



Sundram Fasteners Limited

ANNUAL REPORT

**for the year ended
31st March 2011**

Sundram Fasteners Limited

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

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FINANCIAL HIGHLIGHTS

Particulars	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Operating results - Rs lakhs										
Sales - Net	180,839	133,386	126,219	120,592	119,944	106,199	92,955	68,912	45,883	38,302
EBIDT	22,844	17,033	16,378	15,256	17,178	15,312	13,197	10,223	8,536	6,712
Interest	2,966	1,500	9,920	1,387	2,625	2,958	586	(552)	610	1,297
EBDT	19,878	15,533	6,458	13,869	14,205	12,354	12,611	10,776	7,926	5,415
Depreciation	5,454	4,748	4,223	3,423	3,012	2,739	2,333	1,977	1,299	1,322
EBIT	17,391	12,284	12,155	11,833	13,819	12,573	10,864	8,246	7,237	5,390
Profit before tax	14,425	10,785	2,235	10,446	11,194	9,615	10,279	8,798	6,627	4,093
Tax	3,882	3,283	494	3,499	4,008	3,422	3,339	3,008	2,088	1,172
Profit after tax	10,543	7,502	1,741	6,947	7,186	6,193	6,940	5,790	4,539	2,921
Financial status - Rs lakhs										
Net fixed assets	65,785	57,978	56,798	51,944	40,476	35,235	31,786	25,867	19,535	18,424
Investments	14,237	14,239	14,245	13,325	7,276	7,215	2,160	2,021	3,369	3,341
Net current assets	59,068	40,726	45,888	39,365	39,955	39,670	31,665	22,039	12,443	11,887
Share capital	2,101	2,101	2,101	2,101	2,101	1,051	1,051	1,051	1,021	1,021
Reserves and surplus	53,394	45,914	40,621	40,110	35,375	31,337	27,148	22,241	20,309	17,153#
Net worth	55,495	48,015	42,723	42,211	37,476	32,387	28,199	23,292	21,330	18,174
Loan funds	74,961	56,791	66,738	55,507	43,969	43,860	32,056	21,754	9,504	11,734
Deferred Tax Liability	8,633	8,633	8,137	7,470	6,915	6,261	5,873	5,356	4,881	3,906
Total capital employed	139,089	112,943	116,931	104,633	87,707	82,120	65,611	49,927	34,740	33,652
Performance parameters - %										
EBIDT to Sales	12.6	12.8	13.0	12.7	14.3	14.4	14.2	14.8	18.6	17.5
EBIT to Sales	9.6	9.2	9.6	9.8	11.5	11.8	11.7	12.0	15.8	14.1
PBT to Sales	8.0	8.1	1.8	8.7	9.3	9.1	11.1	12.8	14.4	10.7
EBIDT/Average capital employed [ROCE]	18.1	14.8	14.8	15.9	20.2	20.7	22.8	24.1	25.0	20.1
EBIT / Average capital employed	13.8	10.7	11.0	12.3	16.3	17.0	18.8	19.5	21.2	16.1
PAT/Average net worth	20.4	16.6	4.1	17.4	20.6	20.4	27.0	26.0	23.0	15.3
Bonus issue	-	-	-	-	1:1	-	-	-	-	-
EPS before extra ordinary items - Rs	5.02*	3.57*	0.83*	3.21*	3.59*	5.92*	6.61*	5.51*	44.43	28.59
EPS after extra ordinary items - Rs	5.02*	3.57*	0.83*	3.31*	3.42*	5.92*	6.61*	5.51*	44.43	28.59
Dividend per share - Rs	1.25@*	0.90@*	0.50@*	0.90@*	1.75@*	1.70*	1.70*	1.40*	12.00	10.00
Dividend payout ratio	24.91	25.21	60.36	27.26	25.59	28.81	25.76	25.41	27.01	34.98
Book value per share - Rs	26.41*	22.85*	20.33*	20.09*	17.84*	30.83*	26.83*	22.16*	208.91	177.92
Market value per share - Rs	51.05@*	51.60@*	14.85@*	32.35@*	63.75@*	169.30*	109.45*	87.05*	362	236

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.

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

The Directors are pleased to present the Forty Eighth Annual Report together with the audited accounts for the year ended 31st March 2011.

FINANCIAL RESULTS

			Rs lakhs	
	<u>2010-11</u>		<u>2009-10</u>	
Sales – Domestic (including excise duty)	146,451.86		108,977.92	
Less : Excise Duty	13,642.02		8,807.15	
	132,809.84		100,170.77	
Exports	48,029.56		33,215.29	
Net Sales	180,839.40		133,386.06	
Gross Profit before interest, depreciation, extra-ordinary items and taxes	22,844.28		17,032.74	
Less: Interest	2,097.10	2,548.25		
Exchange Losses/(Gains)	868.95	(1,048.62)		
Depreciation	5,453.72	8,419.77	4,748.40	6,248.03
Profit before extra-ordinary items and tax	14,424.51		10,784.71	
Less : Provision for taxation including earlier years	3,881.94		3,283.38	
Profit after tax	10,542.57		7,501.33	
Add : Balance brought forward	2,939.21		2,646.38	
	13,481.78		10,147.71	
Appropriations				
Interim Dividends	2,626.61		1,891.15	
Tax on Interim Dividends	436.45		317.35	
Transfer to General Reserve	7,000.00		5,000.00	
Balance carried forward	3,418.72		2,939.21	
	13,481.78		10,147.71	

SALES & PROFITS

The Company recorded total Net Sales and other income of Rs.1813.10 Crores for the year ended March 31, 2011 as against Rs.1336.60 Crores achieved during the previous year. The export sale was at Rs.480.30 Crores as against Rs.332.15 Crores in the previous year. The Profit after tax was higher at Rs.105.43 Crores as against Rs.75.01 Crores in the previous year.

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

DIVIDEND

The Directors have decided to pay as Second Interim Dividend of Re 0.70 per Share of face value of Re 1 each, which together with the Interim Dividend of Re 0.55 per Share of face value of Re 1 each declared and paid earlier would amount to a total dividend for the year of Rs.1.25 per share of Re 1 each. Dividend disbursed amounted to Rs 1155.71 lakhs. Second Interim Dividend will absorb a total amount of Rs 1470.90 lakhs. The Directors do not recommend any final dividend.

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CONSOLIDATED FINANCIALS AND STATUTORY STATEMENTS

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

As per Section 212 of the Companies Act, 1956, the Company is required to attach the Directors' Report, Balance Sheet and Profit and Loss Account of subsidiaries. The Central Government has granted general exemption from complying with Section 212 of the Companies Act, 1956 to all companies vide Notification No. 5/12/2007-CL-III dated February 8, 2011. Accordingly the Company has presented in this Report, the consolidated financial statements of the holding company and all its subsidiaries, duly audited by the Statutory Auditors. The Company has also disclosed in the Consolidated Balance sheet the information required to be provided as per the aforesaid notification dated February 8, 2011. The company will make available the audited annual accounts and related information of its subsidiaries, upon request by any of its shareholders. The annual accounts of the subsidiary companies will also be kept for inspection, by any member at the Registered Office of the Company and its subsidiary companies.

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

The information required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in the Annexure to this report.

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

CORPORATE GOVERNANCE

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

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that :

- 1) in the preparation of annual accounts, the applicable accounting standards have been followed.
- 2) appropriate accounting policies have been selected and applied consistently, and judgments and estimates that have been made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.
- 3) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- 4) the annual accounts have been prepared on a going concern basis.

