



# **Sundram Fasteners Limited**

## **ANNUAL REPORT**

**for the year ended  
31st March 2010**





# Sundram Fasteners Limited

## FINANCIAL HIGHLIGHTS

Particulars	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
<b>Operating results - Rs lakhs</b>										
Sales - Net	133,386	126,219	120,592	119,944	106,199	92,955	68,912	45,883	38,302	37,356
EBIDT	17,033	16,378	15,256	17,178	15,312	13,197	10,223	8,536	6,712	6,565
Interest	1,500	9,920	1,387	2,625	2,958	586	(552)	610	1,297	1,672
EBDT	15,533	6,458	13,869	14,205	12,354	12,611	10,776	7,926	5,415	4,893
Depreciation	4,748	4,223	3,423	3,012	2,739	2,333	1,977	1,299	1,322	1,195
EBIT	12,284	12,155	11,833	13,819	12,573	10,864	8,246	7,237	5,390	5,370
Profit before tax	10,785	2,235	10,446	11,194	9,615	10,279	8,798	6,627	4,093	3,698
Tax	3,283	494	3,499	4,008	3,422	3,339	3,008	2,088	1,172	820
Profit after tax	7,502	1,741	6,947	7,186	6,193	6,940	5,790	4,539	2,921	2,878
<b>Financial status - Rs lakhs</b>										
Net fixed assets	57,978	56,798	51,944	40,476	35,235	31,786	25,867	19,535	18,424	17,442
Investments	14,239	14,245	13,325	7,276	7,215	2,160	2,021	3,369	3,341	3,292
Net current assets	40,726	45,888	39,365	39,955	39,670	31,665	22,039	12,443	11,887	12,556
Share capital	2,101	2,101	2,101	2,101	1,051	1,051	1,051	1,021	1,021	1,021
Reserves and surplus	45,914	40,621	40,110	35,375	31,337	27,148	22,241	20,309	17,153#	18,935
Net worth	48,015	42,723	42,211	37,476	32,387	28,199	23,292	21,330	18,174	19,956
Loan funds	56,791	66,738	55,507	43,969	43,860	32,056	21,754	9,504	11,734	13,334
Deferred Tax Liability	8,137	7,470	6,915	6,261	5,873	5,356	4,881	3,906	3,744	-
Total capital employed	112,943	116,931	104,633	87,707	82,120	65,611	49,927	34,740	33,652	33,290
<b>Performance parameters - %</b>										
EBIDT to Sales	12.8	13.0	12.7	14.3	14.4	14.2	14.8	18.6	17.5	17.6
EBIT to Sales	9.2	9.6	9.8	11.5	11.8	11.7	12.0	15.8	14.1	14.4
PBT to Sales	8.1	1.8	8.7	9.3	9.1	11.1	12.8	14.4	10.7	9.9
EBIDT/Average capital employed [ROCE]	14.8	14.8	15.9	20.2	20.7	22.8	24.1	25.0	20.1	20.1
EBIT / Average capital employed	10.7	11.0	12.3	16.3	17.0	18.8	19.5	21.2	16.1	16.5
PAT/Average net worth	16.6	4.1	17.4	20.6	20.4	27.0	26.0	23.0	15.3	15.2
Bonus issue	-	-	-	1:1	-	-	-	-	-	-
EPS before extra ordinary items - Rs	3.57*	0.83*	3.21*	3.59*	5.92*	6.61*	5.51*	44.43	28.59	28.17
EPS after extra ordinary items - Rs	3.57*	0.83*	3.31*	3.42*	5.92*	6.61*	5.51*	44.43	28.59	28.17
Dividend per share - Rs	0.9@*	0.5@*	0.9@*	1.75*	1.70*	1.70*	1.40*	12.00	10.00	7.00
Dividend payout ratio	25.21	60.36	27.26	25.59	28.81	25.76	25.41	27.01	34.98	24.85
Book value per share - Rs	22.85*	20.33*	20.09*	17.84*	30.83*	26.83*	22.16*	208.91	177.92	195.38
Market value per share - Rs	51.6@	14.85@	32.35@	63.75@	169.30*	109.45*	87.05*	362	236	215

# After considering transfer of Rs 3,681 lakhs on account of initial adoption of Deferred Tax Liability.

\* On face value of shares - Re 1 each

Note: 1 Lakh = Rs 100,000

Ten Lakhs = One Million

Ten Millions = One Crore

@ Post Bonus Issue

EBDT for 2006-07 is after considering provision for diminution in value of investments and losses of subsidiaries.

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## REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

The Directors are pleased to present the Forty Seventh Annual Report together with the audited accounts for the year ended 31st March 2010.

### FINANCIAL RESULTS

	Rs lakhs	
	2009-10	2008-09
Sales – Domestic (including excise duty)	<b>108,977.92</b>	94,664.98
Less : Excise Duty	<b>8,807.15</b>	11,358.07
	<b>100,170.77</b>	83,306.91
Exports	<b>33,215.29</b>	42,912.53
Net Sales	<b>133,386.06</b>	126,219.44
Gross Profit before interest, depreciation, extra-ordinary items and taxes	<b>17,032.74</b>	16,378.30
Less : Interest	<b>2,548.25</b>	3,849.74
Exchange Losses/(Gains)	<b>(1,048.62)</b>	6,070.14
Depreciation	<b>4,748.40</b>	4,223.28
Profit before extra-ordinary items and tax	<b>10,784.71</b>	2,235.14
Less : Provision for taxation including earlier years	<b>3,283.38</b>	494.44
Profit after tax	<b>7,501.33</b>	1,740.70
Add : Balance brought forward	<b>2,646.38</b>	2,309.82
Add : Transfer from Investment Allowance (Utilised) Account	<b>–</b>	25.06
	<b>10,147.71</b>	4,075.58
<b>Appropriations</b>		
Interim Dividend	<b>1,891.15</b>	1,050.64
Tax on Interim Dividend	<b>317.35</b>	178.56
Transfer to General Reserve	<b>5,000.00</b>	200.00
Balance carried forward	<b>2,939.21</b>	2,646.38
	<b>10,147.71</b>	4,075.58

### SALES & PROFITS

The Company recorded total Net Sales and other income of Rs.1336.60 Crores for the year ended March 31, 2010 as against Rs.1265.63 Crores achieved during the previous year. The export sale was at Rs.332.15 Crores as against Rs.429.13 Crores in the previous year. The Profit after tax was higher at Rs.75.01 Crores as against Rs.17.41 Crores in the previous year.

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

### DIVIDEND

The Directors have decided to pay as Second Interim Dividend of Rs.0.50 per Share of face value of Re.1 each, which together with the Interim Dividend of Rs.0.40 declared and paid earlier would amount to a total dividend for the year of Rs.0.90 per share of Re 1 each. Dividend disbursed amounted to Rs. 840.51 lakhs. Second Interim Dividend will absorb a total amount of Rs.1050.64 lakhs. The Directors do not recommend any final dividend.

# **Sundram Fasteners Limited**

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## **STATUTORY STATEMENTS**

There were 2 deposits amounting to 0.15 lakh which remained unclaimed as at the end of the year.

Statement relating to the subsidiary companies viz. Sundram Fasteners Investments Limited, Upasana Engineering Limited, Sundram Non-Conventional Energy Systems Limited, Sundram Bleistahl Limited, Sundram International Inc, Sundram Fasteners (Zhejiang) Limited, Cramlington Precision Forge Limited, Sundram RBI Sdn. Bhd, Peiner Umformtechnik GmbH, PUT Grundstücks GmbH and Peiner Logistik GmbH is attached pursuant to Section 212 of the Companies Act, 1956.

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.

## **CONSOLIDATED FINANCIAL 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.

In the context of mandatory requirement to present consolidated accounts, which provides members with a consolidated position of the Company including its subsidiaries and associates, members are being provided with the accounts and reports of the Company treating this as abridged accounts as contemplated under Section 219 of the Companies Act, 1956. The Company has received the permission from Central Government under Section 212(8) of the Companies Act, 1956 exempting the Company from attaching a copy of the Balance Sheet, Profit and Loss Account and other documents of the Subsidiary Companies. The accounts, reports and other documents of the subsidiary companies will be made available to the members upon receipt of a written request from them. This will help the Company save considerable costs in connection with printing and mailing.

## **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.

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**DIRECTORS**

Sri V Narayanan and Sri R Ramakrishnan retire from the Board by rotation and being eligible, offer themselves for re-appointment.

**AUDITORS**

The Auditors, M/s Sundaram & Srinivasan, Chartered Accountants, Chennai, retire and are eligible for re-appointment.

**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

Chennai  
May 29, 2010

SURESH KRISHNA  
Chairman & Managing Director

## 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. Insulation of Heat Treatment furnace
3. Replacement of CFLs in place of tube lights.
4. Operation of Methanol based system in place of Endo Generation
5. Optimisation of air conditioning loads.

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 Turbo chargers shafts with special materials.
- b) Development of tappet adjusting screws.
- c) Development of induction hardening on knurls on wheel bolts.
- d) Development of low cost high hardenable pre-alloyed iron powder.

2. Future plan of action:

- a) Development of Magni coating.
- b) Development of high temperature vacuum sintering of powder metals parts.
- c) Development of pre-alloyed steel powder.

3. The Company had entered into a technical collaboration agreement with Hitachi, Japan for the manufacture of tappets. The Company is in the process of absorbing the technology and has commenced manufacture of tappets at its factory at Hosur.

4. Expenditure on Research & Development:

The Company has incurred expenditure amounting to Rs.784.69 lakhs (Revenue expenditure) towards Research and Development. The Expenditure on Research & Development as a percentage of turnover - 0.59%.



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5. 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) The Company has retained the accreditation of its quality systems being in line with ISO 9001-2000. All the major factories of the Company have obtained accreditation to the latest ISO/TS 16949-2002 standards.

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. Foreign Exchange Earnings and Outgo:**

1. Exports Sales during the year under review were Rs.33,215 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.23,147 Lakhs
- b) Foreign Exchange earned                      Rs.33,734 Lakhs

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

On behalf of the Board

Chennai  
May 29, 2010

SURESH KRISHNA  
Chairman & Managing Director

# Sundram Fasteners Limited

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Overview

Indian Gross Domestic Product and the Index of Industrial Production registered a growth of 7.2% (6.7%) and 10.4% (2.4%) respectively, inching their way back from the global economic shock, thanks to the strong fundamentals of Indian economy.

The global economic slowdown during 2008-09 impacted the performance of the automotive sector with sales falling to levels not seen since early 1990s, consumer sentiments touched an all time low and accessibility to finance was a major constraint.

During 2009-10, the global slowdown eased. The emerging economics grew at a faster pace; however the growth in the developed economies has been minimal or static despite massive governmental intervention. In India, the manufacturing sector including the automotive sector recovered from the slowdown witnessed during the second half of 2008-09. The following table shows the sales trend of the industry.

### Automobile Sales Trends

(In Nos)

Category	Total Sales during			Variance over previous year %
	2007-2008	2008-2009	2009-2010	
Medium & Heavy Commercial Vehicles	293,094	200,406	<b>250,171</b>	24.83
Light Commercial Vehicles	252,722	226,389	<b>316,437</b>	39.78
Total CVs	<b>545,816</b>	<b>426,795</b>	<b>566,608</b>	<b>32.76</b>
Passenger Cars	1,413,395	1,551,012	<b>1,926,484</b>	24.21
Utility Vehicles	249,863	228,840	<b>272,848</b>	19.23
MPVs	101,781	107,767	<b>151,908</b>	40.96
Total Passenger Vehicles	<b>1,765,039</b>	<b>1,887,619</b>	<b>2,351,240</b>	<b>24.56</b>
Scooters	1,075,591	1,171,663	<b>1,494,409</b>	27.55
Motorcycles	6,544,482	6,806,114	<b>8,444,852</b>	24.08
Mopeds	431,983	438,514	<b>571,070</b>	30.23
Electric two wheelers	16,391	25,553	<b>2,558</b>	(89.99)
Total Two Wheelers	<b>8,068,447</b>	<b>8,441,844</b>	<b>10,512,889</b>	<b>24.53</b>
Three Wheelers	505,938	497,793	<b>619,093</b>	24.37
Tractors	346,501	342,836	<b>440,230</b>	28.41
Grand Total	<b>11,231,741</b>	<b>11,596,887</b>	<b>14,490,060</b>	<b>24.95</b>

(Sources: SIAM/TMA)

The domestic market maintained steady improvement over the year and grew significantly in the second half. Sales of cars, utility vehicles, MPVs, LCVs and two-wheelers grew throughout the year thanks to the stimulus offered by the Government in the form of excise duty cuts. The tractor segment enjoyed a higher growth rate supported by farm mechanization and subsidized interest rates. The M&HCV segment remained sluggish in the

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first half of the year. During the second half, all segments of automotive industry gained momentum as the stimulus offered by the Government had the lag effect on the entire industry. Higher disposable incomes, strong internal demand, lower interest rates on account of improved liquidity, accelerated depreciation scheme and increased outlay on infrastructure helped to improve and sustain the demand.

There was a minimal improvement in the sales of passenger cars during 2009 in the US and Europe. This was fueled by government incentives such as replacement of old cars with fuel-efficient cars. The CV industry has continued to struggle with sales falling by over 50% compared with peak levels. With high levels of unemployment combined with low levels of consumer confidence, sales of passenger cars may remain flat during 2010.

### **Domestic Sales**

In spite of increased competition in the aftermarket segment, the Company was able to improve its share and enjoy a growth over 2008-09 levels. Due to the significant recovery of the automobile sector and robust demand in the domestic market, especially from the second quarter of the financial year, the Company's domestic sales grew from Rs 833 crores to Rs 1,002 crores, an increase of 20%.

### **Exports**

The US and European markets faced an unprecedented decline in the volume of production due to the global economic crisis. Due to this, the Company's exports were lower at Rs 332 crores as against Rs 429 crores in the previous year, a decline of 22%. The decline would have been steeper but for the increased sales of hubs and shafts and powder metal products from the Company's SEZ and EOU factories. Volatility in exchange rates, combined with the continuing slump in demand from European customers, is bound to have a negative impact on the exports for the current year as well. The Company is planning to add new products and new customers to mitigate the decline in demand due to the sudden downturn in the market.

### **Financial Performance**

Improved market share in the domestic segment, sharp decline in interest rates in the domestic and international markets and stringent cost control measures helped the Company achieve better performance. The performance of the Company was supported by the continuous efforts on reduction in working capital and reduced spending on capital expenditure.

The Company continued to be under pressure due to rising manufacturing costs. Non-availability of power led to the Company purchasing power and resorting to self generation at higher costs. This was further compounded by an increase in freight rates and appreciation of the Rupee in the second half of the year. The Company incurred additional expenses on wages arising out of long-term wage settlements in respect of Puducherry and Hosur factories, and roll back of pay-cuts effected to management staff during the previous year. This further dented the margins.

The Company is consistent in adopting the Total Productive Maintenance (TPM) practices in order to achieve a reasonable control over other operating expenses, thereby enhancing its cost competitiveness.

During the year, PBIDT (Profit before interest, foreign exchange fluctuation, depreciation and tax) was higher at Rs 170.33 crores as against Rs 163.78 crores in the previous year. Interest charges were lower at Rs 25.48 crores against Rs 38.50 crores in the previous year. Depreciation was higher at Rs 47.48 crores (Rs 42.23 crores) on account of increased capital expenditure incurred over the recent years.

Foreign exchange fluctuation resulted in a gain of Rs 10.49 crores, as against a loss of Rs 60.70 crores in the previous year. 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 recognizes the exchange differences arising out of foreign currency denominated items as income or expense in the profit and loss statements.

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## Sundram Fasteners Limited

Profit before tax was higher at Rs 107.85 crores (Rs 22.35 crores). Profit after tax amounted to Rs 75.01 crores (Rs 17.41 crores). Considering the slow start at the beginning of the year, the Company has been able to post healthy profits.

### Summary of operating results

Rs lakhs

	2009-2010	2008-2009	Change %
Net Sales	<b>133,386.06</b>	126,219.44	5.68
Other Income	<b>274.03</b>	344.10	(20.36)
Total Income	<b>133,660.09</b>	126,563.54	5.61
Total expenditure	<b>116,627.35</b>	110,185.24	5.85
Profit before depreciation, interest and tax (PBDIT)	<b>17,032.74</b>	16,378.30	4.00
Interest	<b>2,548.25</b>	3,849.74	(33.81)
Exchange losses/(gains) on loans	<b>(1,048.62)</b>	6,070.14	(117.28)
Depreciation/Amortization	<b>4,748.40</b>	4,223.28	12.43
Profit before tax (PBT) and before extraordinary item	<b>10,784.71</b>	2,235.14	382.51
Extraordinary item (EOI)	-	-	
Profit before tax (PBT)	<b>10,784.71</b>	2,235.14	382.51
Current tax	<b>2,575.63</b>	131.04	1,865.53
Deferred tax	<b>666.23</b>	555.60	19.91
Profit after tax (PAT)	<b>7,542.85</b>	1,548.50	387.30
Income Tax (paid) / refunds relating to earlier years	<b>(41.52)</b>	192.20	(121.60)
Profit after tax and prior period items	<b>7,501.33</b>	1,740.70	330.94

### Key Ratios

	2009-2010	2008-2009
PBDIT/Total Revenue	<b>12.7%</b>	12.9%
Raw Material/Total Revenue	<b>46.8%</b>	47.5%
Operating expenses/Total Revenue	<b>40.5%</b>	39.5%
PBIT/Total Revenue	<b>11.6%</b>	9.6%
PBT/Total Revenue	<b>8.1%</b>	1.8%
PAT/Total Revenue	<b>5.6%</b>	1.2%
ROCE (Avg. Capital Employed)	<b>14.8%</b>	14.7%
RONW (Avg. Net Worth)	<b>16.6%</b>	3.6%
Economic Value Added (EVA) – Rs. lakhs	<b>1,675.81</b>	(101.69)
Incremental EVA – Rs lakhs	<b>1,777.50</b>	(2,311.35)

### Subsidiaries

The subsidiaries showed a mixed performance. Subsidiaries engaged in servicing the requirements of emerging markets have performed better than in the previous year. Subsidiaries catering to developed markets have performed poorly because of adverse market conditions. Sales and other income of subsidiaries declined to Rs 415.36 crores from Rs 576.15 crores. The subsidiaries made a cash loss of Rs 9.73 crores as against cash profit of Rs 38.04 crores during the previous financial year. Net Loss amount to Rs 27.79 crores as against net profit of Rs 18.62 crores in the earlier year.

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## **Consolidated Results**

The Consolidated sales of the Company and its subsidiaries after adjusting inter-Company transactions declined to Rs 1,694.81 crores from Rs 1,797.24 crores. Profit after Tax for the year increased to Rs 47.23 crores as against Rs 34.32 crores in the previous year.

## **Capacities and Capital Expenditure**

The automotive industry occupies a place of pre-eminence in the Indian and global economy. Indian automotive industry is expected to provide significant growth opportunities in the medium and long term. The Company always looks forward to tap new markets by introducing new products. The Company is actively seeking to diversify the customer base for its products.

During the year, the Company has incurred Rs 66.12 crores towards capital expenditure on existing and new projects. The Company commissioned a new manufacturing facility at Hosur, a 100% Export Oriented Unit for manufacture of sintered powder metal components viz., rotors, hubs and powder metal parts.

The Company set up another facility at Hosur for the manufacture of shimless tappets using cold extrusion process. The Company commenced supply of products from this facility during the last quarter of the year. Sales from this product is expected to contribute substantially to the profits of the Company in future years. The Company has entered into a technical collaboration agreement with Hitachi, Japan for the manufacture of shimless tappets. The Company has so far spent Rs 30 crores and will make additional investment based on requirements for capacity increase. The project will cater to the requirements of Maruti Suzuki India Limited for use in its new K-series engines.

