundram Fasteners Limited (CONSOLIDATED)****NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

		Rs lakhs	
		Year ended 31-3-2014	Year ended 31-3-2013
<b>17</b>	<b>CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
	Opening Stock :		
	Work-in-Progress	<b>13,946.07</b>	13,734.99
	Finished Goods	<b>14,723.55</b>	14,585.24
	Sub Total (a)	<b>28,669.62</b>	28,320.23
	Less : Closing Stock		
	Work-in-Progress	<b>12,393.35</b>	13,376.60
	Finished Goods	<b>16,837.22</b>	13,869.19
	Sub Total (b)	<b>29,230.57</b>	27,245.79
	Total (a-b)	<b>(560.95)</b>	1,074.44
<b>18</b>	<b>EMPLOYEE BENEFIT EXPENSES</b>		
	Salaries, Wages, Bonus and Allowances	<b>32,102.68</b>	28,331.68
	Provident and Other Funds	<b>3,979.23</b>	3,682.15
	Welfare expenses	<b>2,765.53</b>	2,609.66
	Total	<b>38,847.44</b>	34,623.49
<b>19</b>	<b>FINANCE COST</b>		
	a) Interest expense	<b>3,889.85</b>	4,629.74
	b) Other borrowing costs	<b>48.58</b>	281.52
	c) Net (gain)/loss on foreign currency loans	<b>2,821.20</b>	4,066.59
	Total	<b>6,759.63</b>	8,977.85
<b>20</b>	<b>OTHER EXPENSES</b>		
	a) Stores and Tools consumed	<b>26,078.64</b>	26,304.47
	b) Power & Fuel	<b>14,528.77</b>	14,846.81
	c) Rent	<b>1,630.98</b>	2,022.98
	d) Rates & Taxes	<b>759.60</b>	799.54
	e) Insurance	<b>899.07</b>	810.40
	f) Repairs & Maintenance - Building	<b>1,978.04</b>	1,944.81
	g) Repairs & Maintenance - Plant and Equipment	<b>3,766.55</b>	3,585.28
	h) Miscellaneous Expenses (Refer Note No. 21)	<b>36,657.67</b>	31,581.80
	Total	<b>86,299.32</b>	81,896.09

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

		Rs lakhs
	Year ended 31-3-2014	Year ended 31-3-2013
<b>21 MISCELLANEOUS EXPENSES</b>		
a) Sub-contract expenses	<b>17,931.56</b>	15,917.91
b) Freight & Cartage Inward	<b>1,703.99</b>	1,791.54
c) Repairs & Maintenance - Other Assets	<b>1,420.56</b>	1,293.88
d) Commission on Sales	<b>1,652.61</b>	1,346.54
e) Directors' Sitting Fees	<b>11.43</b>	7.00
f) Remuneration to Auditors (Refer Note No. 22)	<b>134.26</b>	115.28
g) Loss on Sale of Assets	<b>46.84</b>	40.65
h) Research and Development Expenditure	<b>1,099.57</b>	710.30
i) Freight & Cartage Outward	<b>5,321.72</b>	4,555.60
j) Travel Expenses	<b>1,156.59</b>	1,047.71
k) Postage & Telecom Expenses	<b>380.91</b>	370.61
l) Warranty Claims	<b>631.04</b>	157.26
m) Consultancy	<b>1,778.50</b>	1,090.32
n) Bad Debts	<b>(17.42)</b>	35.34
o) Export Expenses	<b>43.69</b>	—
p) Sundry Expenses	<b>3,361.82</b>	3,101.86
Total	<b>36,657.67</b>	31,581.80
<b>22 REMUNERATION TO AUDITORS CONSIST OF</b>		
a) As Auditor	<b>86.23</b>	89.45
b) Taxation Matters	<b>6.99</b>	6.86
c) Company Law Matters	<b>0.61</b>	0.46
d) Other Services	<b>20.34</b>	7.53
e) Reimbursement of Expenses	<b>20.09</b>	10.98
Total	<b>134.26</b>	115.28