DIRECTORS

Sri Venu Srinivasan, Director, Sri C.V. Karthik Narayanan, Director and Sri M. Raghupathy, Director, 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 30, 2011

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. Introduction of thyristor controls in heat treatment furnaces
3. Introduction of variable frequency drive for forging machines
4. Operation of Methanol based system in place of Endo Generation
5. Optimisation of cooling tower pumps

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 high temperature vacuum sintering of power metal parts.
- b) Development of pre alloyed steel powder.

2. Future plan of action:

- a) Development of fully dense PM HSS components.
- b) Development of HSS powders.

3. The Company had entered into a technical collaboration agreement with Hitachi, Japan for the manufacture of tappets. The Company has fully absorbed the technology and has been manufacturing tappets at its factory at Hosur.

4. Expenditure on Research & Development:

The Company has incurred expenditure amounting to Rs.984.82 lakhs (Capital expenditure - Rs. 127.37 lakhs and Revenue expenditure - Rs. 857.45) towards Research and Development. The Expenditure on Research & Development as a percentage of turnover - 0.54%.

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. 48,030 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. 41,929 Lakhs
 - b) Foreign Exchange earned Rs. 48,089 Lakhs

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

On behalf of the Board

Chennai
May 30, 2011

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 8.6% (7.2%) and 7.8% (10.4%) respectively, reflecting the strong fundamentals of Indian economy.

The global economy showed signs of slow recovery with emerging economies registering a sizable growth, while developed economies responded slowly to stimulus packages implemented during the period of economic meltdown. The US economy limped back to growth; however the European economies have not shown similar growth due to financial crisis in some of the European countries.

During 2010-11, the manufacturing sector in India including the automotive sector staged a spectacular recovery to register an unprecedented growth. The following table shows the sales trend of the industry:

Automobile Sales Trends

(In Nos)

Category	Vehicle Sales during			
	2009-10	2010-11	% increase over previous year	CAGR % over 5 years
Medium & Heavy Commercial Vehicles	250,171	344,542	37.72	3.19
Light Commercial Vehicles	316,437	408,193	29.00	12.83
Total CVs	566,608	752,735	32.85	7.78
Passenger Cars	1,926,484	2,453,113	27.34	14.09
Utility Vehicles	272,848	318,576	16.76	7.24
MPVs	151,908	215,607	41.93	20.63
Total Passenger Vehicles	2,351,240	2,987,296	27.05	13.61
Scooters	1,494,409	2,144,765	43.52	17.05
Motorcycles	8,444,852	10,527,111	24.66	8.20
Mopeds	571,070	704,575	23.38	12.36
Electric two wheelers	2,558	–	–	–
Total Two Wheelers	10,512,889	13,376,451	27.24	9.55
Three Wheelers	619,093	799,553	29.15	7.86
Tractors	440,230	545,109	23.82	9.09
Grand Total	14,490,060	18,461,144	27.41	9.98

(Sources: SIAM/TMA)

The domestic market showed a record growth. There has been a perceptible shift in the type of production of Medium and Heavy commercial vehicles to larger and multi-axle vehicles. In the case of Light commercial vehicles, there has been a shift to smaller vehicles with low haulage capacities. Sales of cars, utility vehicles, MPVs, LCVs and two-wheelers grew throughout the year due to introduction of new models and entry of new manufacturers. Increase in disposable incomes and need for personal transportation combined with availability of finance contributed to a strong growth of passenger vehicles.

There was an improvement in the sales of passenger cars during 2010 in the US and Europe. The CV industry has continued to struggle, with growth of sales remaining at low levels. Growth levels in sales of passenger cars may remain muted during 2011 due to high levels of unemployment, strident increase in gasoline prices and volatile consumer confidence.

Domestic Sales

Domestic sales increased to Rs. 1328 crores from Rs. 1002 crores, a growth of 32%. Demand from automotive OEMs was buoyant throughout the year. Aftermarket sales also showed growth as confidence levels of dealers improved resulting in higher off-take and stocking. During the year, the Company started bulk supply of shimless tappets to Maruti-Suzuki India Ltd for use in their new K-series engines. The Company also commenced bulk supply of parts to Tata Motors Ltd for use in their Nano vehicles.

Exports

The US markets showed signs of recovery and the confidence levels of the Company's customers improved perceptibly. European markets continued to be sluggish. Exports from all the major units showed sizable growth enabling the Company to post record sales of at Rs. 480 crores as against Rs. 332 crores in the previous year, an increase of 45%. The Company's quest for adding new products and new customers will result in further improvement in exports in the near future. Volatility in exchange rates and slow recovery in demand from European customers are causes for concern.

Financial Performance

Improved market conditions resulted in higher sales in all the units of the Company. Raw material prices increased steadily during the year. Thanks to a strong demand, the Company was able to recover a part of the increase from its customers. Input costs rose across the board, especially of petroleum based products. Non-availability of power due to scheduled power-cuts up to 30% and unscheduled power outages forced the Company to purchase power and resort to self generation at higher costs. Wages increased as dearness allowance increased in line with the cost of living index. Impact of long term wage settlements for unionised employees at various factories and revision in pay levels for non-unionised employees in line with the market added to Employee costs. The Company continued to be under pressure due to rising manufacturing costs. Freight rates increased sharply in line with increase in cost of diesel and other inputs related to the transportation industry.

The Company continues to adopt Total Productive Maintenance (TPM) practices in order to achieve a reasonable control over other operating expenses.

During the year, PBIDT (Profit before interest, foreign exchange fluctuation, depreciation and tax) was higher at Rs 228.44 crores as against Rs 170.33 crores in the previous year.

Steady rise in demand for the Company's products resulted in additional investments in working capital. The Company made substantial investments in creation of capacities for new products and additional capacities for manufacture of existing products to meet projected demand from domestic and international customers. These investments resulted in additional interest costs. Tight money policies followed by Reserve Bank of India resulted in steep increase in interest rates on Rupee borrowings and forward premiums in respect of foreign currency borrowings. Interest rates on foreign currency loans were lower than in the previous year. Interest charges were lower at Rs 20.97 crores against Rs 25.48 crores in the previous year. Foreign exchange fluctuation resulted in a loss of Rs 8.69 crores, as against a gain of Rs 10.49 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 recognises the exchange differences arising out foreign currency denominated items as expense or income in the profit and loss statements.

Depreciation was higher at Rs 54.54 crores (Rs 47.48 crores) on account of increased capital expenditure incurred over the recent years.

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Profit before tax was higher at Rs. 144.25 crores (Rs. 107.85 crores). Profit after tax amounted to Rs. 105.43 crores (Rs. 75.01 crores).

Summary of operating results

Rs lakhs

	2010-2011	2009-2010
Net Sales	180,839.40	133,386.06
Other Income	470.74	274.03
Total Income	181,310.14	133,660.09
Total expenditure	158,465.86	116,627.35
Profit before depreciation, interest and tax (PBDIT)	22,844.28	17,032.74
Interest	2,097.10	2,548.25
Exchange losses/(gains) on loans	868.95	(1,048.62)
Depreciation/Amortization	5,453.72	4,748.40
Profit before tax (PBT) and before extraordinary item	14,424.51	10,784.71
Extraordinary item (EOI)	-	-
Profit before tax (PBT)	14,424.51	10,784.71
Current tax	3,410.43	2,575.63
Deferred tax	496.38	666.23
Profit after tax (PAT)	10,517.70	7,542.85
Income Tax (paid) / refunds relating to earlier years	24.87	(41.52)
Profit after tax and prior period items	10,542.57	7,501.33

Key Ratios

	2010-2011	2009-2010
PBDIT/Total Revenue	12.6%	12.7%
Raw Material/Total Revenue	46.3%	46.8%
Operating expenses/Total Revenue	41.1%	40.5%
PBIT/Total Revenue	9.6%	9.2%
PBT/Total Revenue	8.0%	8.1%
PAT/Total Revenue	5.8%	5.6%
ROCE (Avg. Capital Employed)	18.1%	14.8%
RONW (Avg. Net Worth)	20.3%	16.6%
Economic Value Added (EVA) – Rs. lakhs	3,581.81	1,675.81
Incremental EVA – Rs lakhs	1,905.99	1,777.50

Subsidiaries / Consolidated Results

The subsidiaries showed a vastly improved performance. Subsidiaries engaged in servicing the requirements of emerging markets have performed substantially better than in the previous year. Subsidiaries catering to developed markets have also performed better than in the previous year as market conditions have improved, albeit slowly.