The Company proposes to set up a facility for manufacture of sprockets at the factory at SEZ, Maraimalainagar at an initial investment of Rs 25 crores. The Company will also expand capacities further in the manufacture of sintered metal products, hubs and shafts and fasteners. The Company also proposes to add secondary capacities to develop new products for its customers and expand wherever necessary to meet substantial requirements of the customers where current sales are limited to available capacities. The total proposed capital expenditure during 2010-11 is likely to be around Rs 150 crores, subject to improvement in market conditions and internal accruals.

## **Research and Development**

The Company focuses on upgradation of existing products with added features and introduction of new products by continuous efforts on research and development (R&D) activities. The Company accords high priority to its R&D initiatives. The Company's R&D facilities at Padi, Chennai and at Hosur have been granted recognition by the Department of Scientific and Industrial Research, making the Company eligible for weighted deduction under Section 35 (2AB) of the Income Tax Act. The Company continues to make additional investment in R&D activities towards new products and process developments.

## **Quality Systems, TPM and Cost reduction**

All the major factories of the Company have obtained/retained certification according to the latest ISO/TS 16949-2002 standards.

The Company has been consistently benefitted by the implementation of Total Productivity Maintenance (TPM) techniques for over a decade. This enables the Company to enjoy competitive advantage in terms of quality, efficiency of the production and pricing. In addition, TPM implementation has resulted in operational efficiency, inventory cost reduction, increased equipment life span, improvements in production capacity, cleaner environment, high safety standards and higher morale of employees from improved job satisfaction. The Company's focus on TPM methodologies earned the following accolades:

- "Best Kaizen Award" from Maruti Suzuki India Limited.
- Process change introduced in injector lever was selected to be presented in the 14<sup>th</sup> Kaizen Conference in New Delhi organized by Confederation of Indian Industry and TPM Club of India.

# Sundram Fasteners Limited

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It is the Company's endeavour to create a culture of minimum waste across the business. As part of this philosophy, the Company seeks to institutionalize effective utilization of available resources.

The Company is focusing on better planning and control over inventory levels and other cost control measures to reduce the other operating expenses.

## Human Resources and Industrial Relations

The Company believes that human resources enable the Company to consistently meet customer requirements and deliver exceptional performance for growth. The Company offers a safe, congenial and lively work atmosphere and provides opportunities for focused learning experiences to employees to stimulate support and develop their potential into work related competencies. The focus on making the Company a great place to work continued through significant improvements in physical infrastructure and work place ambience, employee engagement and harnessing the power of IT. The HR initiatives like Mentoring and Training & Development help to empower its employees.

The Company makes a concerted effort 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.

The Company conducts computer and soft skills training to the children of employees, in addition to offering substantial scholarship grants to pursue higher education.

The Company has traditionally enjoyed excellent industrial relations. In keeping with this tradition, amicable long-term wage settlements have been concluded at Puducherry and Hosur factories. The agreements will go a long way in sustaining cordial and productive industrial relations in the Company.

**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 Company has continuously aspired to remain environmentally sustainable. It strives to strike the right balance between business, mankind and nature. In line with the policy of zero tolerance towards accidents, the Company provides all facilities for a safe working environment. A number of best practices have been put in place to ensure prevention of accidents and maintaining safety standards. Regular communication, training, mock drills and periodic reviews of practices play a vital role in maintaining safety standards. Backed by periodic audit, internal and external, implementation of TPM methodologies ensures that no deviation from safety policies occurs. The Company has put all efforts to maintain health and safety management systems in place which resulted in major factories at Krishnapuram, Gummidipoondi and Velappanchavadi winning OHSAS 18001:2007 certification from Bureau Veritas Quality International (BVQI) after undergoing stringent audits. The focus on safety standards resulted in factories at Krishnapuram, Gummidipoondi and Velappanchavadi winning the "Safety Award" from the State Government of Tamilnadu.

The Company strictly adheres to applicable environmental regulations and practices. The Company seeks to implement practices for resource conservation, particularly in the use of oil, water and electrical energy. Adequate pollution control equipments have been installed to treat effluents and to control air pollution. Periodic checks conducted by in-house personnel and external experts ensure continuous improvement in areas related to manufacturing processes and energy conservation. The Company has installed adequate water pollution control equipments to treat effluents in all its factories. The Company has implemented rainwater harvesting techniques in all factories and uses recycled water to the maximum extent possible. The Company has consciously developed green belts around its factories.

**All the major factories of the Company have obtained certification for conformance to ISO 14001 standards.**

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## **Risk Management**

The Company is a leader in manufacture of automotive and engineering components. Automotive components industry occupies a sizeable share of the global automotive industry. The global automotive component industry is highly diverse and comprises of various product segments like engine parts, suspension & braking parts, electrical parts and other auto components parts. The automobile sector is cyclical, very sensitive to policy changes and dependent on the growth of the economy and improvement in infrastructure. The fortunes of the automobile components industry are closely linked to those of the automobile industry. Demand swings in any of the segments (cars, two-wheelers, commercial vehicles) have an impact on automobile components demand. Demand is derived from original equipment manufacturers (OEM) as well as the replacement market. The OEM market is very competitive and the demand is price elastic. Component suppliers have to work with tight margins to bag bulk orders. Moreover, delivery schedules and quality standards have to be adhered to very strictly.

Prices of raw material especially steel and aluminium, fuel and transport costs have been increasing. Component suppliers are not able to pass on the rise in costs, due to quality and price consciousness of automobile manufacturers causing pressure on margins. The automobile industry due to its strong linkages with the economy is susceptible to liquidity, interest rate changes and consumer confidence. There has been a conscious effort by the Company to mitigate the risks by supplying a wide variety of components to a large number of customers in the domestic market and export market. The Company continues to invest judiciously to have manufacturing lines that can be adapted for new models and innovative products with strong technology backing and a growth plan driven by volume. The Company will continue with the cost control initiatives and effective management of working capital.

## **Internal Control Systems**

The Company has an effective and reliable internal control system which is complimented by a “Code of Business Conduct” binding all its employees to achieve high standards in Corporate Governance. The internal control system is designed to ensure quality and reliability of proper accounting controls, monitoring of operations, compliances and regulations with regard to underlying processes in achieving operational efficiency, reliability of financial data and safe-guarding of assets. The Company has continued its efforts to align all its processes and controls with industry best practices. The efficacy of internal checks and control systems are validated by self-audits, verified during internal audits and reviewed by the Audit Committee. The scope of internal audit within the Company is broad and oriented towards mitigating risks in all areas of operations. The Audit Committee of the Board of Directors comprising independent directors regularly reviews the audit plans, significant audit findings, adequacy of internal controls and compliance with Accounting Standards. Statutory auditors also review the adequacy of internal audit system and suggest improvements as necessary.

## **Subsidiaries**

### **Sundram Fasteners (Zhejiang) Limited**

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

Sales and other income during the year 2009 amounted to RMB 45.583 millions (Rs 3,227.32 lakhs) as against RMB 60.876 millions (Rs 3,865.65 lakhs) during 2008. The operations resulted in a cash profit of RMB 5.060 millions (Rs 360.26 lakhs) as against RMB 1.623 millions (Rs 186.38 lakhs) during 2008. Loss after providing for depreciation amounted to RMB 1.137 millions (Rs 61.76 lakhs) as against a loss of RMB 3.846 million (Rs 219.48 lakhs) in 2008.

Steel prices increased sharply during the year. SFZL could not pass on the cost increases to its customers. Strengthening of RMB vis-à-vis other currencies affected the profitability of exports. Global and Chinese economic slowdown affected the performance of SFZL during the first half of 2009. During 2010, market conditions have shown a marked improvement. Barring unforeseen conditions, SFZL will post sizable net profits in the coming years.

SFZL has retained certifications according to ISO / TS16949-2002 and ISO 9000-2000.

## **Sundram Fasteners Limited**

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The Company has so far invested USD 13 million (Rs 5,687.60 lakhs) in the Equity capital. SFZL has entered into a new business venture with Caterpillar and has thereby increased its market share. SFZL has also received an award from Haiyan Government for maintaining Best labour relationship.

### **Peiner Umformtechnik GmbH**

Peiner Umformtechnik GmbH (Peiner), Germany, a 100% subsidiary of the Company, manufactures a wide range of standard and special fasteners catering to the automotive, industrial and construction sectors. Peiner supplies its products to a wide range of OEM customers. Peiner's products are also sold through a strong network of distributors and its brand name is well recognized across Europe. The Company has invested Euro 8.674 million (Rs 4,791.55 lakhs).

Sales and other income during the year 2009 amounted to Euro 42.730 million (Rs 28,825.91 lakhs) as against Euro 63.977 million (Rs 41,239.62 lakhs) during 2008. The company incurred a loss before depreciation and taxes of Euro 2.562 million (Rs 1,710.74 lakhs) as against profit of Euro 4.089 million (Rs 2,857.56 lakhs) during 2008. Loss before taxes amounts to Euro 3.651 million (Rs 2,440.47 lakhs) during 2009 as against profit of Euro 3.046 million (Rs 2,147.26 lakhs) during 2008.

Uncertain economic conditions prevailing in Europe impacted the performance of the Company during 2009 and in early part of 2010. During 2010, there has been a slight improvement in performance but not sufficient to avoid losses. The fundamentals of the Company are strong and as the economy improves, the Company will show improved performance and profits. Peiner will attempt to improve the performance by expanding its product range related to non-automotive business besides increasing its market-share with its present customers.

### **Cramlington Precision Forge Limited**

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 2009 amounted to GBP 3.225 million (Rs 2,442.25 lakhs) as against GBP 6.922 million (Rs 5,559.02 lakhs) during 2008. CPFL made a cash loss of GBP 0.202 million (Rs 151.55 lakhs) during 2009 as against cash profit of GBP 0.252 million (Rs 191.14 lakhs) during 2008. Net loss after providing for depreciation and taxes amounted to GBP 0.332 million (Rs 249.54 lakhs) as against a loss of GBP 0.073 million (Rs 40.33 lakhs) during 2008. Exceptional costs amounting GBP 122,000 was incurred following a consolidation of senior personnel which also contributed to the losses.

The collapse of the European truck market which began in November 2008, has resulted in a 54% decline in turnover compared to 2008. However the company's turnover generated from new business products is expected to increase throughout 2010. The Company has shown a remarkable turn-around during 2010 and will post decent profits.

### **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, Sales and other income increased to Rs 3,989.33 lakhs from Rs 3,286.00 lakhs in the previous year, an increase of 24%. Domestic Sales increased to Rs 3,527.17 lakhs from Rs 2,538.26 lakhs in the previous year. Export Sales declined to Rs 448.93 lakhs from Rs 679.15 lakhs due to global slowdown especially in the developed economies. The operations resulted in a cash profit of Rs 188.46 lakhs as against Rs 79.06 lakhs in the previous year. The Company took advantage of the increased sales by substantial reduction in the loss after depreciation to Rs 15.53 lakhs as against Rs 114.26 lakhs in the previous year.

The Company's facility at Hosur for manufacture of cold extruded components caters to the needs of OEM customers in U.S. and Europe. The Company is expected to increase its export sales with the growth as customers

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have exhausted inventories. The economies in the developed countries have improved marginally. Barring unforeseen circumstances, the Company will show substantial improvement in sales during 2010. The Company is continuing its efforts towards increasing its market share in the domestic market.

### **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% of the equity capital. SBL caters to the needs of Bleistahl Productions GmbH & Co KG in Germany. The economic downturn in Germany caused an adverse impact on the performance of the Company. During the year, there was a sharp decline in the production because of low off-take by European customers. Sales and other income amounted to Rs 998.83 lakhs as against Rs 1,812.85 lakhs in the previous year. The Company made a cash profit of Rs 77.54 lakhs as against Rs 145.25 lakhs in the previous year. The performance of the Company can improve only when the European economies emerge out of recessionary conditions.

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

### **Awards**

The Company received several awards and recognitions for its achievements.

- Winner of “Supplier of the Year 2009” award from General Motors Corporation, USA for lean manufacturing, high productivity and high quality for manufacturing and supply of critical transmission parts namely output carrier shafts and reverse clutch hubs, with the Company being the only Indian Company out of the seventy-six suppliers to win the coveted award out of a supplier base of over twenty thousand.
- “Best Supplier” award from New Holland Fiat (India) Pvt. Ltd., India
- “Excellence in Quality” award from Tata Motors Limited, India
- “Best Supplier award” from Rane (Madras) Limited, Chennai
- “Maximum value to the Customer” award from Bosch Limited, Bangalore
- “Enduring Relationship Award” from WABCO TVS Limited, Chennai
- All India award for Star Performance in exports by Engineering Export Promotion Council in India (EEPC)
- “Best Performance in Product Development” Award from Mahindra & Mahindra Limited, India

### **Prospects, Risks and concerns**

Global automobile sector is expected to provide significant growth opportunities. India’s automobile sector is expected to be one of the fastest growing in the world over the next several years. With the increase in disposable incomes, the Indian economy is set on a high growth path led by domestic consumption. In comparison to the world economies, India’s economic outlook looks positive but for inflation which has reached worrisome proportions. The Company is poised to benefit from the growth of automobile industry. The M & HCV segment is expected to return to pre-recession levels with Government continuing to spend on infrastructure, road development, creation and expansion of satellite towns serviced by expanded public transport systems. Car sales will witness a boom with the introduction of new models and demand for a better lifestyle. The need for personalized cheap transport will spur demand for two-wheelers in the near and medium term. Substantial increases in Minimum Support Prices for various crops by the Government and farm equipment subsidy will enhance the tractor sales. India continues to be a cost effective source for the automotive industry globally, both for vehicles and components. India’s manufacturing base will benefit from these scale economies and technology/quality improvements.

## **Sundram Fasteners Limited**

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The Company has set itself the task of enhancing its position in the Indian market, in terms of volume and market share. The Company is executing various initiatives in terms of process and product improvements to achieve this goal. The Company has opportunities to increase its exports significantly as the world markets return to normality.

The overall economic outlook is positive but volatile. The industry faces some threats on account of tightening of liquidity position, reduction in exposure to vehicle financing by Banks/NBFCs and hardening of interest rates on account of increase in inflation. Rising input costs, non-availability of required power, high fuel costs, fluctuation in rupee and availability of quality steel are causes of concern for the Company and its subsidiaries. As the industry is sensitive to policy changes, stringent emission norms and safety regulations could bring new complexities and cost increases for automobile industry. Intensity of competition has increased in almost all the segments due to entry of new players and expansion plans of existing ones.

Foreign subsidiaries will show better performance in the years to come as the acute phase of the global slowdown has passed and economic recovery appears to be gaining traction.

The recent threat of some of the European Governments defaulting on debt servicing creates uncertainty in economic growth and is a potential threat to world markets.

### **Corporate Social Responsibilities**

The Company believes that the rural mobility is a major contributor to GDP growth in an agrarian economy like ours. The Company seeks to make a positive impact on the communities in which the Company does business through its outreach efforts and initiatives that improve and enhance the quality of life of the people. The Company is actively supporting the English medium matriculation co-educational school run under the auspices of Krishna Educational Society by providing subsidised education to 315 children from the villages near the factory at Krishnapuram. The school provides the right ambience and environment to enable the underprivileged girl children to get proper education. Imparting education to under privileged girl children in an underdeveloped area will have an enormous impact spread over generations. In addition to academics, the school provides the right infrastructure to perform well in co-curricular activities. The school is consistently achieving 100% results in Class X examinations, with many of the students securing distinction. The Company provides scholarships to students to pursue higher studies including University education. The school offers medical facilities to every student, thereby nurturing their health. The school endeavours to make all its students good future citizens of the country.

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 lime, immunization, family planning, children's health, geriatric health and health education programmes. A large number of villagers (a majority of whom are women and children) attend monthly health education campaigns covering a wide variety of relevant topics. Such campaigns aimed at educating women in particular will help bring about a social change in terms of better hygiene and health of the people.

### **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.*

## 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 2010, 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 state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Share Transfer and Shareholder/Investor Grievance Committee.

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.

Chennai  
May 29, 2010

For SUNDARAM & SRINIVASAN  
Regd No. 0042075  
Chartered Accountants  
M BALASUBRAMANIAM  
Partner  
Membership No. F7945

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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, Executive Director and Whole-Time-Director hold Executive positions. There are seven Non-Executive Directors, of whom five are independent. The Non-Executive Directors, bring 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 five Board Meetings during the year ended 31<sup>st</sup> March 2010. These were on 30<sup>th</sup> April 2009, 4<sup>th</sup> June 2009, 28<sup>th</sup> July 2009, 29<sup>th</sup> October 2009 and 29<sup>th</sup> January 2010 and maximum interval between any two meetings was not more than 93 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) #	
	Board	AGM		Chairman	Member
Sri Suresh Krishna Chairman & Managing Director	5	Yes	9	2	3
Ms Arathi Krishna Executive Director	5	Yes	1	–	–
Ms Arundathi Krishna Whole-Time-Director	4	Yes	2	1	–
Sri K Ramesh	–	No	7	–	–
Sri Venu Srinivasan	1	No	15	1	4
Sri V Narayanan	5	Yes	8	3	4
Sri R Srinivasan	5	Yes	11	3	6
Sri R Ramakrishnan	5	Yes	2	3	1
Sri C V Karthik Narayanan	3	Yes	1	–	–
Sri M Raghupathy IAS (Retd.)	5	Yes	2	2	–

Except Chairman and Managing Director, Executive Director & Whole-Time-Director all other Directors are Non-Executive Directors. Chairman and Managing Director, Executive Director & Whole-Time-Director are related inter-se.

Sri K Ramesh, Director is related to Chairman and Managing Director.

<sup>@</sup> Excludes private, foreign companies and companies registered under Section 25 of the Companies Act, 1956

<sup>#</sup> 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 (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 laid down Standards on secretarial practices relating to meetings of the Board and Board Committees, General Meetings etc. Though these Standards are so far only recommendatory, the secretarial and the operating practices of the Company are in line with the above Secretarial Standards.

### 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 five times during the year on 30<sup>th</sup> April 2009, 4<sup>th</sup> June 2009, 28<sup>th</sup> July 2009, 29<sup>th</sup> October 2009 and 29<sup>th</sup> January 2010. The attendance of each Member of the Committee is given below:

Name of the Director	No. of meetings attended
Sri R Srinivasan	5
Sri V Narayanan	5
Sri R Ramakrishnan	5

The Chairman of the Audit Committee was present at the Annual General Meeting held on 20<sup>th</sup> August 2009. Sri V G Jaganathan, President (Finance) and Secretary, acts as Secretary of the Committee.

- 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 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 and Managing Director (CMD), Executive Director (ED) and Whole-Time-Director (WTD) for the year ended 31<sup>st</sup> March 2010 are as follows:

Rs lakhs

	CMD	ED	WTD
Salary	24.00	24.00	24.00
Commission	345.77	230.51	–
Perquisites and other allowances	83.36	23.81	24.02
Total	453.13	278.32	48.02

# Sundram Fasteners Limited

The Remuneration paid to Non-Executive Directors for the year ended 31<sup>st</sup> March 2010 is as follows:

Rs lakhs

Name of the Director	Sitting Fee*
Sri K Ramesh	–
Sri Venu Srinivasan	0.10
Sri V Narayanan	1.00
Sri R Srinivasan	1.00
Sri R Ramakrishnan	1.00
Sri C V Karthik Narayanan	0.30
Sri M Raghupathy	0.50

\*Includes sitting fee paid for attending Committee Meetings

## 5. Investor / Shareholder Grievance Committee

- Details of the Members, Compliance Officer, No. of Complaints received and pending and pending transfers as on close of the year ended 31<sup>st</sup> March 2010

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, President (Finance) and Secretary, is the Compliance Officer of the Company.

During the year, 910 queries and 11 complaints were received from shareholders/investors and other agencies, all of which have been resolved. The Company had 3 share transfer requests pending at the close of the financial year, which have been processed on 8th April 2010.

## 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
2009	AGM	The Music Academy, Chennai	20-08-2009	10.00 am
2008	AGM	The Music Academy, Chennai	20-08-2008	10.00 am
2007	AGM	The Music Academy, Chennai	10-09-2007	10.00 am

The shareholders passed all the resolutions set out in the respective notices. No Postal Ballots were used for voting at these meetings.