# **Sundram Fasteners Limited (CONSOLIDATED)**

## **NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

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### **23 SIGNIFICANT ACCOUNTING POLICIES & OTHER INFORMATION**

#### **1) CONSOLIDATION OF ACCOUNTS:**

##### **A. Basis of Accounting :**

The Financial statements are prepared under the historical cost convention and comply with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

##### **B. Translation of Foreign Currency Statements:**

The translation of foreign operations is done in accordance with Accounting Standard 11 (Revised) "The Effects of Changes in Foreign Exchange Rates". Accordingly, all assets and liabilities of non-integral operations have been translated at the rates prevailing on the date of the balance sheet and income and expenditure at average rates. The resulting exchange difference has been accumulated in Foreign Currency Translation Reserve.

As regards integral foreign operations, the balance sheet items have been translated at the closing rate except share capital and fixed assets, which have been translated at the transaction date. All income and expenditure of integral foreign operations have been translated at the average rates for the year. Exchange gain/loss is recognised in the Profit & Loss account.

##### **C. Principles of Consolidation:**

(i) Consolidated Financial Statements relate to Sundram Fasteners Limited, Chennai and its Subsidiaries. (THE COMPANY)

(ii) The Consolidated Financial Statements have been prepared on the following basis:

- The Financial statements of the Company and its Subsidiaries have been prepared on a line by line consolidation by adding the book values of like items of assets, liabilities, income and expenses as per the respective audited financial statements of the respective Companies.
- The accounts of Sundram Fasteners (Zhejiang) Limited, China, Cramlington Precision Forge Limited, United Kingdom, Sundram RBI Sdn. Bhd., Malaysia, Peiner Umformtechnik GmbH, Germany, TVS Peiner Services GmbH, Germany and PUT Grundstücks GmbH, Germany, have been/are being audited by auditors qualified to conduct audit in accordance with the laws of the respective countries.
- The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's individual financial statement.
- Minority Interest consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in equity subsequent to the dates of investments.
- Equity method of AS-23 has been followed in Accounting for Investments of Associate companies viz., TVS Infotech Limited, Chennai and TVS Infotech Inc., USA.
- Intra-group balances, Intra-group transactions and resulting unrealised profits have been eliminated.



## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(iii) The Companies considered in the Consolidated Financial Statements are :

Name of the Company	Country of Incorporation	Proportion of ownership interest/voting power	Reporting date	Difference in Reporting date
<b>Subsidiary Companies</b>				
Sundram Fasteners Investments Limited, Chennai	India	100%	31.03.2014	–
Sundram Fasteners (Zhejiang) Limited, China	China	100%	31.12.2013	3 Months
Upasana Engineering Limited, Chennai	India	100%	31.03.2014	–
Cramlington Precision Forge Limited, United Kingdom	UK	100%	31.12.2013	3 Months
Sundram RBI Sdn. Bhd., Malaysia	Malaysia	70%	31.03.2014	–
Peiner Umformtechnik GmbH, Germany	Germany	100%	31.12.2013	3 Months
PUT Grundstücks GmbH, Germany	Germany	100%	31.12.2013	3 Months
TVS Peiner Services GmbH, Peine, Germany	Germany	100%	31.12.2013	3 months
Sundram Non-Conventional Energy Systems Limited, Chennai	India	52.94%	31.03.2014	–
Sundram International Inc, USA	USA	100.00%	31.03.2014	–
Sundram Bleistahl Limited, Chennai	India	76.00%	31.03.2014	–
<b>Associate Companies</b>				
TVS Infotech Limited, Chennai (TVSI)	India	49.99%	31.03.2014	–
TVS Infotech Inc. USA (TVSI Inc)	USA	49.99%	31.03.2014	–
<b>Joint Venture</b>				
WindBolt GmbH, Germany	Germany	50%	31.12.2013	3 months

D. Depreciation is provided under Straight Line Method as per the amended Schedule XIV of the Companies Act, 1956 or based on the management's estimate of the useful lives of the assets, except in the case of Sundram Fasteners Investments Limited, Chennai; PUT Grundstücks GmbH, Germany, TVS Peiner Services GmbH, Peine, Germany and Peiner Umformtechnik GmbH, Germany, where depreciation is provided under the Written Down Value Method. In the case of Peiner Umformtechnik GmbH, Germany and PUT Grundstücks GmbH, Germany depreciation is provided at the rates specified in the German Tax Laws.