Subsidiaries

Rs in Crores

Particulars	2010-2011	2009-2010	% of Increase
Sales & Other Income	536.81	415.36	29.24%
Cash Profit	27.84	(9.73)	386.13%
Net Profit	7.57	(27.79)	127.24%

Consolidated Results

Rs in Crores

Particulars	2010-2011	2009-2010	% of Increase
Sales	2280.44	1694.81	34.55%
Net Profit	114.10	47.23	141.58%

Capacities and Capital Expenditure

The automotive industry serves as the barometer of performance of the global economies. The industry is highly competitive and price sensitive. The cyclical nature of the industry compels automobile manufacturers to continuously improve their products and reduce costs through product innovations and global sourcing. The presence of multinational manufacturers in India will, in the long term, provide significant growth opportunities to Indian component manufacturers to enlarge the scope of supply. The Company always looks forward to increasing its product portfolio by developing new products and diversifying its customer base.

During the year, the Company has incurred Rs. 134.90 crores towards capital expenditure on existing and new projects.

The Company is in the process of setting up facilities at Mittamandagapet in Tamil Nadu for the manufacture of fasteners for use in Wind Energy Generators with an initial investment of Rs. 30 crores. Currently, a substantial portion of the demand of Indian Wind-turbine manufacturers is met through imports. Global demand for fasteners for Wind Energy industry will be quite high considering the emphasis being placed on generation of clean power. Work on the Company's project for manufacture of sprockets at the factory at SEZ, Maraimalainagar at an initial investment of Rs. 25 crores is in progress.

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 requirements of the customers. The total capital expenditure commitments during 2011-12 are likely to be around Rs. 150 crores, subject to market conditions and internal accruals.

Research and Development

The Company focuses on up-gradation 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 (DSIR), making the Company eligible for weighted deduction under Section 35 (2AB) of the Income Tax Act. Application for grant of recognition for the R&D facilities at Velappanchavadi, Chennai is under consideration of DSIR. The Company continues to make additional investment in R&D activities aimed at development of new products and processes and cost optimisation.

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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 continuously adopted Total Productivity Maintenance (TPM) techniques for over a decade. This has helped the Company to improve quality, productivity and operational efficiency. The Company has been able to achieve increased equipment life span and reduce cost of maintenance and equipment downtime considerably. The Company places emphasis on cost control measures and on waste reduction / elimination. Clean environment and high safety standards are built into plant operations resulting in employees benefitting through reduced fatigue, high morale and improved job satisfaction. TPM encourages employee participation across all levels and creation of cross-functional teams to optimise the benefits. New ideas and systems developed by the teams are horizontally deployed, wherever feasible, across the Company. A large number of employees participate in "Suggestion Schemes". Employees are suitably rewarded for suggestions resulting in cost savings or improvement in performance.

Various teams representing different units of the Company have won Kaizen competitions at all India level.

Human Resources and Industrial Relations

The Company believes that human resources are the most important assets of the Company. Over the years, the Company has been able to consistently meet customer requirements and show a tremendous growth, thanks to its dedicated employees. For its part, the Company offers a professional work atmosphere and provides opportunities for focused learning experiences to employees to stimulate support and develop their potential into work related competencies. The physical infrastructure provided is on par with the best in industry. Continuous communication and periodic meetings enable employees to keep abreast of business developments and to generate ideas to improve the performance of the Company. Employees are trained to make extensive use of IT systems for optimal throughput. Compensation system for non-unionised employees includes variable remuneration based on individual performance and performance of the Company. A Performance Appraisal system is in place to help employees improve in their area of work. 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. Family members are also invited to attend functions held to distribute scholarships.

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

The Company has traditionally nurtured a culture of excellent industrial relations. In keeping with this tradition, amicable long-term wage settlements have been concluded at Krishnapuram and Padi factories. The agreements will go along way in sustaining cordial and productive industrial relations in the Company and limit employee attritions.

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 accords the highest importance to the health and safety of its employees. The Company follows a policy of zero tolerance towards accidents. With this primary objective, 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 maintenance of safety standards. As a part of the TPM methodologies the Company has implemented a system of regular communication, training, mock drills and periodic reviews of practices. The Company maintains

very high safety standards which are monitored at the highest level. Periodic audit, internal and external, ensures that no deviation from safety policies occurs. The Company's factories at Krishnapuram, Gummidipoondi and Velappanchavadi are accredited with OHSAS 18001:2007 certification from Bureau Veritas Quality International (BVQI).

The Company believes that every business unit should remain environmentally sustainable at all times. The Company has instituted systems for monitoring and controlling pollutants at all the factories, strictly complying with applicable environmental regulations and standards. The Company has installed adequate equipments to control air / water pollution and to treat effluents in all its factories. All the major factories of the Company have obtained certification for conformance to ISO 14001 standards.

The Company seeks to implement practices for resource conservation, particularly in the use of oil, water and electrical energy. As a part of the TPM process, periodic checks are conducted by in-house personnel and external experts to ensure continuous improvement in areas related to manufacturing processes and energy conservation. The Company has implemented rain water harvesting techniques in all factories and uses recycled water to the maximum extent possible. The Company has taken various initiatives to maintain developed green belts around its factories in all seasons.

Risk Management

The Company is a leader in manufacture of automotive and engineering components. Automotive components industry is highly competitive and is subject to cyclical changes in demand affecting the automobile industry. The Company mitigates the risk by supplying a wide variety of components to existing customers operating in different segments within the automobile industry. The risk of pressure on margins due to price competition is compensated by additional sales volumes wherever possible. The Company continuously works on increasing its customer-base, within and outside India, as a counter balance to fluctuations in demand for its products.

Steel and aluminium are the primary inputs for the products manufactured by the Company. Input costs fluctuate depending on global demand and supply. While the Company attempts to keep the cost of inputs in check by diversifying its sources of supply, imported and indigenous, steep increases may affect the profitability of the Company as there will be a time lag between the hike in cost of inputs and the pass through to customers.

The Company exports a sizable volume of its production and imports steel for meeting its input requirements, involving foreign currency transactions. The Company borrows funds in foreign currency to meet its requirement of funds. The Company is exposed to the risk of currency fluctuations. The Company has an appropriate policy mechanism to limit the potential adverse impact of currency fluctuations.

In line with the rest of the industry, the Company is susceptible to changes in financial markets affecting liquidity, interest rates and consumer confidence. Policy measures adopted by the Government of India and Reserve Bank of India will largely determine the availability and cost of funds. The Company hopes to limit the impact of the policy measures by judicious management of its capital expenditure programme and investments in working capital.