- 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 2010:

Name of the Director	Number of Equity Shares	% holding
Sri Suresh Krishna Chairman & Managing Director	36040	0.0171
Ms Arathi Krishna Executive Director	47040	0.0223
Ms Arundathi Krishna Whole-Time-Director	51840	0.0247
Sri K Ramesh	4000	0.0019
Sri Venu Srinivasan	–	–
Sri V Narayanan	1200	0.0005
Sri R Srinivasan	9200	0.0044
Sri R Ramakrishnan	6400	0.0030
Sri C V Karthik Narayanan	–	–
Sri M Raghupathy IAS (Retd.)	–	–

- Materially significant related party transactions during the year ended 31<sup>st</sup> March 2010

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 & 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	Friday, 20 <sup>th</sup> August 2010, 10.00 a.m. The Music Academy, Chennai 168, TTK Road, Chennai 600 014
2	Financial calendar	(i) April 2010 to March 2011 (ii) First Quarter Results – on or before 14-8-2010 (iii) Half-yearly Results – on or before 14-11-2010 (iv) Third Quarter Results – on or before 14-2-2011 (v) Annual Results for the year ending 31 <sup>st</sup> March 2011 - on or before 30-5-2011
3	Record Date - 1 <sup>st</sup> interim Record Date - 2 <sup>nd</sup> interim Book Closure Date	10 <sup>th</sup> February 2010 11 <sup>th</sup> June 2010 10 <sup>th</sup> August 2010 to 20 <sup>th</sup> August 2010 (both days inclusive)
4	1 <sup>st</sup> Interim Dividend 2 <sup>nd</sup> Interim Dividend Final Dividend (if any) Payment Date	Paid on 19-2-2010 Payable on 18-6-2010  –
5	Listing of Equity Shares on Stock Exchanges	Chennai, Mumbai and National Stock Exchanges. The Company has paid the listing fees to the Stock Exchanges for the year 2010-2011.
6	Registrar and Transfer Agents	Integrated Enterprises (India) Limited, Kences Towers, 2 <sup>nd</sup> Floor, No. 1, Ramakrishna Street, North Usman Road, T Nagar, Chennai 600 017 are acting as common agency for all investor- servicing activities relating to both electronic and physical segments.
7	Stock Code – Physical  The ISIN No. for Company's Equity Shares in Demat form Depository Connectivity	SFS – Madras Stock Exchange Limited New Code: 500403 – Bombay Stock Exchange Ltd SUNDRMFAST – National Stock Exchange of India Ltd INE 387A01021  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 a period of 25 days from the date of receipt. Demat requests are processed within a period of 10 days from the date of receipt. The Company's Registrars and Share Transfer Agents, Integrated Enterprises (India) Limited (IEL) have adequate infrastructure to



## 9. General Shareholder Information (Contd.)

		<p>process the share transfers. The Committee approves the transfers etc. as required from time to time.</p> <p>In compliance with the Listing / SEBI Guidelines –</p> <ul style="list-style-type: none"> <li>• A Practising Company Secretary carries out Secretarial 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>• A Practising 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 31 <sup>st</sup> March 2010	Data in statement form – Enclosed
10	Distribution of shareholding as on 31 <sup>st</sup> March 2010	Data in statement form – Enclosed
11	Share Performance	BSE Vs Index – Graph form - Enclosed NSE Vs Index – Graph form - Enclosed
12	Share Price Data – High/Low	Bombay Stock Exchange – Data in statement form - Enclosed NSE – Data in statement form – Enclosed
13	<p>Dematerialization of shares and liquidity</p> <p>Details of public funding obtained in the last three years</p> <p>Outstanding GDRs/ADRs/Warrants or any convertible instruments</p>	<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>91.32% of total equity capital (excluding holding of promoter companies) is held in dematerialized form with NSDL and CDSL as on 31<sup>st</sup> March 2010.</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> <p>Not issued.</p>

# Sundram Fasteners Limited

## 9. General Shareholder Information (Contd.)

	Registrar and Share Transfer Agent of the Company	Integrated Enterprises (India) Limited 'Kences Towers' 2 <sup>nd</sup> Floor No. 1 Ramakrishna Street North Usman Road T Nagar Chennai 600 017 Telephone: 044-28140801 – 803 Fax: 044-28142479, 28143378 E-mail: corpseiv@iepindia.com
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 2 <sup>nd</sup> 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	<p><u>Tamil Nadu</u></p> <ol style="list-style-type: none"> <li>1) Padi, Chennai 600 050, Chengleput District</li> <li>2) Harita, Hosur 635 109, Krishnagiri District</li> <li>3) Krishnapuram, Aviyur 626 160, Virudhunagar District</li> <li>4) Mittamandagapet Village 605 106, Villupuram District</li> <li>5) Velappanchavadi, Chennai 600 077</li> <li>6) SIPCOT Industrial Complex, Gummidipoondi 601 021</li> <li>7) Auto Ancillary SEZ, Mahindra World City, Natham Sub Post, Chengleput, Kancheepuram District 603 002</li> </ol> <p><u>Puducherry (Pondicherry)</u></p> <ol style="list-style-type: none"> <li>8) Korkadu, Nettapakkam Commune, Bahur Taluk Puducherry 605 110</li> </ol> <p><u>Andhra Pradesh</u></p> <ol style="list-style-type: none"> <li>9) Bonthapally Village 502 313, Medak District</li> </ol> <p><u>Uttarakhand</u></p> <ol style="list-style-type: none"> <li>10) Pantnagar, Integrated Industrial Estate Rudrapur, Dist. Udam Singh Nagar Uttarakhand 263 153</li> </ol>

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## 9. General Shareholder Information (Contd.)

16	Address for communication	Sundram Fasteners Limited 98A, 7 <sup>th</sup> Floor, Dr Radhakrishnan Salai Mylapore, Chennai 600 004 Telephone: 044-28478500 Fax: 044-28478510 E-mail: <a href="mailto:csn@corp.sfl.co.in">csn@corp.sfl.co.in</a>  Shareholders holding shares in electronic form should address all their correspondence relating to change in address/ instructions re: dividend etc. to their respective <b>Depository Participant (DP)</b> .
17	Compliance Officer	Sri V G Jaganathan President (Finance) and Secretary 98A, 7 <sup>th</sup> Floor, Dr Radhakrishnan Salai Mylapore, Chennai 600 004 Phone: 044 – 28478500 Fax: 044 – 28478510 E-mail: <a href="mailto:vgj@corp.sfl.co.in">vgj@corp.sfl.co.in</a>
18	Exclusive E-mail id for redressal of investor complaints	In terms of Clause 47(f) of the Listing Agreement, investors may use the E-mail id: <a href="mailto:investorshelpdesk@corp.sfl.co.in">investorshelpdesk@corp.sfl.co.in</a> for redressal of complaints.
19	Website	<a href="http://www.sundram.com">www.sundram.com</a>

## 10. NON-MANDATORY REQUIREMENTS

### 1) The Board

All the Independent Directors contribute effectively to the business carried on by the Company. In the opinion of the Board, it is not necessary to limit the aggregate tenure of each of the Directors.

### 2) Remuneration Committee

The remuneration package of Executive Directors is determined by the Board. As per the requirement under the Companies Act, 1956, the Executive Directors neither participate in the discussion 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.

### 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 pro-forma, are published in Business Line (English) and Makkal Kural (Tamil) newspapers.

# Sundram Fasteners Limited

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## 10. NON-MANDATORY REQUIREMENTS (Contd.)

### 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 and 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 neither training of Board members nor any evaluation is required.

### 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. However, a policy framework will be established at the appropriate time.

## 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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29th May 2010

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 and 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, 2010.

SURESH KRISHNA  
Chairman and Managing Director

### Categories of Shareholding as on 31<sup>st</sup> March 2010

Category	Shares	% holding
Promoter Companies	104,085,280	49.53
Mutual Funds	17,798,225	8.47
Insurance Cos, Financial Institutions & Banks	21,436,982	10.20
Foreign Institutional Investors	793,919	0.38
Public/Private limited companies	5,123,882	2.44
Non-resident Indians & Foreign Nationals	1,388,722	0.66
Resident Individuals	59,501,360	28.32
<b>Total</b>	<b>210,128,370</b>	<b>100.00</b>

### Distribution of Shareholding as on 31<sup>st</sup> March 2010

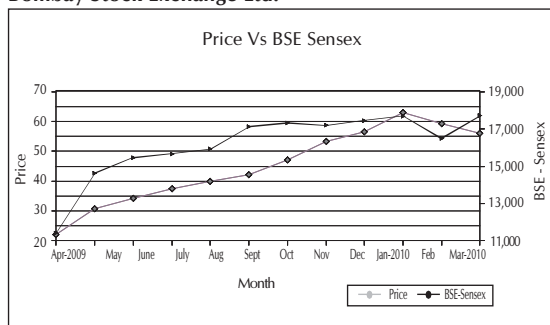
Number of Shares	Shareholders		No. of shares	
	Number	%	Number	%
upto 100	12,040	27.59	741,680	0.35
101 - 250	7,773	17.81	1,423,096	0.68
251 - 500	7,303	16.74	2,928,267	1.39
501 - 1,000	4,966	11.38	4,037,250	1.92
1,001 - 5,000	9,829	22.53	24,125,071	11.48
5,001 - 10,000	1,134	2.60	8,212,639	3.91
10,001 and above	589	1.35	168,660,367	80.27
<b>Total</b>	<b>43,634</b>	<b>100.00</b>	<b>210,128,370</b>	<b>100.00</b>
<b>Physical Mode</b>				
Promoters	2	—	104,085,280	49.53
Others	6,057	13.88	9,199,693	4.38
<b>Demat Mode</b>	<b>37,575</b>	<b>86.12</b>	<b>96,843,397</b>	<b>46.09</b>

### Share Price Data

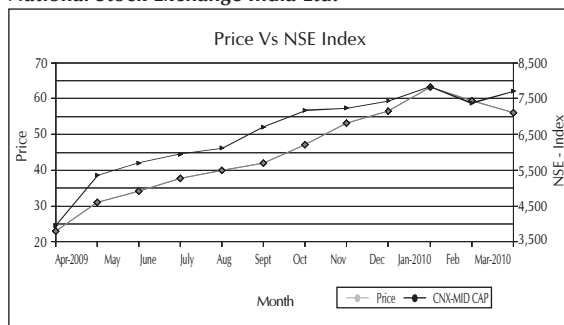
Month	Bombay Stock Exchange Ltd.				National Stock Exchange of India Ltd.			
	Price - Rs		Index - Sensex		Price - Rs		Index - CNX Mid Cap	
	High	Low	High	Low	High	Low	High	Low
April-2009	22.09	16.24	11,403	9,902	23.05	16.15	3,960	3,432
May-2009	30.85	20.10	14,625	11,683	31.00	20.25	5,354	3,989
June-2009	34.15	25.35	15,467	14,266	34.10	25.75	5,704	5,212
July-2009	37.35	24.35	15,670	13,400	37.70	24.60	5,950	5,006
August-2009	40.05	33.25	15,924	14,785	39.95	33.40	6,118	5,707
September-2009	42.25	36.20	17,127	15,398	42.10	36.40	6,713	6,028
October-2009	47.20	37.70	17,326	15,896	47.20	37.45	7,171	6,577
November-2009	53.30	46.00	17,199	15,405	53.10	46.00	7,232	6,385
December-2009	56.55	52.50	17,465	16,601	56.50	52.55	7,433	7,156
January-2010	63.15	55.45	17,701	16,290	63.20	55.50	7,828	7,094
February-2010	59.30	51.50	16,496	15,791	59.35	51.55	7,374	7,049
March-2010	56.20	50.50	17,711	16,773	56.10	50.50	7,705	7,344

Source: (Stock Exch - Web-site)

### Bombay Stock Exchange Ltd.



### National Stock Exchange India Ltd.



**AUDITORS' REPORT TO THE MEMBERS OF SUNDRAM FASTENERS LIMITED, CHENNAI FOR THE YEAR ENDED MARCH 31, 2010**

1. We have audited the attached Balance Sheet of M/s Sundram Fasteners Limited, Chennai 600 004 as at 31st March 2010, the Profit & Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted the audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (the Act), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.
4. Further to our comments in the Annexure referred to above, we state that:
  - (i) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - (ii) In our opinion proper books of account, as required by law, have been kept by the Company so far as appears from our examination of those books;
  - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act;
  - (v) On the basis of written representations received from directors of the Company, as on 31st March 2010 and taken on record by the Board of Directors, we report that no director is disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act as on the said date;
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies, and other notes thereon 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 2010;
    - (b) In the case of the Profit & Loss Account, 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.

For SUNDARAM & SRINIVASAN  
Regd No. 0042075  
Chartered Accountants

M BALASUBRAMANIAM  
Partner  
Membership No. F7945

Chennai  
May 29, 2010

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### **Annexure referred to in para 3 of our report 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 have 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 given 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) The Company has granted unsecured loan to a company covered in the Register maintained under Section 301 of the Act. The maximum amount involved during the year and at the end of the year was Rs.1997.30 lakhs. The terms and conditions of such loans are, prima facie, not prejudicial to the interests of the company.
- (b) The Company has not taken any loans secured or unsecured from Companies, firms or other parties covered in the Register maintained under Section 301 of the Act, 1956 and accordingly paragraphs 4 (iii) (b), (c), (d), (e), (f) and (g) are not applicable.
- (iv) In our opinion and according to the information and explanations given 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 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;
- (b) In our opinion and according to the information and explanations given to us, the transactions entered in the Register maintained under Section 301 of the 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.

**Annexure referred to in para 3 of our report of even date (Contd.)**

- (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.
- (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 material statutory dues with the appropriate authorities.
- (b) According to the information and explanations given 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 2010 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, the following are the details of the disputed Income Tax, Customs Duty, Service Tax, Excise Duty and Property Tax that was not paid to the concerned authorities.

Nature of demand	Amount (Rs lakhs)	Forum where the dispute is pending
Income Tax	19.64	Madras High Court
Income Tax	20.38	Income Tax Appellate Tribunal
Income Tax	312.56	Commissioner (Appeals)
Excise Duty	30.53	CESTAT
Excise Duty	719.84	Commissioner Appeals
Customs Duty	2.23	Commissioner Appeals
Property Tax	5.31	Commissioner & Secretary to Govt of TamilNadu
Property Tax	6.27	Ambattur Municipality
Service Tax	1.65	CESTAT
Service Tax	88.08	Commissioner Appeals

- (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 given 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 given 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.



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**Annexure referred to in para 3 of our report of even date (Contd.)**

- (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 in respect of which the Company is maintaining adequate and proper records.
- (xv) The Company has given guarantee to banks and financial institutions 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 given 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 given 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 given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year nor have we been informed of such case by the management.

Chennai  
May 29, 2010

For SUNDARAM & SRINIVASAN  
Regd No. 004207S  
Chartered Accountants  
M BALASUBRAMANIAM  
Partner  
Membership No. F7945

# Sundram Fasteners Limited

## BALANCE SHEET AS AT 31ST MARCH 2010

	Schedule No.	As at 31-3-2010	As at 31-3-2009	Rs lakhs
<b>I SOURCES OF FUNDS</b>				
<b>1. Shareholders' Funds</b>				
a) Capital	I	2,101.28	2,101.28	
b) Reserves & Surplus	II	45,914.17	40,621.34	
		<b>48,015.45</b>		42,722.62
<b>2. Loan Funds</b>				
a) Secured Loans	III	36,938.85	46,119.49	
b) Unsecured Loans	IV	19,852.02	20,618.44	
		<b>56,790.87</b>		66,737.93
<b>3. Deferred Tax Liability</b>				
	V	8,136.70		7,470.47
Total		<b>112,943.02</b>		<b>116,931.02</b>
<b>II APPLICATION OF FUNDS</b>				
<b>1. Fixed Assets</b>				
(a) Gross Block	VI	91,088.82	84,638.68	
(b) Less : Depreciation		35,074.89	30,449.55	
(c) Net Block		56,013.93	54,189.13	
(d) Capital Work-in-progress		1,964.08	2,608.48	
		<b>57,978.01</b>		56,797.61
<b>2. Investments</b>				
	VII	14,239.43		14,245.30
<b>3. Current Assets, Loans &amp; Advances</b>				
a) Inventories	VIII	20,952.64	22,149.08	
b) Sundry Debtors	IX	26,036.74	23,493.45	
c) Cash & Bank Balances	X	503.23	1,077.72	
d) Loans & Advances	XI	11,884.35	11,568.34	
		<b>59,376.96</b>	<b>58,288.59</b>	
Less : Current Liabilities & Provisions				
a) Current Liabilities	XII	18,203.45	11,999.58	
b) Provisions	XIII	447.93	400.90	
		<b>18,651.38</b>	<b>12,400.48</b>	
Net Current Assets		<b>40,725.58</b>		45,888.11
Total		<b>112,943.02</b>		<b>116,931.02</b>
Notes on Accounts	XVIII			

ARUNDATHI KRISHNA  
Whole-Time Director

ARATHI KRISHNA  
Executive Director

SURESH KRISHNA  
Chairman & Managing Director

V G JAGANATHAN  
Secretary

R SRINIVASAN  
V NARAYANAN  
R RAMAKRISHNAN  
C V KARTHIK NARAYANAN  
M RAGHUPATHY  
Directors

As per our report annexed  
For SUNDARAM & SRINIVASAN  
Regn. No. 004207S  
Chartered Accountants  
M BALASUBRAMANIAM  
Partner  
Membership No. F7945

Chennai  
May 29, 2010

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

	Schedule No.	Year ended 31-3-2010	Rs lakhs Year ended 31-3-2009
Sales			
Gross Domestic Sales		<b>108,977.92</b>	94,664.98
Less: Excise Duty Collected		<b>8,807.15</b>	11,358.07
		<b>100,170.77</b>	83,306.91
Export Sales		<b>33,215.29</b>	42,912.53
Other Income	XIV	<b>133,386.06</b>	126,219.44
	XV	<b>274.03</b>	344.10
Total		<b>133,660.09</b>	126,563.54
Raw Materials, Components consumed, Work-in-process and Finished goods	XVI	<b>62,474.75</b>	60,138.85
Salaries & Wages, Stores consumed and other expenses	XVII	<b>54,152.60</b>	50,046.39
Interest and other financial charges		<b>1,499.63</b>	9,919.88
Depreciation		<b>4,748.40</b>	4,223.28
Provision for taxation :			
- Current Tax		<b>2,575.63</b>	142.00
Less : Minimum Alternate Tax Credit		-	(117.00)
- Deferred Tax		<b>666.23</b>	555.60
- Fringe Benefits Tax		-	106.04
Profit for the year		<b>7,542.85</b>	1,548.50
Total		<b>133,660.09</b>	126,563.54
Profit for the year		<b>7,542.85</b>	1,548.50
Add : Balance brought forward		<b>2,646.38</b>	2,309.82
Income-tax (paid)/Refund relating to earlier years		<b>(41.52)</b>	192.20
Transfer from Investment Allowance Reserve (utilised) Account		-	25.06
Total		<b>10,147.71</b>	4,075.58
Interim Dividend paid		<b>840.51</b>	-
Tax on Interim Dividend paid		<b>142.85</b>	-
Interim Dividend payable		<b>1,050.64</b>	1,050.64
Tax on Interim Dividend payable		<b>174.50</b>	178.56
Transfer to General Reserve		<b>5,000.00</b>	200.00
Balance carried forward		<b>2,939.21</b>	2,646.38
Total		<b>10,147.71</b>	4,075.58
Earnings per Share (Basic and diluted) before Extra-ordinary Items		<b>3.57</b>	0.83
Earnings per Share (Basic and diluted) after Extra-ordinary Items (Face value of Re.1/- each (last year face value of Re.1/- each))		<b>3.57</b>	0.83

ARUNDATHI KRISHNA  
Whole-Time Director

ARATHI KRISHNA  
Executive Director

SURESH KRISHNA  
Chairman & Managing Director

V G JAGANATHAN  
Secretary

R SRINIVASAN  
V NARAYANAN  
R RAMAKRISHNAN  
C V KARTHIK NARAYANAN  
M RAGHUPATHY  
Directors

As per our report annexed  
For SUNDARAM & SRINIVASAN  
Regn. No. 004207S  
Chartered Accountants  
M BALASUBRAMANIAM  
Partner  
Membership No. F7945

Chennai  
May 29, 2010

# Sundram Fasteners Limited

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

	Year ended 31-3-2010	Rs lakhs Year ended 31-3-2009
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax	10,784.71	2,235.14
<b>Adjustments for:</b>		
Depreciation	4,748.40	4,223.28
Interest expense (Net)	3,073.45	6,194.42
(Profit)/loss on Sale of Investments	(9.45)	(46.93)
(Profit)/Loss on sale of Assets (Net)	(6.65)	54.83
Dividend received	(11.31)	(4.20)
Unrealised Exchange (gain)/loss	<u>(1,573.82)</u>	<u>3,725.46</u>
	<u>6,220.62</u>	<u>14,146.86</u>
<b>Operating Profit before Extra-ordinary items &amp;</b>		
<b>Working Capital changes:</b>		
	17,005.33	16,382.00
<b>Adjustments for Changes in Working Capital:</b>		
Trade and other receivables	2,387.81	698.93
Inventories	(1,196.44)	1,219.66
Trade payables	<u>(6,738.16)</u>	<u>4,365.66</u>
	<u>(5,546.79)</u>	<u>6,284.25</u>
Cash Generated From Operations	22,552.12	10,097.75
Direct Taxes Paid (Net)	3,088.63	1,310.67
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>19,463.49</u>	<u>8,787.08</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(5,967.49)	(9,183.70)
Sale of Fixed Assets	45.34	51.75
Purchase of Investments	-	(948.36)
Sale of Investments	15.32	74.63
Interest received	242.41	184.29
Dividend received	11.31	4.20
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(5,653.11)</u>	<u>(9,817.19)</u>

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010 (Contd.)