Leasehold land is amortised over the period of lease.

E. Other Significant Accounting Policies :

These are set out in the Notes to the Accounts of the financial statements of the Company and its Subsidiaries.

# Sundram Fasteners Limited (CONSOLIDATED)

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at/ Year ended 31-3-2014	Rs lakhs As at/ Year ended 31-3-2013
2) Contingent Liabilities :		
a) On Letters of Guarantee	<b>946.65</b>	1,135.26
b) On Letters of Credit	<b>65.87</b>	212.05
c) On Guarantee issued to HDFC on behalf of employees	—	—
d) On partly paid shares of The Adyar Property Holding Co. Ltd.	<b>0.01</b>	0.01
e) Estimated contingent liability for stamp duty in respect of leased land at Uttrakhand	—	—
f) Claims against the Company not acknowledged as debts	—	—
3) Liability disputed and not provided for :		
a) Sales Tax – under appeal	<b>1,023.42</b>	1,663.53
b) Excise Duty – under appeal	<b>504.19</b>	190.14
c) Income-tax – under appeal	<b>74.79</b>	52.75
d) Others	<b>1.56</b>	50.67
4) Estimated amount of contracts remaining to be executed on capital account and not provided for	<b>4,871.28</b>	6,910.71
5) Contingent Assets		
Claim of additional compensation against land acquisition	<b>23.29</b>	23.29
6) The Company and its Subsidiaries operate in only one Segment as the entire operations are subject to similar risks and returns. Hence there are no reportable segments.		
7) As required by Accounting Standard - AS 18 "Related Parties Disclosures" issued by the Institute of Chartered Accountants of India, related party disclosures are as follows :		
(I) <b>Where Control exists:</b>		
(A) <b>Associate</b>		
TVS Infotech Limited, Chennai		
TVS Infotech Inc., Michigan, USA		
TV Sundaram Iyengar & Sons Ltd., Madurai		
Southern Roadways Limited, Madurai		
Sundaram-Clayton Ltd., Chennai		
Lucas-TVS Ltd., Chennai		
(B) <b>Joint Venture</b>		
Windbolt GmbH, Germany		
(II) <b>Other related Parties with whom transactions have been entered into during the year:</b>		
(A) <b>Key Management Personnel</b>		
– Mr Suresh Krishna		
– Ms Arathi Krishna		
– Ms Arundathi Krishna		

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at / Year ended 31-3-2014	Rs lakhs As at / Year ended 31-3-2013
<b>(B) Relatives of Key Management Personnel</b>		
– Ms Usha Krishna		
– Ms Preethi Krishna		
<b>(C) Enterprises in which Key Management Personnel have significant influence:</b>		
– Upasana Finance Limited, Chennai		
– Upasana Properties Private Limited, Chennai		
<b>(III) Transactions with related parties</b>		
<b>(A) Purchase of Goods :</b>		
– Associate	2.30	121.97
– Key Management Personnel	–	–
– Relatives of Key Management Personnel	–	–
<b>(B) Sale of Goods :</b>		
– Associate	8,642.27	8,446.83
– Key Management Personnel	–	–
– Relatives of Key Management Personnel	–	–
<b>(C) Services rendered :</b>		
– Associate - Share of expenses	–	–
– Key Management Personnel	–	–
– Relatives of Key Management Personnel	–	–
<b>(D) Services received:</b>		
– Associate	226.67	739.47
– Key Management Personnel	–	–
– Relatives of Key Management Personnel	–	–
– Enterprise in which key management personnel have significant influence	39.38	37.42
<b>(E) Leasing or hire purchase arrangements</b>		
– Associate	0.96	0.96
– Key Management Personnel (Lease rent paid)	19.20	19.20
– Relatives of Key Management Personnel (Lease rent paid)	6.20	6.20
– Enterprise in which Key Management Personnel have significant influence	–	–
– Enterprise in which Key Management Personnel have significant influence (Lease rent paid)	–	–