Internal Control Systems

The Company lays stress on high standards of Corporate Governance. The Company has adopted a "Code of Business Conduct", which is binding all its employees. The internal control system is designed to ensure proper accounting controls, safe-guarding of assets, generation of accurate and reliable data and monitoring of operations through speedy compilation of information and reports. Special emphasis is placed on compliance with company policies, laws and regulations. The Company has continued its efforts to align all its processes and controls with industry best practices. The Company has a comprehensive system of budgetary controls and management reviews.

The Company has an independent Internal Audit department that conducts regular audits. The efficacy of internal checks and control systems are validated by self-audits, verified during internal audits and reviewed by the Audit

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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.

Foreign Subsidiaries

China

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

Sales and other income during the year 2010 amounted to RMB 86.425 million (Rs 5842.31 lakhs) as against RMB 45.583 million (Rs 3,227.32 lakhs) during 2009. The operations resulted in a net profit of RMB 4.964 million (Rs 336.21 lakhs) as against a loss of RMB 1.137 million (Rs 61.76 lakhs) in 2009.

The business environment for SFZL's products appears to be encouraging. New products for existing customers and addition of new customers will enable SFZL to post sizable net profits in the coming years. SFZL has retained certifications according to ISO/TS 16949-2002 and ISO 9000-2000.

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

Germany

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

Revenues during the year 2010 amounted to Euro 57.407 million (Rs 34,582.26 lakhs) as against Euro 45.182 million (Rs 30,480.00 lakhs) during 2009. While there has been a vast improvement over the previous year, the operations resulted in a loss before depreciation and taxes of Euro 0.102 million (Rs 62.08 lakhs) as against loss of Euro 2.337 million (Rs 1559.13 lakhs) during 2009. Loss after taxes amounts to Euro 1.241 million (Rs 743.38 lakhs) during 2010 as against Euro 3.611 million (Rs 2,413.49 lakhs) during 2009.

Uncertain economic conditions prevailing in Europe continued to impact German operations. There has been a slight improvement during 2011. Substantial improvement will only happen when European markets return to normal.

United Kingdom

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 2010 amounted to GBP 6.235 million (Rs 4389.24 lakhs) as against GBP 3.225 million (Rs 2,442.25 lakhs) during 2009. CPFL made a net profit of GBP 0.375 million (Rs 265.80 lakhs) as against loss of GBP 0.332 million (Rs 249.54 lakhs) during 2009.

CPFL generated additional sales through new products introduced in late 2009. Relentless cost reduction measures and restructuring helped in achieving a remarkable turn-around during 2010. As the orders in the pipeline will help further improve capacity utilisation, the outlook for 2011 is encouraging.

Indian Subsidiaries

Upasana Engineering Limited

Upasana Engineering Limited (UEL), a 100% subsidiary is engaged in the manufacture of spokes and nipples, dies and tools, automotive components and cold extruded components. During the year, Sales and other income increased to Rs 6282.74 lakhs from Rs 3989.33 lakhs in the previous year, an increase of 57%. Domestic Sales increased to Rs 5239.71 lakhs from Rs 3527.17 lakhs in the previous year. Export Sales increased to Rs 999.64 lakhs from Rs 448.93 lakhs. Profit after Tax amounted to Rs. 333.44 lakhs as against a net loss of Rs 9.15 lakhs in the previous year.

UEL's facility at Hosur for manufacture of cold extruded components has steadily improved its production and sales. With the demand picking up in domestic and European markets, UEL will show substantial improvement in performance over the next few years.

Sundram Bleistahl Limited

Sundram Bleistahl Limited (SBL) is engaged in manufacture of sintered valve guides at its 100% export oriented unit at Hosur, Tamilnadu. Bleistahl Produktions GmbH and Co KG holds 24%. SBL caters to the needs of Bleistahl Productions GmbH & Co KG in Germany. The improvement in manufacture of cars in Germany resulted in improved off-take of SBL's products. Sales and other income amounted to Rs. 2127.39 lakhs as against Rs. 998.83 lakhs in the previous year. SBL made a net profit of Rs. 431.95 lakhs as against a net loss of Rs. 127.64 lakhs in the previous year. The performance of the Company will further improve as general economic situation in Europe returns back to normal.

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

Prospects, Risks and concerns

Global automobile sector is expected to emerge out of a period of negative growth though slowly. Indian market is poised for growth as government spending on infrastructure and agriculture will provide the impetus. Growth in middle class population and higher disposable incomes will result in changing lifestyles creating additional demand for consumer durables and vehicles for transportation. Introduction of new fuel-efficient models of vehicles will create additional demand. Multinational vehicle manufacturers including new entrants will, to be cost-effective, need to localise their procurement of parts as the volumes improve. Long term prospects for the auto-component industry appear to be good.

Inflationary conditions may result in less allocation of resources to non-essential consumption. Tight monetary policy measures aimed at slowing demand will lead to higher cost of funds and limited availability of finance to purchase cars and two-wheelers. Truck financing will also become expensive as banks and NBFCs will increase interest rates besides reducing allocation of funds for the sector. Increase in commodity prices, in general and petroleum product prices, in particular will constitute a major risk to the performance of the Company. Non-availability of required quantity and quality of power will have an adverse impact on the Company. Volatility in exchange rates causes uncertainty in input costs and sales realisations.

During 2011-12, the pace of growth in domestic market will moderate as the rate of growth in 2010-11 was above normal. The Company expects to improve its overall performance through development of new products for existing customers and by winning new customers besides increased exports.

All subsidiaries will show better performance during 2011-12 as activity levels have shown a marked improvement.

Corporate Social Responsibilities

The Company's factory at Krishnapuram, Virudhunagar District of Tamilnadu is located in an economically and socially backward area. The area is water-starved and agricultural income is very low.

The Company believes that economic up-liftment of the area can only be brought through systematic and high quality education of the rural children, especially girl children, over a sustained period of time. Social up-liftment

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will follow economic well-being. The Company is actively supporting the English medium higher secondary co-educational school run under the auspices of Krishna Educational Society by providing subsidised education to 351 children from the villages near the factory. It is noteworthy that the number of students enrolled has been rising steadily over the years and the drop-out ratio is negligible. With an excellent teacher-student ratio, the school provides the right ambience and environment to enable students to get proper education. Imparting education to under privileged girl children in an under developed area will have an enormous social impact spread over generations. The school is consistently achieving 100% results in Class X examinations, with many of the students securing distinction. Higher Secondary education introduced during 2010 will provide additional steps towards higher education. The Company provides scholarships to students to pursue higher studies including University education. In addition to academics, the school provides the right infrastructure to perform well in co-curricular activities and sports. The students have performed exceedingly well in competitions. The school offers medical facilities to every student, thereby nurturing their health. The school provides a roadmap for the students to become 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. With over 17500 footfalls per annum, the centre treats about 50-70 patients every day. Medical facilities include maternity services, nutritional supplementation, immunization, family planning, children's health, geriatric health and health education programmes. A 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.

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

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 2011, 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 a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

Chennai
May 30, 2011

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

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

1. Company's Philosophy on Code of Governance

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

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

2. Board of Directors

- Composition of the Board

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

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

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

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- 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 31st March 2011. These were on 23rd April 2010, 29th May 2010, 11th August 2010, 9th November 2010 and 11th February 2011 and maximum interval between any two meetings was not more than 94 days.