	Year ended 31-3-2010	Rs lakhs Year ended 31-3-2009
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Term Loans (net of repayments) #	(2,570.72)	5,494.50
Proceeds from Other Borrowings (net of repayments) *	(5,802.53)	2,010.57
Interest paid	(3,799.06)	(6,309.54)
Dividend & Corporate Dividend Taxes paid	(2,212.56)	(1,106.28)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(14,384.87)</b>	<b>89.25</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(574.49)</b>	<b>(940.86)</b>
<b>CASH AND CASH EQUIVALENTS – Opening Balance</b>	<b>1,077.72</b>	<b>2,018.58</b>
<b>CASH AND CASH EQUIVALENTS – Closing Balance</b>	<b>503.23</b>	<b>1,077.72</b>

### Notes:

#### CASH AND CASH EQUIVALENTS include:

a) Cash and Cheques on hand	60.07	382.77
b) With Scheduled Banks:		
i) Current Accounts	248.80	526.85
ii) Deposit Accounts	38.27	38.27
iii) Dividend Warrant Accounts	107.03	87.87
c) With J P Morgan Chase, Michigan, USA	49.06	41.96
	<b>503.23</b>	<b>1,077.72</b>

# Excludes unrealised exchange gain of Rs 1737.00 lakhs on term loans (last year loss of Rs 3177.00 lakhs)

\* Excludes unrealised exchange loss of Rs 163.18 lakhs on other borrowings (last year loss of Rs 548.46 lakhs)

ARUNDATHI KRISHNA  
Whole-Time Director

ARATHI KRISHNA  
Executive Director

SURESH KRISHNA  
Chairman & Managing Director

V G JAGANATHAN  
Secretary

R SRINIVASAN  
V NARAYANAN  
R RAMAKRISHNAN  
C V KARTHIC NARAYANAN  
M RAGHUPATHY  
Directors

As per our report annexed  
For SUNDARAM & SRINIVASAN  
Regn. No. 004207S  
Chartered Accountants  
M BALASUBRAMANIAM  
Partner  
Membership No. F7945

Chennai  
May 29, 2010

# Sundram Fasteners Limited

## SCHEDULES

	As at 31-3-2010	Rs lakhs As at 31-3-2009
<b>I SHARE CAPITAL</b>		
<b>Authorised</b>		
25,00,00,000 Equity Shares of Re 1 each (Last year 25,00,00,000 Equity Shares of Re 1 each)	<u>2,500.00</u>	<u>2,500.00</u>
<b>Issued</b>		
21,01,28,370 Equity Shares of Re 1 each (Last year 21,01,28,370 Equity Shares of Re 1 each)	<u>2,101.28</u>	<u>2,101.28</u>
<b>Subscribed and Paid-up</b>		
21,01,28,370 Equity Shares of Re 1 each fully paid-up (Last year 21,01,28,370 Equity Shares of Re 1 each fully paid-up)	<u>2,101.28</u>	<u>2,101.28</u>
	<u>2,101.28</u>	<u>2,101.28</u>
<b>II RESERVES &amp; SURPLUS</b>		
<b>General Reserve</b>		
As per last Balance Sheet	37,974.96	37,774.96
Add : Transfer from Profit & Loss Account	<u>5,000.00</u>	<u>200.00</u>
	<b>42,974.96</b>	37,974.96
<b>Surplus</b>		
Balance in Profit & Loss Account	<u>2,939.21</u>	<u>2,646.38</u>
	<b>45,914.17</b>	<u>40,621.34</u>
<b>III SECURED LOANS</b>		
<b>From Banks</b>		
Secured by hypothecation of current assets viz., stocks of raw materials, work-in-process & finished goods	<b>9,199.39</b>	14,072.31
Secured by first charge on moveable fixed assets, present and future	<u>27,739.46</u>	<u>32,047.18</u>
	<u>36,938.85</u>	<u>46,119.49</u>

## SCHEDULES (Contd.)

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	As at 31-3-2010	Rs lakhs As at 31-3-2009
<b>IV UNSECURED LOANS</b>		
Short term loans from Banks	<u>19,852.02</u>	<u>20,618.44</u>
<b>V DEFERRED TAX LIABILITY</b>		
Deferred Tax Liability :		
On Depreciation :		
As per last Balance Sheet	7,954.74	7,099.36
For the current year (transferred from Profit & Loss Account)	419.10	855.38
Deferred Tax Asset :		
On Employees Retirement under Early Retirement Scheme		
As per last Balance Sheet	-	(10.99)
For the current year (transferred from Profit & Loss Account)	-	10.99
On Provision for Leave Salary :		
As per last Balance Sheet	(136.26)	(124.78)
For the current year (transferred from Profit & Loss Account)	(15.62)	(11.48)
Others :		
As per last Balance Sheet	(348.01)	(48.72)
For the current year (transferred from Profit & Loss Account)	262.75	(299.29)
	<u>8,136.70</u>	<u>7,470.47</u>

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# Sundram Fasteners Limited

## SCHEDULES (Contd.)

### VI FIXED ASSETS

Rs lakhs

Particulars	Aircraft*	Land#	Buildings	Plant and Machinery	Furniture, Fixtures & Office Equipments	Vehicles	Technical Know-how	Total as at 31-3-2010	31-3-2009
<b>Cost of Assets</b>									
Opening Balance	276.23	4,470.77	9,977.56	67,590.46	1,883.49	338.50	101.67	<b>84,638.68</b>	75,168.27
Additions	—	136.28	421.51	5,554.03	96.28	15.08	388.71	<b>6,611.89</b>	9,930.03
Sales/discards	—	—	—	133.96	3.62	24.17	—	<b>161.75</b>	459.62
<b>Total</b>	<b>276.23</b>	<b>4,607.05</b>	<b>10,399.07</b>	<b>73,010.53</b>	<b>1,976.15</b>	<b>329.41</b>	<b>490.38</b>	<b>91,088.82</b>	<b>84,638.68</b>
<b>Depreciation/Amortization</b>									
Upto 31-3-2009	64.16	20.00	2,182.67	26,683.90	1,264.62	132.53	101.67	<b>30,449.55</b>	26,578.68
For the year	15.48	6.33	312.36	4,254.63	128.03	28.53	3.04	<b>4,748.40</b>	4,223.28
Included under CWIP	—	—	—	—	—	—	—	—	0.63
Deduction on sales/discards	—	—	—	106.46	3.06	13.54	—	<b>123.06</b>	353.04
<b>Total</b>	<b>79.64</b>	<b>26.33</b>	<b>2,495.03</b>	<b>30,832.07</b>	<b>1,389.59</b>	<b>147.52</b>	<b>104.71</b>	<b>35,074.89</b>	<b>30,449.55</b>
<b>Written Down Value</b>									
<b>As at 31-3-2010</b>	<b>196.59</b>	<b>4,580.72</b>	<b>7,904.04</b>	<b>42,178.46</b>	<b>586.56</b>	<b>181.89</b>	<b>385.67</b>	<b>56,013.93</b>	
As at 31-3-2009	212.07	4,450.77	7,794.89	40,906.56	618.87	205.97	—		54,189.13
<b>Capital Work-in-Progress</b>									
<b>As at 31-3-2010</b>	<b>—</b>	<b>—</b>	<b>4.24</b>	<b>1,959.84</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,964.08</b>	
As at 31-3-2009	—	—	164.54	2,328.88	—	—	115.06		2,608.48

\* Jointly owned.

# Includes leasehold land of Rs 706.36 lakhs and leasehold land of Rs 27.81 lakhs pending registration.



## SCHEDULES (Contd.)

### VII INVESTMENTS (at cost)

Particulars	Rs lakhs	
	As at 31-3-2010	As at 31-3-2009
<b>1. Trade — Quoted</b>		
a) 15,000 Equity Shares of Rs 10 each in Housing Development Finance Corporation Limited, Mumbai	<b>0.94</b>	0.94
b) 500 Equity Shares of Rs 10 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 (formerly Industrial Development Bank of India Limited)	<b>9.23</b>	9.23
<b>2. Trade — Unquoted</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>3. Non-trade — Unquoted — Subsidiary Companies</b>		
a) 24,90,000 Equity Shares of Rs 10 each in Sundram Fasteners Investments Limited, Chennai	<b>249.00</b>	249.00
b) 14,00,000 Ordinary shares of £1 each fully paid up in Cramlington Precision Forge Limited, Northumberland, UK	<b>1,117.12</b>	1,117.12
5,00,000 6% Redeemable Preference shares of £1 each fully paid up 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 Autoparts Sdn. Bhd., Kuala Lumpur, Malaysia)	<b>68.00</b>	68.00
Less: Provision for diminution in value of investments	<b>(68.00)</b>	(68.00)
d) 53,20,000 Equity Shares of Rs 10 each in Sundram Bleistahl Limited, Chennai	<b>532.00</b>	532.00
e) 18,215 Shares of US \$ 10 each in Sundram International Inc., Michigan, USA	<b>81.46</b>	81.46
Less: Provision for diminution in value of investments	<b>(81.46)</b>	(81.46)
f) Purchase price of Equity Share Capital in Peiner Umformtechnik GmbH, Peine, Germany	<b>4,791.55</b>	4,791.55
g) Capital Contribution in PUT Grundstücks GmbH, Peine, Germany	<b>15.23</b>	15.23
h) Capital Contribution in Sundram Fasteners (Zhejiang) Limited, China	<b>5,687.60</b>	5,687.60
i) 1,18,99,674 Equity Shares of Rs 10 each in Upasana Engineering Limited, Chennai	<b>1,191.70</b>	1,191.70
j) 2,64,691 Equity Shares of Rs. 10 Each fully paid up in Sundram Non-conventional Energy systems Limited, Chennai	<b>92.87</b>	92.87
k) Capital Contribution in Peiner Logistik GmbH, Peine, Germany	<b>15.34</b>	15.34

# Sundram Fasteners Limited

## SCHEDULES (Contd.)

### VII INVESTMENTS (at cost) (Contd.)

Rs lakhs

Particulars	As at 31-3-2010	As at 31-3-2009
<b>4. Non Trade - Unquoted (Others)</b>		
a) Venture Capital Fund 13,251 Units of Rs 100 each in the ICICI Emerging Sectors Fund, Bangalore (Last year 19,114 Units of Rs 100 each in ICICI Emerging Sectors Fund)	<b>13.25</b>	19.12
b) 35 Shares of Rs 100 each (Rs 65 paid up) in The Adyar Property Holding Co. Ltd.,	-	-
c) 10,50,000 shares of Rs 10 each fully paid up in Arkay Energy (Rameswarm) Limited, Hyderabad	<b>105.00</b>	105.00
<b>5. Government Securities - Unquoted</b> Kisan Vikas Patra (Series Nos. 43AA 954864, 43AA 954863, 07EE053434)	<b>0.03</b>	0.03
	<b>14,239.43</b>	14,245.30
Aggregate of quoted Investments	<b>10.22</b>	10.22
Aggregate of unquoted Investments	<b>14,229.21</b>	14,235.08
	<b>14,239.43</b>	14,245.30
Market Value of Investments	<b>440.75</b>	225.98

### VIII INVENTORIES

* Stores & Spares	<b>930.41</b>	881.20
* Loose tools	<b>1,558.58</b>	1,514.39
* Raw Materials and Components	<b>6,125.72</b>	6,933.18
* Work-in-process	<b>7,121.71</b>	6,102.10
* Finished Goods	<b>4,970.55</b>	5,762.98
Goods-in-transit	<b>245.67</b>	955.23
	<b>20,952.64</b>	22,149.08
* Certified by Chairman and Managing Director		

## SCHEDULES (Contd.)

	As at 31-3-2010	Rs lakhs As at 31-3-2009
<b>IX SUNDRY DEBTORS - UNSECURED</b>		
Considered Good		
a) Debts outstanding for a period exceeding six months	1,245.65	3,156.79
b) Other debts	24,791.09	20,336.66
	<u>26,036.74</u>	<u>23,493.45</u>
<b>X CASH AND BANK BALANCES</b>		
a) Cash on hand	10.98	9.65
b) Cheques on hand	49.09	373.12
c) With Scheduled Banks:		
i) Current Account	248.80	526.85
ii) Deposit Accounts	38.27	38.27
iii) Dividend Warrant Accounts	107.03	87.87
d) With Others - Current Account		
- JP Morgan Chase, Michigan, USA	49.06	41.96
(Maximum balance – Rs 168.13 lakhs (Last year Rs 309.14 lakhs))		
	<u>503.23</u>	<u>1,077.72</u>
<b>XI LOANS &amp; ADVANCES - UNSECURED, CONSIDERED GOOD</b>		
a) Deposits	854.58	886.34
b) Advances and Loans to Subsidiary Companies	3,930.19	4,187.49
c) Advances recoverable in cash or in kind or for value to be received	5,016.20	4,765.61
d) Advance Income-tax less provision	2,083.38	1,611.90
e) MAT Credit Entitlement	–	117.00
	<u>11,884.35</u>	<u>11,568.34</u>
<b>XII CURRENT LIABILITIES</b>		
Sundry Creditors	16,685.39	10,013.34
Interim Dividend Payable	1,050.64	1,050.64
Tax payable on Interim Dividend	174.50	178.56
Investor Education and Protection Fund*		
i) Unclaimed Dividend	108.23	89.08
ii) Unpaid Deposits & Interest accrued thereon	0.17	0.24
* No amount is due and outstanding to be credited to the Fund		
Interest accrued but not due	184.52	667.72
	<u>18,203.45</u>	<u>11,999.58</u>

# Sundram Fasteners Limited

## SCHEDULES (Contd.)

	As at/ Year ended 31-3-2010	Rs lakhs As at/ Year ended 31-3-2009
<b>XIII PROVISIONS</b>		
Leave Salary (vide note 1 (14) (B) (ii))	<u>447.93</u>	<u>400.90</u>
<b>XIV SALES</b>		
Gross Domestic Sales	<b>108,977.92</b>	94,664.98
Less : Excise Duty Collected	<u>8,807.15</u>	<u>11,358.07</u>
	<b>100,170.77</b>	83,306.91
Export Sales	<u>33,215.29</u>	<u>42,912.53</u>
	<u><b>133,386.06</b></u>	<u>126,219.44</u>
<b>XV OTHER INCOME</b>		
Miscellaneous Income	<b>224.26</b>	287.60
Dividends - Others	<b>11.31</b>	4.20
Profit on sale of Assets	<b>24.29</b>	5.37
Profit on sale of Investments	<u>14.17</u>	<u>46.93</u>
	<u><b>274.03</b></u>	<u>344.10</u>
<b>XVI RAW MATERIALS &amp; COMPONENTS CONSUMED, WORK-IN-PROCESS AND FINISHED GOODS</b>		
Opening Stock :		
Raw Materials & Components	<b>6,933.18</b>	5,825.83
Work-in-process	<b>6,102.10</b>	6,335.34
Finished Goods	<u>5,762.98</u>	<u>5,796.39</u>
	<b>18,798.26</b>	17,957.56
Add :Purchase of Raw Materials and Components	<u>61,894.47</u>	<u>60,979.55</u>
	<b>80,692.73</b>	78,937.11
Less : Closing Stock :		
Raw Materials & Components	<b>6,125.72</b>	6,933.18
Work-in-process	<b>7,121.71</b>	6,102.10
Finished Goods	<u>4,970.55</u>	<u>5,762.98</u>
	<b>18,217.98</b>	18,798.26
	<u><b>62,474.75</b></u>	<u>60,138.85</u>

## SCHEDULES (Contd.)

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	As at/ Year ended 31-3-2010	Rs lakhs As at/ Year ended 31-3-2009
<b>XVII SALARIES &amp; WAGES, STORES CONSUMED AND OTHER EXPENSES</b>		
Salaries, Wages, Bonus and Allowances	<b>10,422.52</b>	9,090.73
Employees' Provident and Other Funds	<b>760.00</b>	774.58
Staff & Labour welfare expenses	<b>1,244.15</b>	1,064.83
Stores and Tools consumed	<b>13,452.87</b>	13,619.23
Power & Fuel	<b>6,228.94</b>	5,208.97
Rent	<b>263.69</b>	216.77
Rates & Taxes	<b>545.12</b>	509.79
Sub-contract expenses	<b>10,180.36</b>	8,729.78
Freight & Cartage	<b>1,146.11</b>	1,136.41
Insurance	<b>226.60</b>	244.78
Repairs & Maintenance:		
a) Building	<b>817.33</b>	832.98
b) Machinery	<b>1,180.94</b>	1,468.59
c) Other assets	<b>172.87</b>	209.34
	<b>2,171.14</b>	2,510.91
Commission on sales	<b>558.06</b>	470.51
Directors' Sitting Fees	<b>3.90</b>	3.60
Remuneration to Auditors	<b>36.07</b>	33.57
Loss on sale of assets / investments	<b>22.35</b>	60.20
Research and Development Expenditure (vide note 2 (17))	<b>784.69</b>	459.57
Bad Debts	<b>300.52</b>	125.89
Miscellaneous expenses	<b>5,805.51</b>	5,786.27
	<b>54,152.60</b>	50,046.39

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# Sundram Fasteners Limited

## SCHEDULES (Contd.)

### XVIII NOTES ON ACCOUNTS

Rs lakhs

As at/ Year ended 31-3-2010	As at/ Year ended 31-3-2009
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#### 1. Accounting policies / compliance of Accounting Standards issued by the Institute of Chartered Accountants of India

(1) **AS 1: Disclosure on 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 their present location and condition. 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 Profit and Loss account.

(4) **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.