# Sundram Fasteners Limited (CONSOLIDATED)

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	Rs lakhs	
	As at / Year ended 31-3-2014	As at / Year ended 31-3-2013
<b>(F) Finance</b>		
– Associate		
– Loans	155.00	100.00
– Equity	–	–
– Joint Venture		
– Loans	–	347.45
– Equity Shares	–	–
– Interest received	192.58	148.53
– Key Management Personnel	–	–
– Interest on loan to Associate	41.94	31.31
– Dividend Paid & Payable to Associate	1,655.40	1,527.77
– Loan due to Key Management Personnel	–	–
– Interest on loan to Key Management Personnel	–	–
– Relatives of Key Management Personnel	–	–
– ICD received from enterprise in which Key Management have a significant influence	–	–
– Interest on loan from enterprises in which Key Management Personnel has significant influence	11.50	13.45
* Finance includes loans and donations		
<b>(G) Guarantees &amp; Collaterals</b>		
– Associate	–	–
– Key Management Personnel	–	–
– Relatives of Key Management Personnel	–	–
– Enterprise in which Key Management Personnel have significant influence	–	–
<b>(H) Management contracts, including deputation of employees</b>		
– Associate	–	–
– Key Management Personnel	1,180.54	793.92
– Relatives of Key Management Personnel	–	–

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Rs lakhs

As at / Year ended 31-3-2014	As at / Year ended 31-3-2013
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### (I) Outstanding balances

#### Due to the Company :

– Associate	<b>1,117.13</b>	1,040.35
– Joint Venture	<b>2,839.83</b>	2,061.54
– Key Management Personnel	–	–
– Relatives of Key Management Personnel	–	–

#### Payable by the Company

– Associate	<b>12.32</b>	54.03
– Key Management Personnel	<b>900.00</b>	525.00
– Loan from Key Management Personnel	–	–
– Relatives of Key Management Personnel	–	–
– Enterprises in which Key Management Personnel has significant influence	<b>115.00</b>	115.00

### 8) Information on Joint Venture

#### A. Jointly Controlled Asset

The Company has entered into joint venture agreement with T V Sundram Iyengar and Sons Limited, Madurai and The Ramco Cements Limited, Chennai (formerly known as Madras Cements Limited, Chennai) for utilisation of Aircraft for business purposes. The agreement involves joint control and ownership of the aircraft by the venturers. The Company's share of jointly controlled asset and expenditure have been recognised in the books of accounts as detailed below :

Sl. No.	Name of the Joint Venturer	Country of Incorporation	Share of Ownership / interest
1)	T V Sundram Iyengar & Sons Ltd., Madurai	India	1/3
2)	The Ramco Cements Ltd., Chennai (formerly known as Madras Cements Ltd., Chennai)	India	1/3

#### a) Assets

WDV of Aircraft	<b>586.37</b>	626.74
Current Assets - Advances	–	27.59
Current Assets - Deposits	<b>125.58</b>	125.58

# Sundram Fasteners Limited (CONSOLIDATED)

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	Rs lakhs	
	As at / Year ended 31-3-2014	As at / Year ended 31-3-2013
<b>b) Liabilities</b>		
Current liabilities and Provisions:		
Current liabilities	36.13	88.21
<b>c) Income</b>	–	–
<b>d) Expenditure</b>		
Subscription	–	1.82
Consultancy fees	123.22	123.08
Travelling Expenses	9.97	16.73
Postage, Courier and Telephone charges	0.66	0.45
Insurance	6.38	7.99
Lease Rent	230.50	194.93
Aircraft Maintenance	175.68	199.50
Bank Charges	0.40	0.03
Legal Expenses	–	0.04
Sundry Expenses	1.85	0.89
Depreciation	40.38	40.38