- Directors' attendance record and directorships held

Name of the Director	Attendance		No. of Directorships held in companies (including SFL) [@]	Committee Memberships (including SFL) #	
	Board	AGM		Chairman	Member
Sri Suresh Krishna Chairman & Managing Director	5	Yes	9	2	3
Ms Arathi Krishna Joint Managing Director	5	Yes	1	–	–
Ms Arundathi Krishna Whole-Time-Director	5	Yes	2	1	–
Sri K Ramesh	–	No	7	–	–
Sri Venu Srinivasan	–	No	14	1	4
Sri V Narayanan*	5	Yes	8	3	4
Sri R Srinivasan*	5	Yes	11	3	5
Sri R Ramakrishnan*	5	Yes	2	3	1
Sri C V Karthik Narayanan*	4	Yes	1	–	–
Sri M Raghupathy IAS (Retd.)*	5	Yes	2	2	–

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

* Independent Directors

Sri K Ramesh, Director is related to Chairman & Managing Director

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

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

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

All information as required under Annexure 1A to Clause 49 is being made available to the Board.

In terms of the Company's Corporate Governance Policy, all statutory and materially significant information are submitted either as a part of the agenda papers well in advance of the Board Meetings, or are tabled in the course of the Board Meetings to enable Directors to discharge their responsibilities of strategic supervision of the Company as trustees of the Shareholders.

- Code of Conduct

The Board of Directors has laid down a code of conduct for all Board members and senior management of the Company. The code of conduct is available on the website of the Company www.sundram.com. All Board members and senior management personnel have affirmed compliance with the code of conduct. A declaration signed by the Chairman & 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 23rd April 2010, 29th May 2010, 11th August 2010, 9th November 2010 and 11th February 2011. 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 Statutory Auditors, Sri Sampathkumar Moorthy, Executive Director, Sri S Sridharan, Head – Internal Audit and Sri S Meenakshisundaram, President – Finance, are invited to attend and participate at meetings of the Committee. Sri V G Jaganathan, Executive Director and Secretary, acts as Secretary of the Committee

The Chairman of the Audit Committee was present at the Annual General Meeting held on 20th August 2010.

- Brief description of terms of reference

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

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

4. Remuneration to Directors

- Remuneration Committee and Remuneration Policy

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

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

- Remuneration to Directors

The Remuneration paid/payable to the Chairman & Managing Director (CMD), Joint Managing Director (JMD) and Whole-Time Director (WTD) for the year ended 31st March 2011 are as follows:

Particulars	Rs lakhs		
	CMD	JMD	WTD
Salary	44.00	39.00	24.00
Commission	345.30	306.93	115.10
Perquisites and other allowances	37.88	29.45	13.54
Total	427.18	375.38	152.64

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The Remuneration paid to Non-Executive Directors for the year ended 31st March 2011 is as follows:

Rs lakhs

Name of the Director	Sitting Fee* – Rs.
Sri K Ramesh	–
Sri Venu Srinivasan	–
Sri V Narayanan	1.60
Sri R Srinivasan	1.60
Sri R Ramakrishnan	1.60
Sri C V Karthik Narayanan	0.70
Sri M Raghupathy	0.80

*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 31st March 2011

The Share Transfer and Shareholder/Investor Grievance Committee comprise 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, Executive Director and Secretary, is the Compliance Officer of the Company.

During the year, 1061 queries and 12 complaints were received from shareholders/investors and other agencies, all of which have been resolved. The Company had 2 share transfer requests pending at the close of the financial year, which have been processed on 20th April 2011.

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
2010	AGM	The Music Academy, Chennai	20-08-2010	10.00 am
2009	AGM	The Music Academy, Chennai	20-08-2009	10.00 am
2008	AGM	The Music Academy, Chennai	20-08-2008	10.00 am

The shareholders passed all the Resolutions including Special Resolution set out in the respective notices. No Postal Ballots were used for voting at these meetings. No Special Resolution is proposed to be passed by Postal Ballot at the ensuing Annual General Meeting.

- Brief background, functional experience of the Directors seeking appointment/re-appointment
The details of Directors seeking 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 2011:

Name of the Director	Number of Equity Shares	% holding
Sri Suresh Krishna Chairman & Managing Director	36040	0.0171
Ms Arathi Krishna Joint Managing 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 31st March 2011

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
- 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.

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9. General Shareholder Information

1	Annual General Meeting Date, Time and Venue	Friday, 19 th August 2011, 10.00 a.m. The Music Academy, Chennai 168, TTK Road, Chennai 600 014
2	Financial calendar	(i) April 2011 to March 2012 (ii) First Quarter Results – on or before 15-8-2011 (iii) Half-yearly Results – on or before 15-11-2011 (iv) Third Quarter Results – on or before 15-2-2012 (v) Annual Results for the year ending 31 st March 2012 - on or before 30-5-2012
3	Record Date - 1 st interim Record Date - 2 nd interim Book Closure Date	17 th November 2010 7 th June 2011 9 th August 2011 to 19 th August 2011 (both days inclusive)
4	1 st Interim Dividend 2 nd Interim Dividend Final Dividend (if any) Payment Date	Paid on 24-11-2010 Payable on 16-6-2011 –
5	Listing of Equity Shares on Stock Exchanges	The Equity Shares of the Company were listed on Bombay Stock Exchange Limited (BSE), National Stock Exchange Limited (NSE) and Madras Stock Exchange Limited (MSE). The Company has paid the annual listing fees due to the Stock Exchanges for the year 2011-2012.
6	Registrar and Transfer Agents	Integrated Enterprises (India) Limited, Kences Towers, 2 nd 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 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 Registrar and Share Transfer Agent, Integrated Enterprises (India) Limited (IEL) has 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"> • A Practising Company Secretary carries out Reconciliation of Share Capital 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. • 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.
9	Pattern of Shareholding as on 31 st March 2011	Data in statement form – Enclosed
10	Distribution of shareholding as on 31 st March 2011	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>91.77% of total equity capital (excluding holding of promoter companies) is held in dematerialized form with NSDL and CDSL as on 31st March 2011.</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>

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9. General Shareholder Information (Contd.)

	Registrar and Share Transfer Agent of the Company	Integrated Enterprises (India) Limited 'Kences Towers' 2 nd 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 nd 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"> 1) Padi, Chennai 600 050, Chengleput District 2) Harita, Hosur 635 109, Krishnagiri District 3) Krishnapuram, Aviyur 626 160, Virudhunagar District 4) Mittamandagapet Village 605 106, Villupuram District 5) Velappanchavadi, Chennai 600 077 6) SIPCOT Industrial Complex, Gummidipoondi 601 021 7) Auto Ancillary SEZ, Mahindra World City, Natham Sub Post, Chengleput, Kancheepuram District 603 002 <p><u>Puducherry (Pondicherry)</u></p> <ol style="list-style-type: none"> 8) Korkadu, Nettapakkam Commune, Bahur Taluk Puducherry 605 110 <p><u>Andhra Pradesh</u></p> <ol style="list-style-type: none"> 9) Bonthapally Village 502 313, Medak District <p><u>Uttarakhand</u></p> <ol style="list-style-type: none"> 10) Pantnagar, Integrated Industrial Estate Rudrapur, Dist. Udam Singh Nagar Uttarakhand 263 153

9. General Shareholder Information (Contd.)

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

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 viz. Chairman & Managing Director, Joint Managing Director and Whole-Time Director are 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

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, 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.

30th May 2011

To the members of Sundram Fasteners Limited

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

I, Suresh Krishna, Chairman & Managing Director, hereby declare that all Board members and senior management personnel have affirmed compliance with the Code of Business Conduct and Ethics formulated by the Company for the financial year ended March 31, 2011.