(ii) **Prior period items**

a) Raw materials and Components	<b>1.19</b>	17.72
b) Staff & Labour Welfare Expenses	<b>0.85</b>	—
c) Stores & Tools Consumed	<b>0.44</b>	—
d) Rates & Taxes	<b>0.08</b>	—
e) Freight & Cartage	<b>24.55</b>	0.42
f) Sub-Contract Expenses	<b>1.70</b>	—
g) Sales Discount	<b>21.57</b>	252.11
h) Repairs and Maintenance - Plant and Machinery	<b>0.18</b>	0.30
i) Repairs and Maintenance - Building	<b>0.55</b>	3.73
j) Repairs and Maintenance - Others	<b>0.27</b>	—
k) Sales	—	(4.37)
l) Others	<b>4.40</b>	0.21

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

Depreciation is provided under Straight Line Method as per the amended Schedule XIV of the Companies Act, 1956, after identifying the units constituting continuous process plants for applying appropriate rates of

## SCHEDULES (Contd.)

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### NOTES ON ACCOUNTS (Contd.)

Rs lakhs

As at/ Year ended 31-3-2010	As at/ Year ended 31-3-2009
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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 has been amortised over the agreement period.

(6) **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.

(7) **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.

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

Income of the Company is derived from sale of products and includes excise duty and realised exchange fluctuations on exports and is net of sales returns, trade and cash discounts. Domestic sales are recognised on the basis of sale invoices raised which is after physical clearance of goods sold.

Export sales are recognised on the basis of date of bills of lading. Export sales are accounted including / deducting exchange gain or loss and 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.

# Sundram Fasteners Limited

## SCHEDULES (Contd.)

### NOTES ON ACCOUNTS (Contd.)

	As at/ Year ended 31-3-2010	Rs lakhs As at/ Year ended 31-3-2009
<b>(9) AS 10: Accounting for fixed assets</b>		
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 upto the date the asset is put to use.		
Details of expenditure incurred during construction period and capitalised during the year in respect of Tappet Plant at Hosur:		
a) Raw Material Consumption	<b>14.65</b>	–
b) Salaries, Wages, Bonus & Allowance	<b>17.19</b>	11.83
c) Contribution to Employees' provident & other funds	<b>0.94</b>	1.13
d) Staff & Labour Welfare Expenses	<b>2.16</b>	0.81
e) Stores & Tools consumed	<b>18.58</b>	58.03
f) Power & Fuel	<b>31.18</b>	4.89
g) Rent	<b>0.64</b>	–
h) Rates & Taxes	<b>3.07</b>	1.62
i) Freight & Cartage	<b>1.02</b>	1.72
j) Interest & Exchange fluctuation	<b>30.28</b>	5.17
k) Insurance	–	1.09
l) Repairs & Maintenance	<b>5.66</b>	3.04
m) Depreciation	–	0.63
n) Travel expenses	–	3.49
o) Miscellaneous Expenses	<b>56.68</b>	2.69
p) Sales	–	(3.22)
Last year figures are in respect of 100% Export Oriented Unit at Hosur.		
<b>(10) AS 11: Accounting for effects in foreign exchange rates</b>		
Transaction 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 sale realisations are accounted at actuals and those not realised within the accounting year are stated at rates prevailing on close of the accounting year.		
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 profit and loss account.		
Net exchange difference is recognised in Profit and Loss Account - Loss/(Gain)	<b>(672.99)</b>	6,070.14



## SCHEDULES (Contd.)

### NOTES ON ACCOUNTS (Contd.)

	As at/ Year ended 31-3-2010	Rs lakhs As at/ Year ended 31-3-2009
(11) <b>AS 12: Accounting for Government grants</b>		
The Company has not received any grant from the Government.		
(12) <b>AS 13: Accounting of Investments</b>		
(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.		
(b) Provision made towards diminution in the value of investments in subsidiaries		
(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
(c) Investments made during the year		
Investments in Subsidiary Companies :		
i) Peiner Logistick GmbH, Peine, Germany	–	15.34
ii) Sundram Fasteners (Zhejiang) Limited, People’s Republic of China	–	840.14
iii) Sundram Non-Conventional Energy Systems Limited, Chennai India	–	92.87
(d) Investment in – Sundaram Mutual Fund & Sundaram BNP Paribas, Chennai, India (made and redeemed during the year)	<b>37,489.72</b>	26,732.85
(13) <b>AS 14: Accounting for amalgamations</b>		
The above standard is not applicable as there was no amalgamation during the year.		
(14) <b>AS 15: Accounting for Employee Benefits</b>		
<b>(A) Defined Contribution Plan</b>		
a. Contribution to Provident Fund is in the nature of defined contribution plan and are made to a recognised fund.		
b. 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	<b>514.64</b>	547.57
Employer’s Contribution to Superannuation Fund	<b>79.53</b>	75.88
The Company’s Provident Fund is exempted under Section 17 of Employees Provident Fund Act, 1952. Conditions for grant of exemptions stipulate that the employer shall make good deficiency, if any, in the interest rate declared by the trust vis-à-vis required rate.		

# Sundram Fasteners Limited

## SCHEDULES (Contd.)

### NOTES ON ACCOUNTS (Contd.)

	As at/ Year ended 31-3-2010	Rs lakhs As at/ Year ended 31-3-2009
<b>(B) Defined Benefit Plan</b>		
<b>(i) Gratuity</b>		
Retirement benefit in the form of Gratuity Liability (being administered by LIC) is a defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of each financial year.		
The following tables summarise the components of net benefit expenses recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet for the Gratuity.		
<b>Profit and Loss account</b>		
<b>Net employee benefit expense (recognised in Employee Cost)</b>		
Current Service cost	<b>123.83</b>	95.08
Interest cost on benefit obligation	<b>131.69</b>	109.84
Expected return on plan assets	<b>(136.86)</b>	(108.06)
Net actuarial loss recognised in the year	<b>(119.93)</b>	118.76
Past service cost	<b>0.91</b>	(96.19)
Liability not accounted as on March 31, 2010	-	-
<b>Net benefit expense</b>	<b><u>(0.36)</u></b>	<b><u>119.43</u></b>
<b>Actual return on plan assets</b>	<b>136.86</b>	129.56
<b>Balance sheet</b>		
<b>Details of Provision for Gratuity</b>		
Defined benefit obligation	<b>1,638.86</b>	1,646.20
Fair value of plan assets	<b>(1,639.22)</b>	(1526.77)
Less: Unrecognised past service cost	-	-
Less: Liability not funded as on March 31, 2010	-	-
<b>Plan Liability (adjusted from operating revenue/retained earning)</b>	<b><u>(0.36)</u></b>	<b><u>119.43</u></b>
<b>Changes in present value of the defined benefit obligation are as follows:</b>		
Defined benefit obligation as at April 1, 2009	<b>1,646.20</b>	1,444.90
Interest cost	<b>131.69</b>	109.84
Current service cost	<b>123.83</b>	95.08
Benefits paid	<b>(142.93)</b>	(143.88)
Actuarial loss on obligation	<b>(119.93)</b>	140.26
<b>Defined benefit obligation as at March 31, 2010</b>	<b><u>1,638.86</u></b>	<b><u>1,646.20</u></b>
<b>Changes in the fair value of plan assets are as follows:</b>		
Fair value of plan assets as at April 1, 2009	<b>1,526.77</b>	1,304.20
Expected return	<b>136.86</b>	108.06
Contribution by employer	<b>118.52</b>	236.89
Benefits paid	<b>(142.93)</b>	(143.88)
Actuarial gain	-	21.50
Fair value of plan assets as at March 31, 2010	<b><u>1,639.22</u></b>	<b><u>1,526.77</u></b>
The Company contributed Rs 97.91 lakhs to Gratuity in March 2010.		

## SCHEDULES (Contd.)

### NOTES ON ACCOUNTS (Contd.)

	As at/ Year ended 31-3-2010	Rs lakhs As at/ Year ended 31-3-2009
The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:	%	%
Investment with insurer	<b>99.95</b>	99.95
Investment in Government Bonds	-	-
Bank Balance	<b>0.05</b>	0.05
Total	<b><u>100.00</u></b>	<u>100.00</u>

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.

#### (ii) 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 Profit and Loss Account as follows:

(a) Current service cost	<b>51.95</b>	50.16
(b) Interest cost	<b>29.82</b>	24.45
(c) Total	<b><u>81.77</u></b>	<u>74.61</u>

#### 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	<b>8.00</b>	6.95
Discount rate - Leave Salary	<b>7.87</b>	7.50

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.

#### (15) AS 16: Borrowing cost

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 Profit and Loss account in the year in which it is incurred.

Borrowing cost capitalised during the period	<b>30.28</b>	5.17
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# Sundram Fasteners Limited

## SCHEDULES (Contd.)

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### NOTES ON ACCOUNTS (Contd.)

Rs lakhs

As at/ Year ended <b>31-3-2010</b>	As at/ Year ended 31-3-2009
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(16) **AS 17: Segment reporting**

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

(17) **AS 18: Related party disclosure**

**Related Parties:**

**(I) Where Control exists:**

**(A) Subsidiary Companies**

Sundram Fasteners Investments Ltd., Chennai  
Cramlington Precision Forge Ltd., Northumberland, United Kingdom  
Sundram RBI Sdn. Bhd., Kuala Lumpur, Malaysia  
Upasana Engineering Ltd., Chennai  
Sundram Fasteners (Zhejiang) Ltd., Peoples Republic of China  
Sundram Non-Conventional Energy Systems Limited, Chennai  
Sundram Bleistahl Limited, Chennai  
Sundram International Inc., Michigan, USA  
Peiner Logistick GmbH, Peine, Germany  
Peiner Umformtechnik GmbH, Peine, Germany  
PUT Grundstücks GmbH, Peine, Germany

**(B) Associates**

TVS Infotech Ltd., Chennai  
TVS Infotech Inc., Michigan, USA

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

**(A) Key Management Personnel**

Mr Suresh Krishna  
Ms Arathi Krishna  
Ms Arundathi Krishna

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

Ms Usha Krishna  
Ms Preethi Krishna

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

Upasana Finance Limited, Chennai

## SCHEDULES (Contd.)

### NOTES ON ACCOUNTS (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	Key Management Personnel	Relatives of Key Management Personnel	Enterprise in which key management personnel have significant influence
<b>Purchases</b>					
Goods and Materials	<b>1,081.51</b> (917.61)	-	-	-	-
Shares	- (92.87)	-	-	-	-
<b>Sales</b>					
Goods and Materials	<b>655.30</b> (855.32)	-	-	-	-
Fixed Assets	<b>10.47</b> (6.87)	-	-	-	-
<b>Services</b>					
Rendered	<b>95.29</b> (57.79)	- (4.11)	-	-	-
Received	<b>126.16</b> (843.33)	<b>84.00</b> (192.04)	-	-	-
<b>Finance*</b>					
Inter Corporate Deposit	<b>2,068.16</b> (3,993.30)	-	-	-	<b>33.50</b> (60.00)
Interest on Inter Corporate Deposit	<b>188.70</b> (132.04)	-	-	-	-
Equity contribution	- (855.48)	-	-	-	-
<b>Others</b>					
Leasing or hire purchase arrangements	<b>121.36</b> (64.19)	-	<b>6.24</b> (6.24)	<b>1.88</b> (1.88)	-
Bad debts	-	-	-	-	-
Guarantees & Collaterals	<b>1,056.63</b> (3,339.01)	-	-	-	-
Management contracts, including deputation of employees	-	-	<b>779.47</b> (114.37)	-	-
<b>Outstanding balances</b>					
Due to the Company	<b>4,395.75</b> (4,543.77)	-	-	-	-
Due by the Company	<b>136.97</b> (92.09)	<b>5.04</b> (3.09)	<b>576.28</b> -	-	-

1.\* Finance includes loans

2. Figures for the previous year have been given in brackets.

# Sundram Fasteners Limited

## SCHEDULES (Contd.)

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### NOTES ON ACCOUNTS (Contd.)

**(IV) Transactions with related parties required to be disclosed pursuant to listing agreement:**

Rs lakhs

**Loans and advances (without repayment schedule) given to:**

Subsidiaries

(i) Sundram Fasteners Investments Limited, Chennai (maximum outstanding during the year - Rs 804.01 lakhs (Rs 745.74 lakhs) (includes interest free loan of Rs 58.71 lakhs (Rs 40.4 lakhs) )	<b>804.01</b>	568.07
(ii) Sundram Bleistahl Limited, Chennai (maximum outstanding during the year Rs 2,101.34 lakhs (Rs 1,691.67 lakhs) There is no interest free loan during the year (Nil)	<b>809.17</b>	1,691.67
(iii) Upasana Engineering Limited, Chennai (maximum outstanding during the year Rs 1,997.30 lakhs (Rs 1,720.00 lakhs) (includes interest free loan of Rs 1,997.30 lakhs (Rs 1,720.00 lakhs)	<b>1,997.30</b>	1,710.32

**(18) AS 19: Leases**

The Company has entered into lease agreements for a period upto 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 1.4.2001:

Upto One year	<b>58.05</b>	66.38
One to Five years	<b>72.73</b>	84.87
Total	<b><u>130.78</u></b>	<u>151.25</u>

(b) Lease payments recognised in the statement of Profit and Loss Account, in respect of operating lease agreements entered into on or after 1.4.2001

**136.71**      138.80

(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.

## SCHEDULES (Contd.)

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### NOTES ON ACCOUNTS (Contd.)

Rs lakhs

As at/ Year ended 31-3-2010	As at/ Year ended 31-3-2009
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- (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.

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

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

Basic/Diluted EPS before considering Extra-ordinary items	3.57	0.83
Basic/Diluted EPS after considering Extra-ordinary items	3.57	0.83
Weighted average number of shares	21,01,28,370	21,01,28,370
Face Value per share (fully paid up)	Re 1	Re 1

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

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

- Sundram Fasteners Investments Limited, Chennai
- Upasana Engineering Limited, Chennai
- Sundram Fasteners (Zhejiang) Limited, China
- Cramlington Precision Forge Limited, Northumberland, UK
- Sundram Non-Conventional Energy Systems Limited, Chennai
- Sundram RBI Sdn. Bhd, Kuala Lumpur, Malaysia (formerly RBI Autoparts Sdn. Bhd., Malaysia)
- Sundram International Inc, Michigan, USA
- Peiner Umformtechnik GmbH, Peine, Germany
- PUT Grundstücks GmbH, Peine, Germany
- Peiner Logistik GmbH, Germany
- Sundram Bleistahl Limited, Chennai

are annexed.

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

Refer Schedule V to the Accounts

(22) **AS 23: Accounting for Investments in associates**

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

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

The Company has not discontinued any operations during the year.

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# Sundram Fasteners Limited

## SCHEDULES (Contd.)

### NOTES ON ACCOUNTS (Contd.)

Rs lakhs

As at/  
Year ended  
**31-3-2010**

As at/  
Year ended  
31-3-2009

(24) **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 subjected to a limited review by the auditors as required by SEBI.

(25) **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 1-4-2003, the amount capitalised has been amortised over the currency of the collaboration agreement.

The Company entered into a Technical agreement for manufacture of Valve Lifters, the technical know-how fees paid for acquiring Technical Know-how has been grouped under Technical Know-how fees.

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

The Company has entered into joint venture agreement with Madras Cements Limited, T V Sundram Iyengar & Sons Limited and Thiagaraja Mills Limited 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 :

**Information on Joint Venture**

**i) Jointly Controlling entities**

Sl No	Name of the Joint Venturers	Country of Incorporation	Share of Ownership interest
1	T V Sundram Iyengar & Sons Limited	India	1/3
2	Madras Cements Limited	India	1/3

**ii) Contingent Liabilities in respect of Joint Ventures**

- -

**iii) Capital commitments in respect of Joint Ventures**

- -

**iv) Share of Interest in the transactions with respect to Jointly Controlling entities**

**A) Assets**

WDV of Aircraft

**196.59** 212.06

Current Assets - Advances

**38.52** 8.57

**B) Liabilities**

**Current Liabilities and Provisions:**

Current liabilities

**10.49** 3.57

Provisions

- -

**C) Income**

- -



## SCHEDULES (Contd.)

### NOTES ON ACCOUNTS (Contd.)

Rs lakhs

	As at/ Year ended 31-3-2010	As at/ Year ended 31-3-2009
<b>D) Expenditure</b>		
Bank Charges	–	0.02
Consultancy fees	25.88	21.91
Travelling Expenses	5.79	4.65
Postage, Courier and Telephone charges	0.24	0.21
Insurance	1.28	0.95
Aircraft Maintenance	24.09	32.60
Depreciation	15.48	11.58
Thiagaraja Mills Limited has transferred its interest in the Joint Venture to other Joint Venture Partners in March 2009. Consequently, Company's share in the Joint Venture has increased to 33.33% from 25%.		
<b>(27) AS 28: Impairment of Assets</b>		
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.	7.56	–
<b>(28) AS 29: Provisions, Contingent Liabilities and Contingent Assets</b>		
<b>(i) Contingent Liabilities :</b>		
a) On Letters of Guarantee	1,060.28	3,344.41
b) On Letters of Credit	3,328.80	100.04
c) On Guarantee issued to Housing Development Finance Corporation on behalf of employees	13.43	19.34
d) Bills discounted	5,637.26	360.05
e) On partly paid shares of The Adyar Property Holding Co. Ltd.	0.01	0.01
f) The Company has given guarantees to fulfill various obligations of Cramlington Precision Forge Limited, UK, a wholly owned subsidiary of the Company, and Sundram Fasteners (Zhejiang) Limited, China the amount of which is to the extent of non-fulfilment of obligations of the subsidiaries.		
g) Claims against the Company not acknowledged as debts	2.54	–
h) Estimated contingent liability for stamp duty in respect of leased land at Uttarakhand	3.62	3.62
<b>(ii) Liabilities disputed and not provided for :</b>		
a) Sales Tax / entry tax - under appeal	30.11	54.96
b) Excise Duty/Customs Duty/Service Tax - under appeal	842.33	1,413.34
c) Income-tax - under appeal	106.52	208.88
d) Others	11.58	11.58

# Sundram Fasteners Limited

## SCHEDULES (Contd.)

### NOTES ON ACCOUNTS (Contd.)

Rs lakhs

	As at/ Year ended 31-3-2010	As at/ Year ended 31-3-2009
(iii) Estimated amount of contracts remaining to be executed on capital account and not provided for	1,402.17	1,603.68
(iv) Contingent Assets :		
Claim of additional compensation against land acquisition	23.29	23.29

### 2. Disclosures required under the Companies Act, 1956

#### 1) Share Capital:

The subscribed and paid up capital include:

- i) 20,00,000 Equity Shares of Re 1 each issued by conversion of loan into equity. (Last year No. of Equity Shares 20,00,000 of Re 1 each)
- ii) 18,46,09,145 Equity Shares of Re 1/- each allotted as fully paid bonus shares by capitalisation of General Reserve and Share Premium amounting to Rs 1,846.09 lakhs. (Last year 18,46,09,145 Equity Shares of Re 1/- each amounting to Rs 1,846.09 lakhs.)