### (B) Jointly Controlled Entity

The company has invested in Windbolt GmbH, Hohenstein-Ernstthal, Germany for manufacture of special bolts for wind energy applications under Joint Venture agreement as per details given below :

Name of the Joint Venturer	Country of Incorporation	Share of Ownership / Interest
Mr. Wolfgang Walter Naumann	Germany	50%

### A) Assets

WDV of Tangible Assets	2,882.15	2,493.86
Capital Work in Progress	–	–
Current Assets - Others	113.43	548.36
Inventory	60.04	35.20
Cash & Cash Equivalents	3.12	0.47

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	Rs lakhs	
	As at / Year ended 31-3-2014	As at / Year ended 31-3-2013
<b>B) Liabilities</b>		
Borrowings	<b>2,468.21</b>	2,255.22
Current Liabilities and Provisions :		
Trade Payables	<b>274.13</b>	135.33
Current Liabilities	—	—
Provisions	<b>3.91</b>	3.65
<b>C) Income</b>	<b>409.50</b>	695.55
<b>D) Expenditure</b>		
Cost of materials and components consumed	<b>186.03</b>	0.50
Increase / (Decrease) in inventories FG, WIP and stock in trade	<b>17.16</b>	(34.86)
Employee Benefit Expenses	<b>45.56</b>	12.62
Finance Cost	<b>162.57</b>	100.20
Depreciation	<b>143.15</b>	13.61
Other Expenses	<b>306.72</b>	85.94
Tax	<b>(91.21)</b>	71.68
9) Discontinuing Operations :		
A. SUNDRAM RBI SDN. BHD, MALAYSIA		
The Board of the Directors of one of the Subsidiary of the Company viz. SUNDRAM RBI SDN. BHD, Malaysia has approved a plan for the discontinuance of its operations. As at 31st March 2014 the carrying amount of the assets of the subsidiary company was Rs 3.73 lakhs and liabilities were Rs 203.86 lakhs. The following statement shows the revenue and expenses of the dsicontinuing operations which has been included in the Statement of Profit and Loss :		
Other income	—	—
Other Expenses	<b>0.33</b>	0.68
Pre-tax Profit / (Loss) from discontinued operations	<b>(0.33)</b>	(0.68)
Interest	—	—
Profit / (Loss) before tax	<b>(0.33)</b>	(0.68)
Income Tax - Deferred Tax	—	—
Profit / (Loss) from discontinuing operations after tax	<b>(0.33)</b>	(0.68)

# Sundram Fasteners Limited (CONSOLIDATED)

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Rs lakhs

As at / Year ended 31-3-2014	As at / Year ended 31-3-2013
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### B. SUNDRAM INTERNATIONAL INC.

The Board of the Directors of one of the Subsidiary of the Company viz. SUNDRAM INTERNATIONAL INC. USA has approved a plan for the discontinuance of its operations. As at 31st March 2014 the carrying amount of the assets of the subsidiary company was Rs 27.56 lakhs and liabilities were Rs 23.96 lakhs. The following statement shows the revenue and expenses of the discontinuing operations which has been included in the Statement of Profit and Loss :

Revenue from operation	–	2.10
Cost of material consumed	–	3.21
Other expenses	<b>6.58</b>	36.27
Exchange gain	<b>0.96</b>	2.82
Profit / (Loss) before tax from discontinued operations	<b>(5.62)</b>	(34.56)
Income Tax - Deferred Tax	–	–
Profit/(Loss) from discontinuing operations after tax	<b>(5.62)</b>	(34.56)

- 10) Figures for the previous year have been re-classified / re-arranged/ re-grouped, wherever necessary to conform to current year classification.