SURESH KRISHNA
Chairman & Managing Director

Categories of Shareholding as on 31st March 2011

Category	Shares	% holding
Promoter Companies	104,085,280	49.53
Mutual Funds	19,648,077	9.35
Insurance Cos, Financial Institutions & Banks	19,095,730	9.09
Foreign Institutional Investors	973,963	0.46
Public/Private limited companies	3,478,958	1.66
Non-resident Indians & Foreign Nationals	1,354,687	0.65
Resident Individuals	61,491,675	29.26
Total	210,128,370	100.00

Distribution of Shareholding as on 31st March 2011

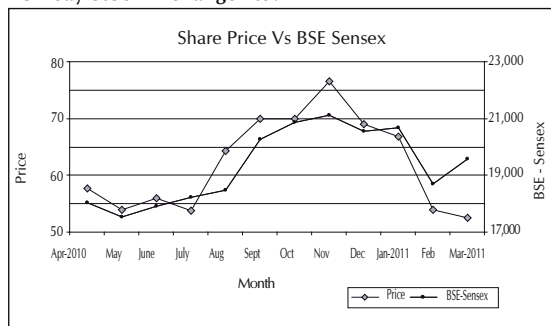
Number of Shares		Shareholders		No. of shares	
		Number	%	Number	%
upto 100		13,779	30.17	832,212	0.40
101	250	7,783	17.04	1,421,603	0.68
251	500	7,331	16.05	2,945,012	1.40
501	1,000	4,929	10.80	4,030,663	1.92
1,001	5,000	10,111	22.14	24,681,598	11.75
5,001	10,000	1,110	2.43	8,066,221	3.83
10,001 and above		623	1.37	168,151,061	80.02
Total		45,666	100.00	210,128,370	100.00
Physical Mode					
Promoters		2	-	104,085,280	49.53
Others		5,820	12.74	8,730,001	4.15
Demat Mode		39,844	87.26	97,313,089	46.32

Share Price Data

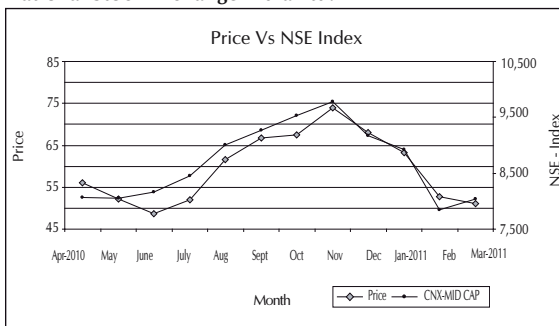
Month	Bombay Stock Exchange Ltd.				National Stock Exchange of India Ltd.			
	Price - Rs		Index - Sensex		Price - Rs		Index - CNX Mid Cap	
	High	Low	High	Low	High	Low	High	Low
April-2010	57.75	50.60	18,048	17,277	56.10	51.45	8,061	7,774
May-2010	53.90	45.10	17,537	15,960	52.25	45.80	8,049	7,389
June-2010	56.00	43.15	17,920	16,318	48.65	44.95	8,159	7,659
July-2010	53.70	45.60	18,238	17,396	52.00	45.80	8,453	8,091
August-2010	64.35	48.00	18,475	17,820	61.60	48.20	9,002	8,499
September-2010	70.00	55.65	20,268	18,027	66.80	56.15	9,270	8,783
October-2010	70.00	62.30	20,855	19,769	67.50	63.10	9,527	9,309
November-2010	76.50	61.05	21,109	18,955	73.85	63.35	9,783	8,690
December-2010	69.00	59.85	20,552	19,075	68.05	61.20	9,177	8,376
January-2011	66.75	51.50	20,665	18,038	63.25	51.85	8,919	7,635
February-2011	53.90	45.70	18,691	17,296	52.80	46.60	7,847	7,285
March-2011	52.50	45.10	19,575	17,792	51.00	46.25	8,040	7,534

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, 2011

1. We have audited the attached Balance Sheet of M/s Sundram Fasteners Limited, Chennai 600 004 as at 31st March 2011, 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 2011 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 2011;
 - (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. 004207S
Chartered Accountants

M BALASUBRAMANIAM
Partner
Membership No. F7945

Chennai
May 30, 2011

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 wholly-owned subsidiary 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.2227.30 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 2011 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	1.38	Commissioner (Appeals)
Income Tax	0.95	Assessing Officer
Excise Duty	418.46	CESTAT
Excise Duty	165.49	Commissioner Appeals
Property Tax	6.87	Commissioner & Secretary to Govt of TamilNadu
Central Sales Tax	0.03	Commercial Tax Officer
Central Sales Tax	33.30	Sales Tax Appellate Tribunal
Service Tax	2.14	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.

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 30, 2011

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

Sundram Fasteners Limited

BALANCE SHEET AS AT 31ST MARCH 2011

	Schedule No.	As at 31-3-2011		Rs lakhs As at 31-3-2010	
I SOURCES OF FUNDS					
1. Shareholders' Funds					
a) Capital	I	2,101.28		2,101.28	
b) Reserves & Surplus	II	53,393.68	55,494.96	45,914.17	48,015.45
2. Loan Funds					
a) Secured Loans	III	64,966.32		36,938.85	
b) Unsecured Loans	IV	9,995.03	74,961.35	19,852.02	56,790.87
3. Deferred Tax Liability	V		8,633.08		8,136.70
Total			139,089.39		112,943.02
II APPLICATION OF FUNDS					
1. Fixed Assets					
(a) Gross Block	VI	101,096.07		91,088.82	
(b) Less : Depreciation		40,315.15		35,074.89	
(c) Net Block		60,780.92		56,013.93	
(d) Capital Work-in-progress		5,003.81	65,784.73	1,964.08	57,978.01
2. Investments	VII		14,236.74		14,239.43
3. Current Assets, Loans & Advances					
a) Inventories	VIII	28,693.11		20,952.64	
b) Sundry Debtors	IX	36,454.53		26,036.74	
c) Cash & Bank Balances	X	858.89		503.23	
d) Loans & Advances	XI	14,208.63		11,884.35	
		80,215.16		59,376.96	
Less : Current Liabilities & Provisions					
a) Current Liabilities	XII	20,637.73		18,203.45	
b) Provisions	XIII	509.51		447.93	
		21,147.24		18,651.38	
Net Current Assets			59,067.92		40,725.58
Total			139,089.39		112,943.02
Notes on Accounts	XVIII				

ARUNDATHI KRISHNA
Whole-Time Director

ARATHI KRISHNA
Joint Managing Director

SURESH KRISHNA
Chairman & Managing Director

V G JAGANATHAN
Secretary

R SRINIVASAN
V NARAYANAN
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 30, 2011

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

	Schedule No.	Year ended 31-3-2011	Rs lakhs Year ended 31-3-2010
Sales			
Gross Domestic Sales		146,451.86	108,977.92
Less: Excise Duty Collected		13,642.02	8,807.15
		132,809.84	100,170.77
Export Sales		48,029.56	33,215.29
	XIV	180,839.40	133,386.06
Other Income	XV	470.74	274.03
Total		181,310.14	133,660.09
Raw Materials, Components consumed, Work-in-process and Finished goods	XVI	83,888.84	62,474.75
Salaries & Wages, Stores consumed and other expenses	XVII	74,577.02	54,152.60
Interest and other financial charges		2,966.05	1,499.63
Depreciation		5,453.72	4,748.40
Provision for taxation :			
- Current Tax		3,410.43	2,575.63
- Deferred Tax		496.38	666.23
Profit for the year		10,517.70	7,542.85
Total		181,310.14	133,660.09
Profit for the year		10,517.70	7,542.85
Add : Balance brought forward		2,939.21	2,646.38
Income-tax (paid)/Refund relating to earlier years		24.87	(41.52)
Total		13,481.78	10,147.71
Interim Dividend paid		1,155.71	840.51
Tax Paid there on		191.95	142.85
Second Interim Dividend payable		1,470.90	1,050.64
Tax payable there on		244.50	174.50
Transfer to General Reserve		7,000.00	5,000.00
Balance carried forward		3,418.72	2,939.21
Total		13,481.78	10,147.71
Earnings per Share (Basic and diluted) before Extra-ordinary Items		5.02	3.57
Earnings per Share (Basic and diluted) after Extra-ordinary Items (Face value of Share Re.1/- each)		5.02	3.57