Details are as under :

Year	Ratio	Number of Shares
1978-1979	2 : 5	2,80,000
1981-1982	2 : 3	6,53,333
1988-1989	3 : 5	19,13,332
1994-1995	1 : 1	51,07,831
Total Pre sub-division		79,54,496
Total Post sub-division		7,95,44,960
2006-2007	1 : 1	10,50,64,185
Total		18,46,09,145

- iii) 56,110 fully paid-up Equity Shares of Re 1 each allotted pursuant to a scheme of amalgamation of Odin Metal Powders Limited, Hyderabad, with the Company. (Last year 56,110 Equity Shares of Re 1 each)
- iv) 29,07,565 fully paid-up Equity Shares of Re 1 each allotted pursuant to a scheme of amalgamation of TVS Autolec Limited, Chennai, with the Company. (Last year 29,07,565 fully paid-up Equity Shares of Re 1 each)

## SCHEDULES (Contd.)

### NOTES ON ACCOUNTS (Contd.)

Rs lakhs

	As at/ Year ended 31-3-2010	As at/ Year ended 31-3-2009
v) 10,50,64,185 Equity Shares of Re 1 each allotted as fully paid bonus shares by capitalisation of General Reserve amounting to Rs. 1,050.64 lakhs in the year 2006-07.		
vi) T V Sundram Iyengar & Sons Limited, Madurai - 5,33,12,000 shares and its subsidiary - 5,07,73,280 shares of face value of Re 1/- each. (Last year No. of Equity shares held by T V Sundaram Iyengar & Sons Limited, Madurai - 2,66,56,000 and its subsidiary 2,53,86,640 of face value Re 1 each)		
2) Excise Deposits kept in Post Office	<b>0.04</b>	0.04
3) Dues from an Officer of the Company included under advances recoverable in cash or kind or for value to be received	<b>4.75</b>	5.22
Maximum balance due at any time during the year	<b>5.22</b>	5.27
4) Dues from Sundaram Industries Limited, Madurai, a company under the same management included in Sundry Debtors - Other debts	<b>5.67</b>	1.88
5) Sundry Creditors - Others includes:		
a) Total outstanding dues of Micro, Small & Medium Enterprises (MSMEs)**	<b>118.94</b>	141.86
b) Total outstanding dues of creditors other than MSMEs	<b>16,566.45</b>	9,871.48
	<b>16,685.39</b>	10,013.34
<p>**Based on the information available with the Company in respect of Micro, Small &amp; Medium Enterprises (as defined in The Micro, Small &amp; 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 therefor towards belated payments does not arise.</p>		
6) Payments made to/on behalf of Chairman & Managing Director, Executive Director and Whole-Time Director :		
a) Salary	<b>72.00</b>	60.85
b) Contribution to Provident Fund and other funds	<b>8.64</b>	12.83
c) Commission	<b>576.28</b>	-
d) Other payments	<b>122.55</b>	40.70
7) Repairs include Stores consumed	<b>5.64</b>	20.61
8) Remuneration to Auditors consists of:		
a) Audit Fees	<b>24.00</b>	21.00
b) Reimbursement of expenses	<b>7.86</b>	10.61
c) Tax Audit & Co Law matters	<b>2.11</b>	1.20
d) Certification & Others	<b>2.10</b>	0.76

# Sundram Fasteners Limited

## SCHEDULES (Contd.)

### NOTES ON ACCOUNTS (Contd.)

Rs lakhs

	As at/ Year ended 31-3-2010	As at/ Year ended 31-3-2009
9) Miscellaneous expense includes:		
a) Postage, Courier & Telephones	266.56	345.68
b) Travelling & Conveyance	633.50	788.65
c) Freight Outwards	3,093.27	2,588.57
d) Consultancy	391.98	451.08
e) Warranty claims	191.56	282.20
10) Interest and financial charges includes:		
a) Foreign exchange (gain)/loss	(1,048.62)	6,070.14
b) Interest on Fixed Loans	1,280.13	1,035.35
c) Interest on other loans	1,510.54	2,998.68
	<u>1,742.05</u>	<u>10,104.17</u>
Interest Income includes:		
a) Interest on Deposits	236.14	164.52
b) Interest on Advances	6.28	19.77
Tax deducted at source on interest income Rs 25.03 lakhs (Last year Rs 38.08 lakhs)	<u>242.42</u>	<u>184.29</u>
Net interest and other financial charges recognised in Profit & Loss account	<b>1,499.63</b>	9,919.88
11) CIF value of imports:		
a) Raw Materials	14,037.99	23,416.73
b) Components & spare parts	4,867.52	5,214.72
c) Capital goods	929.44	3,441.94
d) Tool Steel, Tools, Gauges etc.	922.50	842.07
e) Others	128.55	45.74
12) Earnings in foreign exchange:		
a) FOB value of exports	33,215.29	42,912.53
b) Claims Received	2.60	29.89
c) Others	105.13	49.00

## SCHEDULES (Contd.)

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### NOTES ON ACCOUNTS (Contd.)

Rs lakhs

	As at/ Year ended 31-3-2010	As at/ Year ended 31-3-2009
13) Expenditure in foreign currency:		
a) Agency Commission	147.11	130.01
b) Consultancy Fee	46.08	65.46
c) Technical know-how fees	148.18	115.06
d) Interest on foreign currency loans	1,289.41	2,518.20
e) Royalty	1.66	—
f) Others	793.56	662.03
14) Disclosure in respect of derivative instruments:		
a) Derivative instruments outstanding *		
— Forward contracts	24,653.78	29,404.75
— Principal Only Swap	5,136.96	6,872.18
* The Company has entered into derivative contracts to hedge against exchange risk. There are no marked to market losses in respect of all outstanding derivative contracts at the Balance Sheet date.		
b) Foreign Currency exposures that are not hedged by derivative instruments:		
— Loans	13,473.00	15,210.00
— Interest on Foreign Currency Loans	169.27	661.97
— Others	7,603.27	7,412.34
15) Advances recoverable in cash or in kind or for value to be received include amounts due from subsidiary companies :		
a) Sundram Fasteners Investments Limited, Chennai	804.01	568.07
b) Sundram Bleistahl Limited, Chennai	809.17	1,691.67
c) Upasana Engineering Limited, Chennai	1,997.30	1,710.32
d) Cramlington Precision Forge Ltd., Northumberland, UK	319.71	217.44

Note: Last year's figures have been regrouped wherever necessary to conform to current year's classification.

# Sundram Fasteners Limited

## SCHEDULES (Contd.)

### NOTES ON ACCOUNTS (Contd.)

16) Quantitative and other information relating to turnover, production, licensed capacity, installed capacity, etc.:

i) Turnover :

Particulars	Unit	Year ended 31-3-2010		Year ended 31-3-2009	
		Quantity	Value Rs lakhs	Quantity	Value Rs lakhs
a) High tensile fasteners	MT	<b>48,011</b>	<b>59,910.01</b>	44,763	58,622.45
b) Automotive and other miscellaneous cold formed/extruded parts/precision formed gears	MT	<b>4,046</b>	<b>11,303.31</b>	4,439	11,965.46
c) Powder metal parts	MT	<b>4,959</b>	<b>15,330.29</b>	5,256	13,920.67
d) Iron powder	MT	<b>926</b>	<b>543.57</b>	530	282.08
e) Radiator caps	Nos. lakhs	<b>69</b>	<b>3,303.47</b>	71	3,265.21
f) Gear shifters	Nos. (000s)	<b>39</b>	<b>233.86</b>	25	153.03
g) Tyre carriers	Nos.	<b>27,948</b>	<b>171.52</b>	28,437	210.76
h) Hot and warm forged parts	MT	<b>719</b>	<b>1,040.57</b>	836	1,457.33
i) Pump Assemblies (Water/Oil/ Fuel Pumps)	Nos.	<b>4,827,183</b>	<b>23,477.22</b>	3,532,119	19,516.08
j) Engine Components	Nos.	–	<b>16,616.86</b>	–	19,595.35
k) Water/Oil Pumps Kits and Spares	Nos.	–	<b>3,704.76</b>	–	3,281.56
l) Shafts	Nos.	<b>610,996</b>	<b>1,881.07</b>	372,277	1,162.44
m) Hubs	Nos.	<b>628,564</b>	<b>2,422.77</b>	297,790	1,200.11
n) Others		–	<b>2,253.91</b>	–	2,944.99
			<b>142,193.21</b>		137,577.51
Less: Excise Duty collected			<b>8,807.15</b>		11,358.07
			<b>133,386.06</b>		126,219.44

The above particulars exclude Inter unit transfers

## SCHEDULES (Contd.)

### NOTES ON ACCOUNTS (Contd.)

ii) Value of imported and indigenous raw materials consumed and their percentage to total consumption :

Particulars	Year ended 31-3-2010			Year ended 31-3-2009		
	Quantity (MT)	Value Rs lakhs	% to total consn.	Quantity (MT)	Value Rs lakhs	% to total consn.
1) Raw Materials and Components						
- Imported:						
a) Steel	22,010	10,654.50	17.0	40,446	20,614.81	34.4
b) Metal Powder	426	786.51	1.3	780	1,241.70	2.1
c) Aluminium Ingots	863	780.43	1.2	317	310.01	0.5
d) Other Components @	-	3,852.15	6.1	-	3,294.77	5.5
		<b>16,073.59</b>	<b>25.6</b>		<b>25,461.29</b>	<b>42.5</b>
2) Raw Materials and Components						
- Indigenous:						
a) Steel	47,231	24,977.35	39.8	26,212	17,354.68	28.9
b) Metal Powder*	2,409	3,207.27	5.1	2,578	2,256.16	3.8
c) Aluminium Ingots	323	311.72	0.5	533	597.26	1.0
d) Other Components @	-	16,316.84	26.0	-	12,673.46	21.1
e) M.S. Scrap	10,205	1,893.48	3.0	6,922	1,631.25	2.7
		<b>46,706.66</b>	<b>74.4</b>		<b>34,512.82</b>	<b>57.5</b>
		<b>62,780.25</b>	<b>100.0</b>		<b>59,974.11</b>	<b>100.0</b>
3) Spares :						
a) Imported	-	125.34	11.1	-	144.63	10.8
b) Indigenous	-	1,000.10	88.9	-	1,194.05	89.2
		<b>1,125.44</b>	<b>100.0</b>		<b>1,338.68</b>	<b>100.0</b>

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

\* The above particulars exclude Inter-unit transfers.

# Sundram Fasteners Limited

## SCHEDULES (Contd.)

### NOTES ON ACCOUNTS (Contd.)

iii) Opening and Closing Stock of goods produced :

Particulars	Unit	Stock as at March 31		
		2010	2009	2008
a) High tensile fasteners	MT	<b>2,333</b>	2,068	2,049
b) Automotive & other miscellaneous cold formed/extruded parts/Precision formed gears	MT	<b>113</b>	68	103
c) Powder metal parts	MT	<b>51</b>	131	120
d) Iron powder	MT	<b>17</b>	8	42
e) Radiator caps	Nos. lakhs	<b>19</b>	17	20
f) Gear shifters	Nos. thousands	—	—	—
g) Tyre carrier	Nos.	—	—	—
h) Hot and warm forged parts	MT	—	—	—
i) Shafts	Nos.	<b>27,733</b>	3,062	36,396
j) Hubs	Nos.	<b>16,665</b>	3,368	16,766
k) Pump Assemblies (Water/Oil/Fuel Pumps)	Nos.	<b>41,436</b>	28,464	31,319

iv) Installed capacity and actual production meant for sale :

Particulars	Unit	Installed capacity		Actual production meant for sale	
		Year ended	Year ended	Year ended	Year ended
		31-3-2010	31-3-2009	31-3-2010	31-3-2009
a) High tensile fasteners	MT	<b>65,985</b>	64,210	<b>48,279</b>	44,780
b) Automotive and other miscellaneous cold formed/extruded parts/Precision formed gears	MT	<b>4,600</b>	4,600	<b>4,090</b>	4,404
c) Powder metal parts	MT	<b>8,317</b>	6,940	<b>4,879</b>	5,267
d) Iron powder	MT	<b>8,000</b>	5,400	<b>934</b>	496
e) Radiator caps	Nos. lakhs	<b>100</b>	100	<b>71</b>	68
f) Gear shifters	Nos. (000s)	<b>50</b>	50	<b>39</b>	25
g) Tyre carrier	Nos.	<b>50,000</b>	50,000	<b>27,948</b>	28,437
h) Hot and warm forged parts	MT	<b>6,000</b>	6,000	<b>717</b>	838
i) Shafts	Nos.	<b>1,350,000</b>	900,000	<b>635,667</b>	338,943
j) Hubs	Nos.	<b>1,350,000</b>	900,000	<b>641,861</b>	284,392
k) Pump Assemblies (Water/Oil/Fuel Pumps)	Nos.	—	—	<b>4,840,155</b>	3,529,264

The above particulars exclude inter unit transfers.

Details of Licensed capacity have not been provided as the products have been de-licensed.



## SCHEDULES (Contd.)

### NOTES ON ACCOUNTS (Contd.)

17) Details of Research and Development Expenditure : Rs lakhs

Particulars	As at/ Year ended 31-3-2010	As at/ Year ended 31-3-2009
<b>(i) Capital Expenditure</b>	–	51.72
<b>(ii) Revenue Expenditure</b>		
a) Raw material and components consumed	<b>78.32</b>	101.92
b) Salaries, Wages, Bonus and Allowances	<b>260.63</b>	159.88
c) Staff and Labour Welfare Expenses	<b>4.02</b>	3.64
d) Stores and Tools consumed	<b>328.41</b>	121.14
e) Travelling Expenses	<b>11.46</b>	22.36
f) Freight and Cartages	<b>0.07</b>	0.02
g) Sub-Contract Expenses	<b>78.87</b>	7.10
h) Repairs and Maintenance		
Building	<b>0.05</b>	0.40
Machinery	<b>14.87</b>	14.44
Other assets	<b>0.04</b>	0.25
i) Product Development expenses	<b>0.90</b>	10.28
j) Consultancy	<b>1.33</b>	4.93
k) Other expenses	<b>5.73</b>	13.22
Total	<b>784.69</b>	459.57
Out of the above Revenue Expenditure		
a) On projects approved by DSIR	<b>337.90</b>	352.38
b) Others	<b>446.79</b>	107.19
Total	<b>784.69</b>	459.57

# Sundram Fasteners Limited

## SCHEDULES (Contd.)

### NOTES ON ACCOUNTS (Contd.)

- 18) Computation of Net Profit as per Section 309 (5) read with Sections 198 & 349 of the Companies Act, 1956 and calculation of commission payable to the Chairman and Managing Director and Executive Director.

		Rs lakhs
Profit before taxation		<b>10,784.71</b>
Add :		
Remuneration to Chairman & Managing Director (including commission of Rs 345.77 lakhs)	<b>453.13</b>	
Remuneration to Executive Director (including commission of Rs 230.51 lakhs)	<b>278.32</b>	
Remuneration to Whole-Time Director	<b>48.02</b>	
Loss of capital nature as per Section 349	-	
Profit on sale of assets as per Section 349	-	<b>779.47</b>
		<b>11,564.18</b>
Less :		
Profit on sale of assets as per books	<b>24.29</b>	
Profit on sale of investments	<b>14.17</b>	<b>38.46</b>
Net Profit for the purpose of Section 349		<b>11,525.72</b>
Total Remuneration payable		<b>779.47</b>
Less : Already paid		<b>203.19</b>
Balance Payable as Commission		<b>576.28</b>

Signatures to Schedules I to XVIII to Balance Sheet as at 31st March 2010 and Profit & Loss Account for the year ended on that date.

ARUNDATHI KRISHNA  
Whole-Time Director

ARATHI KRISHNA  
Executive Director

SURESH KRISHNA  
Chairman & Managing Director

V G JAGANATHAN  
Secretary

R SRINIVASAN  
V NARAYANAN  
R RAMAKRISHNAN  
C V KARTHIK NARAYANAN  
M RAGHUPATHY  
Directors

As per our report annexed  
For SUNDARAM & SRINIVASAN  
Regn. No. 004207S  
Chartered Accountants  
M BALASUBRAMANIAM  
Partner  
Membership No. F7945

Chennai  
May 29, 2010

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

Particulars	Sundram Fasteners Investments Limited, India (SFIL)	Sundram Bleistahl Limited, India	Upasana Engineering Limited, India (UEL)	Sundram Non-Conventional Energy Systems Limited, India
1 No. of shares issued by the subsidiary: Equity / Ordinary / Common Shares	24,90,000 shares of Rs 10 each	70,00,000 shares of Rs 10 each	1,18,99,674 shares of Rs 10 each	4,99,993 shares of Rs 10 each
2 No. of shares held by the Company: Equity / Ordinary / Common Shares	24,90,000	53,20,000	1,18,99,674	2,64,691
3 Number of equity shares held by subsidiary company	Not applicable	Not applicable	Not applicable	Not applicable
4 Financial period of the subsidiary	01/04/2009 to 31/03/2010	01/04/2009 to 31/03/2010	01/04/2009 to 31/03/2010	01/04/2009 to 31/03/2010
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. 3.87 lakhs)	(Rs. 127.64 lakhs)	(Rs. 9.15 lakhs)	Rs. 46.61 lakhs
ii) For the previous financial years	Rs. 179.88 lakhs	(Rs. 159.30 lakhs)	(Rs. 123.37 lakhs)	Rs. 120.91 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	–	–	–	–
ii) For the previous financial years	Rs. 127.94 lakhs	–	–	–

ARUNDATHI KRISHNA  
Whole-Time Director

ARATHI KRISHNA  
Executive Director

SURESH KRISHNA  
Chairman & Managing Director

Chennai  
May 29, 2010

R SRINIVASAN  
V NARAYANAN  
R RAMAKRISHNAN  
C V KARTHIK NARAYANAN  
M RAGHUPATHY  
Directors

V G JAGANATHAN  
Secretary

# Sundram Fasteners Limited

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

Particulars	Cramlington Precision Forge Limited United Kingdom	Sundram RBI Sdn. Bhd., Malaysia	Sundram International Inc. Michigan, USA	Peiner Umformtechnik GmbH Peine, Germany	Sundram Fasteners (Zhejiang) Limited, China	PUT Grundstücks GmbH Peine, Germany	Peiner Logistik GmbH Peine, Germany
1 No. of shares issued by the subsidiary: Equity / Ordinary / Common Shares 6% Preference Shares	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	67,74,617 Euro Capital Stock	10,04,77,945 Capital Stock	25,000 Euro Capital Stock	25,000 Euro Capital Stock
2 No. of shares held by the Company: Equity / Ordinary / Common Shares 6% Preference Shares	14,00,000 5,00,000	3,50,000	18,215	100% held by the Company	100% held by the Company	100% held by the Company	100% held by the Company
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	1/1/2009 to 31/12/2009	1/4/2009 to 31/3/2010	1/4/2009 to 31/3/2010	1/1/2009 to 31/12/2009	1/1/2009 to 31/12/2010	1/1/2009 to 31/12/2009	10/11/2008 to 31/12/2009
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	(GBP 3,31,946) (Rs 249.54 lakhs)	(MYR 27,061) (Rs 3.72 lakhs)	US \$(38,449) Rs 36.56 lakhs	Euro 36.31 (Rs 2,427.77 lakhs)	(RMB (11,37,725) (Rs 61.76 lakhs)	Euro 3,468 Rs 3.14 lakhs	Euro 16.645 Rs 11.14 lakhs
ii) For the previous financial years	(GBP 2,48,411) (Rs 186.83 lakhs)	(MYR 19,66,452) (Rs 266.28 lakhs)	(US \$ 10,48,981) (Rs 524.55 lakhs)	Euro 38,69,734 Rs 2,595.04 lakhs	(RMB 153,75,301) (Rs 1,048.19 lakhs)	Euro 1,31,114 Rs.87.93 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	-	-	-	-	-	-	-
ii) For the previous financial years	-	-	-	-	-	-	-