**ARUNDATHI KRISHNA**  
Deputy Managing Director

**ARATHI KRISHNA**  
Joint Managing Director

**SURESH KRISHNA**  
Chairman & Managing Director

**V G JAGANATHAN**  
Chief Financial Officer & Company Secretary

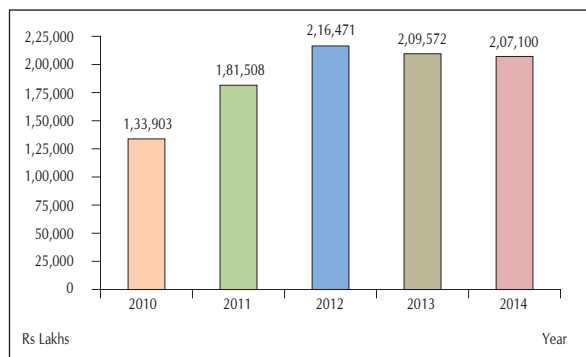
As per our report annexed  
For **SUNDARAM & SRINIVASAN**  
Chartered Accountants  
Regn. No. 004207S

Chennai  
May 30, 2014

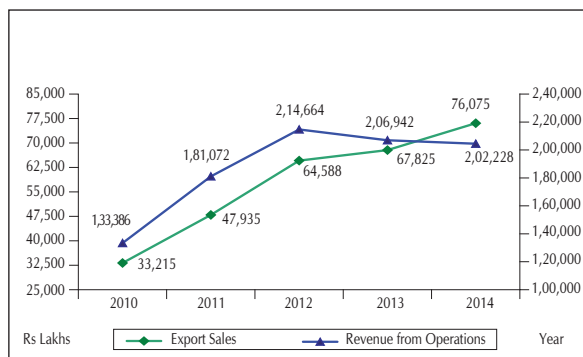
**P MENAKSHISUNDARAM**  
Partner  
Membership No. 217914



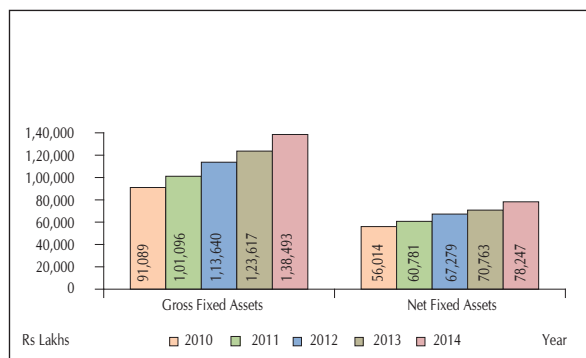
## Total Revenue



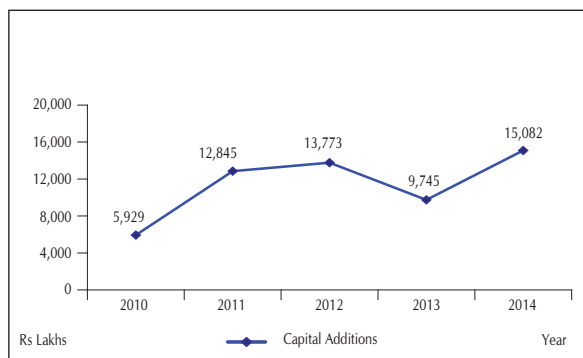
## Export Sales and Revenue from Operations



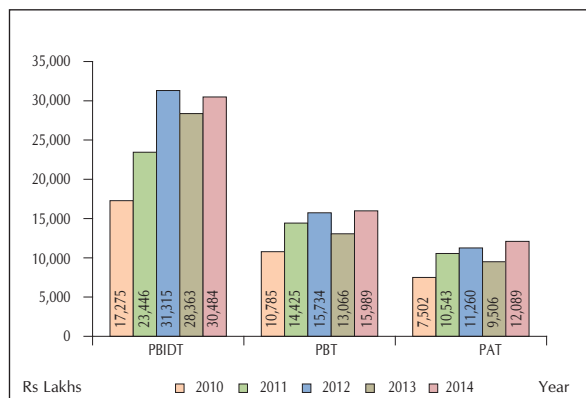
## Gross and Net Block of Fixed Assets



## Capital Expenditure



## Profits



## Funds Employed