ARUNDATHI KRISHNA
Whole-Time Director

ARATHI KRISHNA
Joint Managing Director

SURESH KRISHNA
Chairman & Managing Director

V G JAGANATHAN
Secretary

R SRINIVASAN
V NARAYANAN
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 30, 2011

Sundram Fasteners Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

	Year ended 31-3-2011	Rs lakhs Year ended 31-3-2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	14,424.51	10,784.71
Adjustments for:		
Depreciation	5,453.72	4,748.40
Interest expense (Net)	3,318.59	3,073.45
(Profit)/loss on Sale of Investments	(29.44)	(9.45)
(Profit)/Loss on sale of Assets (Net)	(26.50)	(6.65)
Dividend received	(44.31)	(11.31)
Unrealised Exchange (gain)/loss	(352.54)	(1,573.82)
	<u>8,319.52</u>	<u>6,220.62</u>
Operating Profit before Extra-ordinary items & Working Capital changes:	22,744.03	17,005.33
Adjustments for Changes in Working Capital:		
Trade and other receivables	13,413.79	2,387.81
Inventories	7,740.47	(1,196.44)
Trade payables	(1,849.43)	(6,738.16)
	<u>19,304.83</u>	<u>(5,546.79)</u>
Cash Generated From Operations	3,439.20	22,552.12
Less: Direct Taxes Paid (Net)	2,713.86	3,088.63
NET CASH FROM OPERATING ACTIVITIES	<u>725.34</u>	<u>19,463.49</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(13,489.52)	(5,967.49)
Sale of Fixed Assets	255.58	45.34
Sale of Investments	32.13	15.32
Interest received	292.99	242.41
Dividend received	44.31	11.31
NET CASH USED IN INVESTING ACTIVITIES	<u>(12,864.51)</u>	<u>(5,653.11)</u>

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011 (Contd.)

	Year ended 31-3-2011	Rs lakhs Year ended 31-3-2010
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Term Loans (net of repayments) #	8,512.37	(2,570.72)
Proceeds from Other Borrowings (net of repayments) *	10,010.66	(5,802.53)
Interest paid	(3,455.41)	(3,799.06)
Dividend & Corporate Dividend Taxes paid	(2,572.79)	(2,212.56)
NET CASH FROM FINANCING ACTIVITIES	<u>12,494.83</u>	<u>(14,384.87)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	355.66	(574.49)
CASH AND CASH EQUIVALENTS – Opening Balance	503.23	1,077.72
CASH AND CASH EQUIVALENTS – Closing Balance	858.89	503.23

Notes:

CASH AND CASH EQUIVALENTS include:

a) Cash and Cheques on hand	176.92	60.07
b) With Scheduled Banks:		
i) Current Accounts	377.87	248.80
ii) Deposit Accounts	45.78	38.27
iii) Dividend Warrant Accounts	111.19	107.03
c) With J P Morgan Chase, Michigan, USA	147.13	49.06
	<u>858.89</u>	<u>503.23</u>

Excludes unrealised exchange gain of Rs 323.00 lakhs on term loans (last year gain Rs 1737.00 lakhs)

* Excludes unrealised exchange gain of Rs 29.54 lakhs on other borrowings (last year loss of Rs 163.18 lakhs)

ARUNDATHI KRISHNA
Whole-Time Director

ARATHI KRISHNA
Joint Managing Director

SURESH KRISHNA
Chairman & Managing Director

V G JAGANATHAN
Secretary

R SRINIVASAN
V NARAYANAN
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 30, 2011

Sundram Fasteners Limited

SCHEDULES

	As at 31-3-2011	Rs lakhs As at 31-3-2010
I SHARE CAPITAL		
<u>Authorised</u>		
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>
<u>Issued</u>		
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>
<u>Subscribed and Paid-up</u>		
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>
II RESERVES & SURPLUS		
<u>General Reserve</u>		
As per last Balance Sheet	42,974.96	37,974.96
Add : Transfer from Profit & Loss Account	<u>7,000.00</u>	<u>5,000.00</u>
	<u>49,974.96</u>	42,974.96
<u>Surplus</u>		
Balance in Profit & Loss Account	<u>3,418.72</u>	<u>2,939.21</u>
	<u>53,393.68</u>	<u>45,914.17</u>
III SECURED LOANS		
<u>From Banks</u>		
Secured by hypothecation of current assets viz., stocks of raw materials, work-in-process & finished goods	29,037.50	9,199.39
Secured by first charge on moveable fixed assets, present and future	<u>35,928.82</u>	<u>27,739.46</u>
	<u>64,966.32</u>	<u>36,938.85</u>

SCHEDULES (Contd.)

	As at 31-3-2011	Rs lakhs As at 31-3-2010
IV UNSECURED LOANS		
Loans from Banks		
- Short Term	7,995.03	19,852.02
- Medium Term	2,000.00	-
	<u>9,995.03</u>	<u>19,852.02</u>
V DEFERRED TAX LIABILITY		
Deferred Tax Liability :		
On Depreciation :		
As per last Balance Sheet	8,373.84	7,954.74
For the current year (transferred from Profit & Loss Account)	457.71	419.10
Deferred Tax Asset :		
On Employees Retirement under Early Retirement Scheme		
As per last Balance Sheet	-	-
For the current year (transferred from Profit & Loss Account)	-	-
On Provision for Leave Salary :		
As per last Balance Sheet	(151.88)	(136.26)
For the current year (transferred from Profit & Loss Account)	(0.24)	(15.62)
Others :		
As per last Balance Sheet	(85.26)	(348.01)
For the current year (transferred from Profit & Loss Account)	38.91	262.75
	<u>8,633.08</u>	<u>8,136.70</u>

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	
								31-3-2011	31-3-2010
a Cost of Assets									
Opening Balance	276.23	4,607.05	10,399.07	73,010.53	1,976.15	329.41	490.38	91,088.82	84,638.68
Additions	720.99	-	573.29	8,866.46	181.94	107.11	-	10,449.79	6,611.89
Sales/discards	276.23	-	-	116.55	3.20	46.56	-	442.54	161.75
Total	720.99	4,607.05	10,972.36	81,760.44	2,154.89	389.96	490.38	101,096.07	91,088.82
b Depreciation/Amortization									
Upto 31-3-2010	79.64	26.33	2,495.03	30,832.07	1,389.59	147.52	104.71	35,074.89	30,449.55
For the year	28.24	6.34	326.69	4,817.35	131.35	32.70	111.05	5,453.72	4,748.40
Deduction on sales/discards	94.39	-	-	86.47	2.43	30.17	-	213.46	123.06
Total	13.49	32.67	2,821.72	35,562.95	1,518.51	150.05	215.76	40,315.15	35,074.89
c Written Down Value									
As at 31-3-2011	707.50	4,574.38	8,150.64	46,197.49	636.38	239.91	274.62	60,780.92	-
As at 31-3-2010	196.59	4,580.72	7,904.04	42,178.46	586.56	181.89	385.67	-	56,013.93
d Capital Work-in-Progress									
As at 31-3-2011^	-	-	217.19	4,751.96	34.66	-	-	5,003.81	-
As at 31-3-2010	-	-	4.24	1,959.84	-	-	-	-	1,964.08

*Jointly owned.