ARUNDATHI KRISHNA  
Whole-Time Director

ARATHI KRISHNA  
Executive Director

SURESH KRISHNA  
Chairman & Managing Director

R SRINIVASAN  
V NARAYANAN  
R RAMAKRISHNAN  
C V KARTHIK NARAYANAN  
M RAGHUPATHY  
Directors

Chennai  
May 29, 2010

V G JAGANATHAN  
Secretary

## DISCLOSURE OF INFORMATION RELATING TO SUBSIDIARIES

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 Umformtechnik GmbH	Peiner Logistik GmbH	PUT Grundstücks GmbH
(a) Financial Year Ended	31-03-2010	31-12-2009	31-03-2010	31-03-2010	31-03-2010	31-03-2010	31-03-2010	31-12-2009	31-12-2009	31-12-2009	31-12-2009
(b) Country of Incorporation	India	United Kingdom	Malaysia	India	USA	India	India	China	Germany	Germany	Germany
(c) Share Capital	24,900,000	142,899,000	6,865,000	118,996,740	8,120,513	4,999,930	70,000,000	684,994,935	454,305,816	1,676,500	1,676,500
(d) Reserves	23,349,154	–	–	–	–	23,981,773	–	–	117,116,737	1,116,198	9,025,069
(e) Loan Funds	80,401,078	56,802,653	–	238,040,078	–	272,021	181,106,764	27,269,464	86,267,392	–	254,562,107
(f) Deferred Govt. grants	–	18,245,570	–	–	–	–	–	–	–	–	–
(g) Deferred tax liability/ (asset)	–	(14,455,362)	20,087	(5,267,929)	–	204,247	(6,391,000)	–	–	–	–
(h) Current Liabilities & Provisions	583,270	72,304,036	21,100,896	85,547,664	70,469,711	299,409	18,244,527	116,719,454	691,784,991	10,675,831	5,801,495
<b>(i) Total Liabilities</b>	<b>129,233,502</b>	<b>275,795,897</b>	<b>27,985,983</b>	<b>437,316,553</b>	<b>78,590,224</b>	<b>29,757,380</b>	<b>262,960,291</b>	<b>828,983,853</b>	<b>1,349,474,936</b>	<b>13,468,529</b>	<b>271,065,171</b>
(j) Fixed Assets	35,835,390	162,226,391	100,463	222,517,388	2,676,156	21,789,032	165,805,000	453,378,392	316,911,143	1,086,841	267,392,831
(k) Investments	17,217,135	–	–	1,139,995	–	5,080,591	–	–	–	–	–
(l) Current Assets, Loans & Advances	76,180,977	69,920,856	1,257,682	200,418,790	27,115,253	2,887,757	68,461,129	263,030,117	1,032,563,793	12,381,688	3,672,340
(m) Debit balance in Profit & Loss Account	–	43,648,650	26,627,838	13,240,380	48,798,815	–	28,694,162	112,575,344	–	–	–
<b>(n) Total Assets</b>	<b>129,233,502</b>	<b>275,795,897</b>	<b>27,985,983</b>	<b>437,316,553</b>	<b>78,590,224</b>	<b>29,757,380</b>	<b>262,960,291</b>	<b>828,983,853</b>	<b>1,349,474,936</b>	<b>13,468,529</b>	<b>271,065,171</b>
(o) Revenue/Income	4,718,402	244,225,145	480,165	398,933,448	13,194,148	21,392,621	99,883,000	322,731,990	2,882,591,164	127,137,882	38,270,665
(p) Profit/(Loss) before taxation	(387,449)	(34,453,418)	364,797	(1,552,895)	3,655,921	6,860,251	(12,493,000)	(6,175,744)	(244,047,359)	1,356,646	637,213
(q) Provision for Taxation	–	(9,499,023)	(7,016)	(638,034)	–	2,199,429	271,000	–	(1,270,318)	242,217	323,430
(r) Profit/(Loss) after Taxation	(387,449)	(24,954,395)	371,813	(914,861)	3,655,921	4,660,822	(12,764,000)	(6,175,744)	(242,777,041)	1,114,429	313,783
(s) Proposed Dividend	–	–	–	–	–	–	–	–	–	–	–
(t) Details of Investment											
Quoted - Non Trade - Current	15,535			1,162,657		5,080,591					
Quoted - Non Trade - Long Term	1,204,650										
Unquoted - Subsidiaries											
Unquoted - Non Trade - Others	15,996,950										
	17,217,135			1,162,657		5,080,591					
Less: Provision for diminution in value of investments				22,662							
Total Investments	17,217,135			1,139,995		5,080,591					
Market Value of Quoted Investments	2,368,310			5,379,562		5,076,114					

Ministry of Corporate Affairs, Government of India vide their Letter No. 47/298/2010-CL-III dated 3rd May 2010 have granted exemption under Section 212(8) of the Companies Act, 1956 from attaching the financial statements of the subsidiary companies, to the company's accounts for the financial year ended 31st March, 2010. The annual accounts of the subsidiary companies and the related detailed information will be made available to the holding and subsidiary company investors seeking such information at any point of time. The annual accounts of the subsidiary companies will also be kept for inspection by any investor at the Corporate Office and that of the subsidiary company concerned.

# Sundram Fasteners Limited

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## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details : Registration No. 04943 State Code : 18

Balance Sheet Date : 31-3-2010

II. Capital Raised during the year (Amount Rs Thousands)

Public Issue : – Rights Issue : – Bonus Issue : – Private Placement : –

III. Position of Mobilisation and Deployment of Funds (Amount Rs. Thousands)

Total Liabilities : 1,12,94,302 Total Assets : 1,12,94,302

### Sources of Funds

Paid up Capital : 2,10,128 Reserves & Surplus : 45,91,417 Deferred Tax Liability: 8,13,670

Secured Loans : 36,93,885 Unsecured Loans : 19,85,202

### Application of Funds

Net Fixed Assets : 57,97,801 Investments : 14,23,943 Net Current Assets : 40,72,558

Miscellaneous Expenditure : – Accumulated Losses : –

IV. Performance of the Company (Amount Rs Thousands)

Turnover/Income : 1,33,38,606 Total Expenditure : 1,22,87,538 Profit/Loss Before Tax : +10,78,471

Profit/Loss After Tax : +7,50,133 Earnings per share in Rs. before extra ordinary item : Rs 3.57

Earnings per share in Rs. after extra ordinary item : Rs 3.57

Dividend Rate % : 90

V. Generic Names of Three Principal Products/Services of Company

<u>Item Code (ITC Code)</u>	<u>Product Description</u>
73.18	SCREWS, BOLTS, NUTS, RIVETS, WASHERS OF IRON AND STEEL
73.26	OTHER ARTICLES OF IRON AND STEEL FORGED OR STAMPED BUT NOT FURTHER WORKED
87.14	PARTS AND ACCESSORIES OF VEHICLES OF HEADING NOS. 87.11 TO 87.13 (PARTS FOR TWO WHEELERS) LIKE SINTERED LEVERS, BEARING RACES ETC.
84.13	WATER PUMP ASSEMBLY, OIL PUMP ASSEMBLY, FUEL PUMP ASSEMBLY
84.83	CLUTCH PARTS, PULLEYS
84.09	VALVE TAPPETS

**AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF SUNDRAM FASTENERS LIMITED, CHENNAI ON THE CONSOLIDATED FINANCIAL STATEMENTS INCLUDING ITS SUBSIDIARIES FOR THE YEAR ENDED 31ST MARCH 2010**

1. We have audited the attached consolidated balance sheet of M/s Sundram Fasteners Limited, Chennai and its subsidiary companies as at 31st March 2010, the consolidated profit and loss account for the year ended as on that date annexed thereto, and the consolidated cash flow statement for the year ended on that date. These consolidated financial statements are the responsibility of Sundram Fasteners Limited's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. 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 Grundstücks GmbH, Germany, Peiner Logistik GmbH, Germany and Sundram International Inc., USA. These financial statements and other information of the subsidiaries have been audited by other auditors except Sundram International Inc., USA, whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the reports of other auditors.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS21) on Consolidated Financial Statements and Accounting Standard (AS23) on Accounting for Investments in Associates, issued by the Institute of Chartered Accountants of India, on the basis of the individual financial statements of Sundram Fasteners Limited and its subsidiaries included in the consolidated financial statements.
5. On the basis of informations and explanations given to us and on consideration of the separate audit reports on individual audited financial statements of Sundram Fasteners Limited, its subsidiaries and its associates, in our opinion, the consolidated financial statements give a true and fair view in conformity with accounting principles generally accepted in India:
  - (a) in the case of the consolidated balance sheet, of the consolidated state of affairs of Sundram Fasteners Limited and its subsidiaries as at 31st March 2010;
  - (b) in the case of the consolidated profit and loss account, 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.

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

P MENAKSHISUNDARAM  
Partner  
Membership No. 217914

Chennai  
May 29, 2010

# Sundram Fasteners Limited (CONSOLIDATED)

## BALANCE SHEET AS AT 31ST MARCH 2010

	Schedule No.	As at 31-3-2010	As at 31-3-2009	Rs lakhs
<b>I SOURCES OF FUNDS</b>				
<b>1. Shareholders' Funds</b>				
a) Capital	I	2,101.28	2,101.28	
b) Reserves & Surplus	II	<u>45,650.08</u>	<u>43,715.62</u>	45,816.90
		47,751.36		
<b>2. Minority Interest</b>				
a) Capital		212.12	212.40	
b) Reserves & Surplus		<u>(35.89)</u>	<u>(29.37)</u>	
		176.23		183.03
<b>3. Loan Funds</b>				
a) Secured Loans	III	41,370.29	50,331.97	
b) Unsecured Loans	IV	<u>20,703.45</u>	<u>20,503.43</u>	
		62,073.74		70,835.40
<b>4. Deferred Government Grants</b>				
		182.46		141.07
<b>5. Deferred Tax liability</b>				
	V	7,877.80		7,313.12
Total		<u>118,061.59</u>	<u>124,289.52</u>	
<b>II APPLICATION OF FUNDS</b>				
<b>1. Fixed Assets</b>				
a) Gross Block	VI	135,195.01	128,298.92	
b) Less : Depreciation		<u>63,037.04</u>	<u>57,892.45</u>	
c) Net Block		72,157.97	70,406.47	
d) Capital Work-in-progress		<u>2,032.23</u>	<u>4,094.47</u>	
		74,190.20		74,500.94
		215.41		199.22
<b>2. Investments</b>				
<b>3. Current Assets, Loans &amp; Advances</b>				
a) Inventories	VII	31,352.04	36,126.19	
b) Sundry Debtors	VIII	29,639.07	27,180.39	
c) Cash & Bank Balances	IX	801.40	1,836.88	
d) Loans & Advances	X	<u>9,684.74</u>	<u>8,458.61</u>	
		71,477.25	73,602.07	
Less : Current Liabilities & Provisions				
a) Current Liabilities	XI	22,818.82	17,825.50	
b) Provisions	XII	<u>5,002.45</u>	<u>6,187.21</u>	
		27,821.27	24,012.71	
Net Current Assets		43,655.98		49,589.36
Total		<u>118,061.59</u>	<u>124,289.52</u>	
Notes to the Consolidated Financial Statements				
	XVI			

ARUNDATHI KRISHNA  
Whole-Time Director

ARATHI KRISHNA  
Executive Director

SURESH KRISHNA  
Chairman & Managing Director

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

Chennai  
May 29, 2010

V G JAGANATHAN  
Secretary

P MENAKSHISUNDARAM  
Partner  
Membership No. 217914





# Sundram Fasteners Limited (CONSOLIDATED)

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

	Year ended		Rs lakhs
	31-3-2010		31-3-2009
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Profit before Tax and Extraordinary Items		7,922.38	3,848.93
<b>Adjustments for:</b>			
Depreciation	6,637.52		6,096.55
Exchange Loss/(gain) arising on Integral operations	(86.51)		160.19
Exchange Variation on application of AS-11	(146.28)		577.91
(Profit)/loss on Sale of Assets	(8.46)		(161.10)
(Profit)/loss on Investments	(9.60)		(60.07)
Share of Losses / (profit) of Associate Company	-		90.66
Appropriation of Government grants to income	(28.71)		(29.83)
Unrealised profit on closing stock	8.98		(50.65)
Dividend Received	(13.84)		(14.14)
Interest expense (Net)	3,482.63		6,716.02
Unrealised exchange (gain)/Loss	(1,581.64)		3,763.43
		<b>8,254.09</b>	<b>17,088.97</b>
Operating Profit before Working Capital changes:		<b>16,176.47</b>	<b>20,937.90</b>
<b>Adjustments for changes in working capital:</b>			
(Increase)/Decrease in Trade and other receivables#	(2,950.36)		3,342.84
(Increase)/Decrease in Inventories	4,774.15		(7,415.35)
Increase/(Decrease) in Trade payables#	<b>4,380.82</b>	<b>6,204.61</b>	(7085.64)
Cash Generated From Operations		<b>22,381.08</b>	<b>13,852.26</b>
Interest paid	-		-
Direct Taxes paid	3,366.63	3,366.63	1,638.74
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>19,014.45</b>	<b>12,213.52</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets	(7,549.80)		(12,324.17)
Sale of Fixed Assets	873.10		282.06
Purchase of Investments (Net)	(59.07)		(248.86)
Sale of Investments	52.51		480.53
Dividend received	13.84		14.14
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(6,669.42)</b>	<b>(11,796.30)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from Term loans#	(7,224.68)		9,196.06
Proceeds from other Borrowings#	40.16		(4,204.62)
Interest paid	(4,046.28)		(6,646.59)
Government grants received	62.85		22.13
Dividend & Corporate Dividend taxes paid	(2,212.56)		(1,106.28)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(13,380.51)</b>	<b>(2,739.30)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(1,035.48)</b>	<b>(2,322.08)</b>
<b>CASH AND CASH EQUIVALENTS - Opening balance</b>		<b>1,836.88</b>	<b>4,158.96</b>
<b>Opening Balance of cash and Cash equivalents of erstwhile subsidiary company included above</b>		-	-
<b>CASH AND CASH EQUIVALENTS-Closing Balance</b>		<b>801.40</b>	<b>1,836.88</b>
Notes:			
CASH AND CASH EQUIVALENTS include:			
a) Cash and Cheques on hand	62.78		384.79
b) With Scheduled Banks:			
i) Current Account	651.10		1,371.59
ii) Deposit Accounts	38.46		38.54
c) With Bank One, Michigan, USA	49.06		41.96
	<b>801.40</b>		<b>1,836.88</b>

# Excludes unrealised exchange gain of Rs 1,737.00 lakhs (last year loss Rs 3,209.62 lakhs) on term loans, exchange loss of Rs 160.67 lakhs (Last Year loss Rs 548.46 lakhs) on other borrowings, exchange gain of Rs 6.36 lakhs (last year loss Rs 6.15 lakhs) on trade payables and exchange Loss of Rs 1.05 lakhs (last year gain of Rs 0.80 lakhs) in trade and other receivables.

ARUNDATHI KRISHNA  
Whole-Time Director

ARATHI KRISHNA  
Executive Director

SURESH KRISHNA  
Chairman & Managing Director

As per our report annexed  
For SUNDARAM & SRINIVASAN  
Regn. No. 0042075  
Chartered Accountants  
P MENAKSHISUNDARAM  
Partner  
Membership No. 217914

Chennai  
May 29, 2010

V G JAGANATHAN  
Secretary

## SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	As at 31-3-2010	Rs lakhs As at 31-3-2009
<b>I CAPITAL</b>		
<b>Authorised</b>		
25,00,00,000 Equity Shares of Re 1 each (Last year 25,00,00,000 Equity Shares of Re 1 each)	<u>2,500.00</u>	<u>2,500.00</u>
<b>Issued</b>		
21,01,28,370 Equity Shares of Re 1 each (Last year 21,01,28,370 Equity Shares of Re 1 each)	<u>2,101.28</u>	<u>2,101.28</u>
<b>Subscribed and Paid-up</b>		
21,01,28,370 Equity Shares of Re 1 each fully paid-up (Last year 21,01,28,370 Equity Shares of Re 1 each fully paid-up)	<u>2,101.28</u>	<u>2,101.28</u>
	<u>2,101.28</u>	<u>2,101.28</u>
<b>II RESERVES &amp; SURPLUS</b>		
<b>Capital Reserve</b>		
<b>Investment Allowance Reserve (Utilised) Account</b>		
As per last Balance Sheet	-	25.06
Add / (Less) : Transfer to Profit & Loss Account	-	25.06
	-	-
<b>Special Reserve</b>		
As per last Balance Sheet	44.77	26.95
Add / (Less) : Transfer from Profit & Loss Account	-	17.82
	44.77	44.77
<b>General Reserve</b>		
As per last Balance Sheet	38,063.20	37,913.85
Add / (Less) : Transfer from Profit & Loss Account	5,000.00	200.00
Stock Reserve on Closing Stock	8.98	(50.65)
	43,072.18	38,063.20
<b>Foreign Currency Translation Reserve</b>		
As per last Balance Sheet	2,769.56	245.95
Add : Currency Translation during the year	(500.34)	2,523.61
	2,269.22	2,769.56
<b>Surplus</b>		
Balance in Profit & Loss Account	263.91	2,838.09
	<u>45,650.08</u>	<u>43,715.62</u>

# Sundram Fasteners Limited (CONSOLIDATED)

## SCHEDULES (Contd.)

	As at 31-3-2010	Rs lakhs As at 31-3-2009
<b>III SECURED LOANS</b>		
<b>From Banks</b>		
Secured by hypothecation of fixed assets and current assets of the Company, viz., stocks of raw materials, work-in-progress & finished goods	<b>38,522.04</b>	15,036.77
Secured by first charge on moveable fixed assets, present and future	<b>2,795.75</b>	35,163.16
<b>From Others</b>		
Secured by assets purchased under Deferred Payment Guarantees/ Hire Purchase Loans	<b>52.50</b>	132.04
	<b>41,370.29</b>	50,331.97
<b>IV UNSECURED LOANS</b>		
Short term Loans from Banks	<b>20,703.45</b>	20,503.43
<b>V DEFERRED TAX LIABILITY</b>		
Deferred Tax Liability :		
On Depreciation	<b>8,742.64</b>	8,094.67
Deferred Tax Asset :		
On Provision for Gratuity / Leave Salary	<b>(158.47)</b>	(386.58)
Others	<b>(706.37)</b>	(394.97)
	<b>7,877.80</b>	7,313.12

## SCHEDULES (Contd.)

### VI FIXED ASSETS

Rs lakhs

Particulars	Aircraft <sup>^</sup>	Land <sup>#</sup>	Buildings	Plant and Machinery	Furniture, Fixtures & Office Equipments	Vehicles	Technical Know-how	Software	Total as at	
									31-3-2010	31-3-2009
<b>Cost of Assets</b>										
Opening Balance	276.23	6,603.89	13,790.21	96,479.95	9,481.96	393.53	101.67	272.58	<b>127,400.02</b>	116,557.59
Additions	—	885.12	422.95	7,038.01	851.42	16.47	388.71	9.36	<b>9,612.04</b>	12,845.33
Sales/discards	—	—	—	713.41	1,078.32	25.32	—	—	<b>1,817.05</b>	1,104.00
<b>Total</b>	<b>276.23</b>	<b>7,489.01</b>	<b>14,213.16</b>	<b>102,804.55</b>	<b>9,255.06</b>	<b>384.68</b>	<b>490.38</b>	<b>281.94</b>	<b>135,195.01</b>	<b>128,298.92</b>
<b>Depreciation</b>										
Upto 31-3-2009	64.16	20.00	2,657.98	47,232.97	6,929.62	152.25	101.67	193.28	<b>57,351.93</b>	52,778.31
For the year	15.48	6.34	537.97	5,561.81	427.27	37.44	3.04	48.17	<b>6,637.52</b>	6,096.55
Included under CWIP	—	—	—	—	—	—	—	—	—	0.63
Deduction on sales/discards	—	—	—	396.52	541.37	14.52	—	—	<b>952.41</b>	983.04
<b>Total</b>	<b>79.64</b>	<b>26.34</b>	<b>3,195.95</b>	<b>52,398.26</b>	<b>6,815.52</b>	<b>175.17</b>	<b>104.71</b>	<b>241.45</b>	<b>63,037.04</b>	<b>57,892.45</b>
<b>Written Down Value</b>										
<b>As at 31-3-2010</b>	<b>196.59</b>	<b>7,462.67</b>	<b>11,017.21</b>	<b>50,406.29</b>	<b>2,439.54</b>	<b>209.51</b>	<b>385.67</b>	<b>40.49</b>	<b>72,157.97</b>	
As at 31-3-2009	212.07	6,703.60	11,160.37	49,421.53	2,520.76	241.80	—	146.34		70,406.47
<b>Capital WIP</b>										
<b>As at 31-3-2010</b>			<b>4.24</b>	<b>2,027.99</b>			—		<b>2,032.23</b>	
As at 31-3-2009			935.93	3,043.48	—	—	115.06	—		4,094.47

<sup>^</sup> Jointly owned.

<sup>#</sup> Includes leasehold land of Rs 706.36 lakhs. Leasehold land of Rs 278.10 lakhs pending registration. Freehold land of Rs 256.33 lakhs pending registration.

# Sundram Fasteners Limited (CONSOLIDATED)

## SCHEDULES (Contd.)

	As at 31-3-2010	Rs lakhs As at 31-3-2009
<b>VII INVENTORIES</b>		
Stores & Spares	1,316.31	1,375.64
Loose tools	1,633.12	1,548.02
Raw Materials and Components	7,798.88	11,151.29
Work-in-process	9,544.28	8,933.28
Finished Goods	10,809.45	12,162.73
Goods-in-transit	250.00	955.23
	<u>31,352.04</u>	<u>36,126.19</u>
<b>VIII SUNDRY DEBTORS - UNSECURED, CONSIDERED GOOD</b>		
a) Debts outstanding for a period exceeding six months	1,475.21	3,275.57
b) Other debts	28,163.86	23,904.82
	<u>29,639.07</u>	<u>27,180.39</u>
<b>IX CASH AND BANK BALANCES</b>		
a) Cash and Stamps on hand	13.69	11.67
b) Cheques on hand	49.09	373.12
c) With Scheduled Banks :		
i) Current Account	651.10	1,371.59
ii) Deposit Accounts	38.46	38.54
d) With Other - Current Account		
– J P Morgan Chase, Michigan, USA (Maximum balance – Rs 168.13 lakhs (Last year Rs 309.14 lakhs))	49.06	41.96
	<u>801.40</u>	<u>1,836.88</u>
<b>X LOANS &amp; ADVANCES - UNSECURED, CONSIDERED GOOD</b>		
a) Deposits	896.00	931.92
b) Advances recoverable in cash or in kind or for value to be received	6,006.32	5,696.36
c) Interest accrued but not due on Investments	0.25	0.30
d) Loans to associate Companies	745.30	527.67
e) Advance Tax (Net of Provision for Tax)	2,036.87	1,185.36
f) MAT Credit Entitlement	–	117.00
	<u>9,684.74</u>	<u>8,458.61</u>

## SCHEDULES (Contd.)

	As at / Year ended 31-3-2010	Rs lakhs As at / Year ended 31-3-2009
<b>XI CURRENT LIABILITIES</b>		
Sundry Creditors	21,285.93	15,744.00
Investor Education and Protection Fund*		
i) Unclaimed Dividend	108.23	89.08
ii) Unpaid Deposits & Interest accrued thereon	0.17	0.24
Interest accrued but not due	199.35	762.98
Second Interim Dividend Payable	1,050.64	1,050.64
Dividend Tax on Interim Dividend payable	174.50	178.56
* No amount is due and outstanding to be credited to the Fund	<u>22,818.82</u>	<u>17,825.50</u>
<b>XII PROVISIONS</b>		
Leave Salary and Gratuity	481.15	432.94
Pension liabilities	3,139.44	3,184.90
Others	1,381.86	2,569.37
	<u>5,002.45</u>	<u>6,187.21</u>
<b>XIII OTHER INCOME</b>		
Miscellaneous Income	2,343.77	1,003.87
Dividend	13.84	14.14
Profit on sale of Assets	26.14	221.35
Profit on sale of Investments	14.32	60.07
	<u>2,398.07</u>	<u>1,299.43</u>
<b>XIV RAW MATERIALS &amp; COMPONENTS CONSUMED, WORK-IN-PROCESS AND FINISHED GOODS</b>		
Opening Stock :		
Raw Materials & Components	11,113.73	6,972.28
Work-in-process	8,885.64	9,509.87
Finished Goods	12,036.40	10,075.48
	32,035.77	26,557.63
Add : Purchase of Raw Materials and Components	74,082.82	87,426.72
	<u>106,118.59</u>	<u>113,984.35</u>
Less : Closing Stock:		
Raw Materials & Components	7,798.88	11,151.29
Work-in-process	9,544.28	8,933.28
Finished Goods	10,809.45	12,162.73
	<u>28,152.61</u>	<u>32,247.30</u>
	<u>77,965.98</u>	<u>81,737.05</u>

# Sundram Fasteners Limited (CONSOLIDATED)

## SCHEDULES (Contd.)

	As at / Year ended 31-3-2010	Rs lakhs As at / Year ended 31-3-2009
<b>XV SALARIES &amp; WAGES, STORES CONSUMED AND OTHER EXPENSES</b>		
Salaries, Wages, Bonus and Allowances	<b>19,352.93</b>	20,220.53
Employees' Provident and Other Funds	<b>2,985.03</b>	2,991.39
Staff & Labour welfare expenses	<b>1,433.20</b>	1,342.47
Stores and Tools consumed	<b>15,873.67</b>	17,228.10
Power & Fuel	<b>7,970.52</b>	7,226.06
Rent	<b>925.51</b>	774.56
Rates, Taxes & Duties	<b>676.01</b>	619.16
Sub-contract expenses	<b>13,639.31</b>	12,955.35
Freight & Cartage	<b>1,293.67</b>	1,476.77
Insurance	<b>434.86</b>	477.28
Repairs & Maintenance :		
a) Building	<b>1,267.42</b>	1,388.76
b) Machinery	<b>1,767.98</b>	2,160.04
c) Other assets	<b>447.41</b>	593.02
	<b>3,482.81</b>	4,141.82
Commission on sales	<b>559.86</b>	497.64
Directors' Sitting Fees	<b>353.49</b>	347.68
Remuneration to Auditors	<b>183.91</b>	67.82
Loss on sale of assets	<b>17.68</b>	60.25
Loss on Sale of investments	<b>4.72</b>	-
Bad Debts	<b>311.72</b>	136.91
Research and Development Expenditure	<b>784.69</b>	459.57
Miscellaneous expenses	<b>7,255.13</b>	7,586.96
	<b>77,538.72</b>	78,610.32

## XVI NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 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.



## SCHEDULES (Contd.)

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

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, Peiner Logistik GmbH, Germany, PUT Grundstücks GmbH, Germany, have been 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 Since the proportionate share of the losses of the associate have exceeded the carrying cost of investments the company has not recognised losses beyond the carrying amount and the carrying amount of investments is reported as "Nil".
  - Intra-group balances, Intra-group transactions and resulting unrealised profits have been eliminated.
- (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%	31.03.2010	–
Sundram Fasteners (Zhejiang) Limited, China	China	100%	31.12.2009	3 Months
Upasana Engineering Limited, Chennai	India	100%	31.03.2010	–
Cramlington Precision Forge Limited, United Kingdom	UK	100%	31.12.2009	3 Months
Sundram RBI Sdn. Bhd., Malaysia	Malaysia	70%	31.03.2010	–
Peiner Umformtechnik GmbH, Germany	Germany	100%	31.12.2009	3 Months
PUT Grundstücks GmbH, Germany	Germany	100%	31.12.2009	3 Months
Peiner Logistik GmbH, Germany	Germany	100%	31.12.2009	3 Months
<b>Sundram Non-Conventional</b>				
Energy Systems Limited, Chennai	India	52.94%	31.03.2010	–
Sundram International Inc, USA	USA	100.00%	31.03.2010	–
Sundram Bleistahl Limited, Chennai	India	76.00%	31.03.2010	–
<b>Associate Companies</b>				
TVS Infotech Limited, Chennai	India	49.99%	31.03.2010	–
TVS Infotech Inc. USA	USA	49.99%	31.03.2010	–

# Sundram Fasteners Limited (CONSOLIDATED)

## SCHEDULES (Contd.)

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

- D. Sundram Fasteners Limited has invested in the entire equity contribution of Peiner Logistik GmbH, Peine, Germany (Logistik) on 10-11-2008. The first accounts of Logistik drawn up for the period from the date of Investment till 31-12-2009 has been included in the consolidated financial statements for the financial year ended 31st March 2010.
- E. Depreciation is provided under Straight Line Method as per the amended Schedule XIV to 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, Peiner Logistik GmbH, Germany and Peiner Umformtechnik GmbH, Germany, where depreciation is provided under the Written Down Value Method. In the case of Peiner Umformtechnik GmbH, Germany, Peiner Logistik 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.
- F. Other Significant Accounting Policies :
- These are set out in the Notes to the Accounts of the Financial Statements of the Company and its Subsidiaries

	As at/ Year ended 31-3-2010	Rs lakhs As at/ Year ended 31-3-2009
2) Contingent Liabilities :		
a) On Letters of Guarantee	<b>1,060.28</b>	3,344.41
b) On Letters of Credit	<b>3,328.80</b>	100.04
c) On Guarantee issued to HDFC on behalf of employees	<b>13.34</b>	19.34
d) Bills Discounted	<b>5,637.26</b>	360.05
e) On partly paid shares of The Adyar Property Holding Co. Ltd.	<b>0.01</b>	0.01
f) Estimated contingent liability for stamp duty in respect of leased land at Uttrakhand	<b>3.62</b>	3.62
g) Claims against the Company not acknowledged as debts	<b>2.54</b>	–
3) Liability disputed and not provided for :		
a) Sales Tax – under appeal	<b>30.11</b>	54.96
b) Excise Duty – under appeal	<b>842.33</b>	1,413.34
c) Income-tax – under appeal	<b>356.62</b>	303.36
d) Others	<b>11.58</b>	11.58
4) Estimated amount of contracts remaining to be executed on capital account and not provided for	<b>1,463.95</b>	1,738.68
5) Contingent Assets		
Claim of additional compensation against land acquisition	<b>23.29</b>	23.29

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## SCHEDULES (Contd.)

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

	Rs lakhs	
	As at / Year ended 31-3-2010	As at / Year ended 31-3-2009
6) The Company and its Subsidiaries operates 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., USA (formerly TVS International Inc., USA)		
(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 Arundhathi Krishna		
(B) <b>Relatives of Key Management Personnel</b>		
– Ms Usha Krishna		
– Ms Preethi Krishna		
(C) <b>Enterprises in which Key Management Personnel have significant influence:</b>		
– Upasana Finance Limited, Chennai		
– Upasana Properties Private Limited, Chennai		
(III) <b>Transactions with related parties</b>		
(A) <b>Purchase of Goods :</b>		
– Associate	–	–
– Key Management Personnel	–	–
– Relatives of Key Management Personnel	–	–
(B) <b>Sale of Goods :</b>		
– Associate	–	–
– Key Management Personnel	–	–
– Relatives of Key Management Personnel	–	–

# Sundram Fasteners Limited (CONSOLIDATED)

## SCHEDULES (Contd.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)	Rs lakhs	
	As at / Year ended 31-3-2010	As at / Year ended 31-3-2009
<b>(C) Services rendered :</b>		
– Associate - Share of expenses	–	4.11
– Key Management Personnel	–	–
– Relatives of Key Management Personnel	–	–
<b>(D) Services received:</b>		
– Associate	<b>84.00</b>	192.04
– Key Management Personnel	–	–
– Relatives of Key Management Personnel	–	–
– Enterprise in which key management personnel have significant influence	–	–
<b>(E) Leasing or hire purchase arrangements</b>		
– Associate	–	–
– Key Management Personnel (Lease rent paid)	<b>6.24</b>	6.24
– Relatives of Key Management Personnel (Lease rent paid)	<b>1.88</b>	1.88
– Enterprise in which Key Management Personnel have significant influence (Lease rent paid)	–	–
<b>(F) Finance*</b>		
– Associate		
– Loans	<b>515.10</b>	674.00
– Equity	–	–
– Key Management Personnel	–	–
– Interest on loan to Associate	<b>46.65</b>	39.97
– 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	<b>63.00</b>	120.00
– Interest on loan from enterprises in which Key Management Personnel has significant influence	<b>16.48</b>	11.44
* Finance includes loans		
<b>(G) Guarantees &amp; Collaterals</b>		
– Associate	–	–
– Key Management Personnel	–	–
– Relatives of Key Management Personnel	–	–
<b>(H) Management contracts, including deputation of employees</b>		
– Associate	–	–
– Key Management Personnel	<b>779.47</b>	125.39
– Relatives of Key Management Personnel	–	–

## SCHEDULES (Contd.)

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

Rs lakhs

As at /  
Year ended  
31-3-2010

As at /  
Year ended  
31-3-2009

**(I) Outstanding balances**

**Due to the Company :**

- Associate	<b>745.30</b>	527.67
- Key Management Personnel	-	-
- Relatives of Key Management Personnel	-	-

**Payable by the Company**

- Associate	<b>5.04</b>	3.09
- Key Management Personnel	<b>576.28</b>	-
- Loan from Key Management Personnel	-	-
- Relatives of Key Management Personnel	-	-
- Enterprises in which Key Management Personnel has significant influence	<b>238.00</b>	175.00

- 8) As required by Accounting Standard - AS 27 "Financial Reporting of Interests in Joint Ventures" issued by the Institute of Chartered Accountants of India, disclosures are as follows:

The Company has entered into joint venture agreement with Madras Cements Limited, TV Sundram Iyengar & Sons Limited and Thiagaraja Mills Limited for utilisation of Aircraft for the 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.

**Information on Joint Venture**

(i) Jointly Controlled entities

Sl. No.	Name of the Joint Venturer	Country of Incorporation	Share of Ownership interest
1)	T V Sundram Iyengar & Sons Limited	India	1/3
2)	Madras Cements Limited	India	1/3

- (ii) Contingent Liabilities in respect of Joint Ventures -
- (iii) Capital commitments in respect of Joint Ventures -
- (iv) Share of Interest in the transactions with respect to Jointly Controlled entities

**A) Assets**

WDV of Aircraft	<b>196.59</b>	212.06
Current Assets - Advances	<b>38.52</b>	8.57

**B) Liabilities**

Current liabilities and Provisions:

Current liabilities	<b>10.49</b>	3.57
Provisions	-	-

# Sundram Fasteners Limited (CONSOLIDATED)

## SCHEDULES (Contd.)

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

Rs lakhs

As at /  
Year ended  
31-3-2010

As at /  
Year ended  
31-3-2009

C) <b>Income</b>	-	-
D) <b>Expenditure</b>		
Bank Charges	-	0.02
Consultancy fees	<b>25.88</b>	21.91
Travelling Expenses	<b>5.79</b>	4.65
Postage, Courier and Telephone charges	<b>0.24</b>	0.21
Insurance	<b>1.28</b>	0.95
Aircraft Maintenance	<b>24.09</b>	32.60
Depreciation	<b>15.47</b>	11.58

#### 9) Discontinuing Operations

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 2010 the carrying amount of the assets of the subsidiary company was Rs 13.58 lakhs and liabilities were Rs 211.01 lakhs. The following statement shows the revenue and expenses of the discontinuing operations which has been included in the Profit and Loss account under the respective heads:

Sales	-	10.89
Other income	<b>4.80</b>	0.69
Operating Expenses	<b>1.15</b>	40.89
Pre-tax Profit/(Loss) from discontinued operations	<b>3.65</b>	(29.31)
Interest	-	6.19
Profit/(Loss) before tax	<b>3.65</b>	(35.50)
Income Tax – Deferred Tax	<b>(0.07)</b>	(0.36)
Profit/(Loss) from discontinuing operations after tax	<b>3.72</b>	(35.14)

#### 10) Previous year figures have been regrouped wherever necessary to conform to current year's classification.

Signatures to schedules I to XVI to Balance Sheet as at 31st March 2010 and Profit and Loss Account for the year ended on that date

ARUNDATHI KRISHNA  
Whole-Time Director

ARATHI KRISHNA  
Executive Director

SURESH KRISHNA  
Chairman & Managing Director

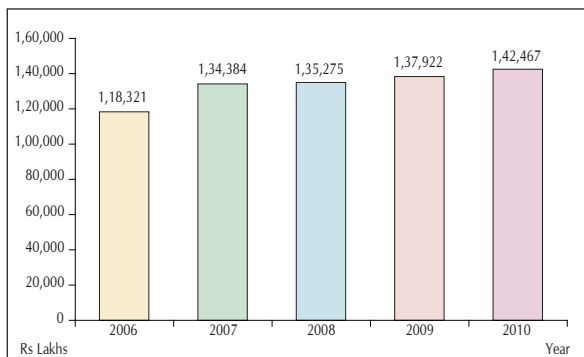
As per our report annexed  
For SUNDARAM & SRINIVASAN  
Regn. No. 004207S  
Chartered Accountants

Chennai  
May 29, 2010

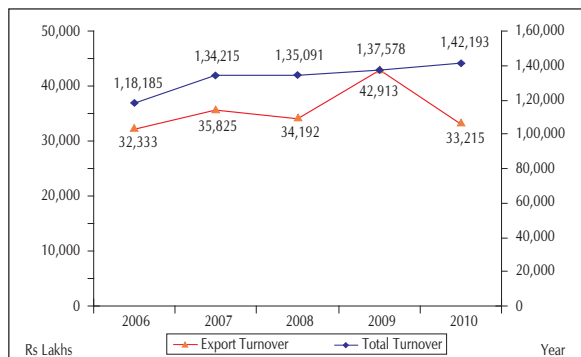
V G JAGANATHAN  
Secretary

P MENAKSHISUNDARAM  
Partner  
Membership No. 217914

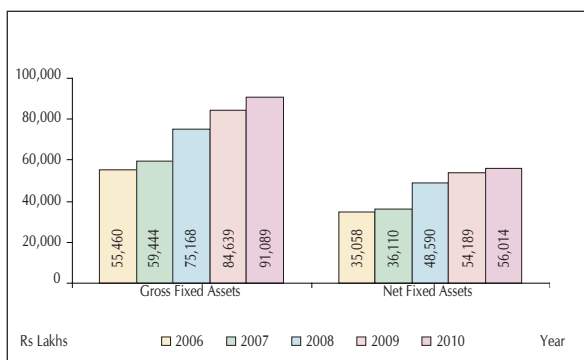
## Gross Revenues



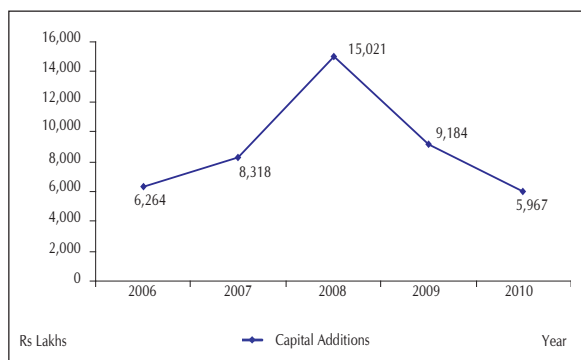
## Export Sales and Total Sales (including Excise Duty)



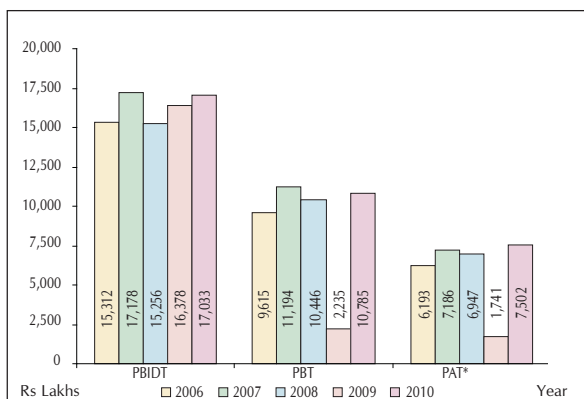
## Gross and Net Block of Fixed Assets



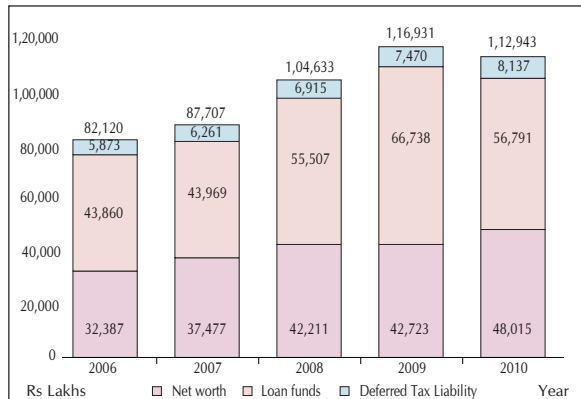
## Capital Expenditure



## Profits



## Funds Employed



\* After extra-ordinary items.