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

^Includes expenditure during construction.

SCHEDULES (Contd.)

VII INVESTMENTS (at cost)		Rs lakhs	
Particulars	As at 31-3-2011	As at 31-3-2010	
1. Trade — Quoted			
a) 75,000 Equity Shares of Rs 2 each in Housing Development Finance Corporation Limited, Mumbai	0.94	0.94	
b) 500 Equity Shares of Rs 10 each in HDFC Bank Limited, Mumbai	0.05	0.05	
c) 20,439 Equity Shares of Rs 10 each in IDBI Bank Limited, Mumbai (formerly Industrial Development Bank of India Limited)	9.23	9.23	
2. Trade — Unquoted			
a) 1,25,000 Equity Shares of Rs 10 each in Madras Engineering Industries Private Limited, Chennai	12.50	12.50	
b) 100 Shares of Rs 5 each in TVS Co-operative Stores Limited, Madurai	—	—	
3. Non-trade — Unquoted — Subsidiary Companies			
a) 24,90,000 Equity Shares of Rs 10 each in Sundram Fasteners Investments Limited, Chennai	249.00	249.00	
b) 14,00,000 Ordinary shares of £1 each fully paid up in Cramlington Precision Forge Limited, Northumberland, UK	1,117.12	1,117.12	
5,00,000 6% Redeemable Preference shares of £1 each fully paid up Cramlington Precision Forge Limited	406.02	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)	68.00	68.00	
Less: Provision for diminution in value of investments	(68.00)	(68.00)	
d) 53,20,000 Equity Shares of Rs 10 each in Sundram Bleistahl Limited, Chennai	532.00	532.00	
e) 18,215 Shares of US \$ 10 each in Sundram International Inc., Michigan, USA	81.46	81.46	
Less: Provision for diminution in value of investments	(81.46)	(81.46)	
f) Purchase price of Equity Share Capital in Peiner Umformtechnik GmbH, Peine, Federal Republic of Germany	4,791.55	4,791.55	
g) Capital Contribution in PUT Grundstücks GmbH, Peine, Federal Republic of Germany	15.23	15.23	
h) Capital Contribution in Sundram Fasteners (Zhejiang) Limited, People's Republic of China	5,687.60	5,687.60	
i) 1,18,99,674 Equity Shares of Rs 10 each in Upasana Engineering Limited, Chennai	1,191.70	1,191.70	
j) 2,64,691 Equity Shares of Rs. 10 Each fully paid up in Sundram Non-conventional Energy systems Limited, Chennai	92.87	92.87	
k) Capital Contribution in TVS Peiner Services, GmbH(Formerly Peiner Logistik GmbH), Peine, Federal Republic of Germany	15.34	15.34	

Sundram Fasteners Limited

SCHEDULES (Contd.)

VII INVESTMENTS (at cost) (Contd.)

Rs lakhs

Particulars	As at 31-3-2011	As at 31-3-2010
4. Non Trade - Unquoted (Others)		
a) Venture Capital Fund 10,555 Units of Rs 100 each in the ICICI Emerging Sectors Fund, Bangalore (Last year 13,251 Units of Rs 100 each in ICICI Emerging Sectors Fund)	10.56	13.25
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	105.00	105.00
5. Government Securities - Unquoted		
Kisan Vikas Patra (Series Nos. 43AA 954864, 43AA 954863, 07EE053434)	0.03	0.03
	14,236.74	14,239.43
Aggregate value of quoted Investments	10.22	10.22
Aggregate value of unquoted Investments	14,226.52	14,229.21
	14,236.74	14,239.43
Market Value of quoted Investments	566.74	440.75

VIII INVENTORIES

* Stores & Spares	1,157.21	930.41
* Loose tools	1,555.46	1,558.58
* Raw Materials and Components	10,417.82	6,125.72
* Work-in-process	7,945.74	7,121.71
* Finished Goods	6,745.71	4,970.55
Goods-in-transit	871.17	245.67
	28,693.11	20,952.64
* Certified by Chairman & Managing Director		

SCHEDULES (Contd.)

	As at 31-3-2011	Rs lakhs As at 31-3-2010
IX SUNDRY DEBTORS - UNSECURED		
a) Debts outstanding for a period exceeding six months	905.73	1,245.65
b) Other debts	<u>35,548.80</u>	<u>24,791.09</u>
	<u>36,454.53</u>	<u>26,036.74</u>
X CASH AND BANK BALANCES		
a) Cash on hand	17.34	10.98
b) Cheques on hand	159.58	49.09
c) With Scheduled Banks:		
i) Current Account	377.87	248.80
ii) Deposit Accounts	45.78	38.27
iii) Dividend Warrant Accounts	111.19	107.03
d) With Others - Current Account		
- JP Morgan Chase, Michigan, USA	147.13	49.06
(Maximum balance – Rs 214.21 lakhs (Last year Rs 168.13 lakhs))		
	<u>858.89</u>	<u>503.23</u>
XI LOANS & ADVANCES - UNSECURED, CONSIDERED GOOD		
a) Deposits	912.50	854.58
b) Advances and Loans to Subsidiary Companies	5,115.78	3,930.19
c) Advances recoverable in cash or in kind or for value to be received	6,768.68	5,016.20
d) Advance Income-tax less provision(provision of Rs.8992.44 lakhs)	1,411.67	2,083.38
	<u>14,208.63</u>	<u>11,884.35</u>
XII CURRENT LIABILITIES		
Sundry Creditors	18,470.45	16,685.39
Interim Dividend Payable	1,470.90	1,050.64
Tax payable on Interim Dividend	244.50	174.50
Investor Education and Protection Fund*		
a) Unclaimed Dividend	111.19	108.23
b) Unpaid Deposits & Interest accrued there on	-	0.17
* No amount is due and outstanding to be credited to the Fund		
Interest accrued but not due	340.69	184.52
	<u>20,637.73</u>	<u>18,203.45</u>

Sundram Fasteners Limited

SCHEDULES (Contd.)

	As at/ Year ended 31-3-2011	Rs lakhs As at/ Year ended 31-3-2010
XIII PROVISIONS		
Leave Salary (vide note 1 (14) (B) (ii))	448.64	447.93
Expenses	60.87	–
	509.51	447.93
XIV SALES		
Gross Domestic Sales	146,451.86	108,977.92
Less : Excise Duty Collected	13,642.02	8,807.15
	132,809.84	100,170.77
Export Sales	48,029.56	33,215.29
	180,839.40	133,386.06
XV OTHER INCOME		
Miscellaneous Income	350.06	224.26
Dividends - Subsidiary Company	13.23	–
Dividends - Other Companies	31.08	11.31
Profit on sale of Assets	46.59	24.29
Profit on sale of Investments	29.78	14.17
	470.74	274.03
XVI RAW MATERIALS & COMPONENTS CONSUMED, WORK-IN-PROCESS AND FINISHED GOODS		
Opening Stock :		
Raw Materials & Components	6,125.72	6,933.18
Work-in-process	7,121.71	6,102.10
Finished Goods	4,970.55	5,762.98
	18,217.98	18,798.26
Add :Purchase of Raw Materials and Components	90,780.13	61,894.47
	108,998.11	80,692.73
Less : Closing Stock :		
Raw Materials & Components	10,417.82	6,125.72
Work-in-process	7,945.74	7,121.71
Finished Goods	6,745.71	4,970.55
	25,109.27	18,217.98
	83,888.84	62,474.75

SCHEDULES (Contd.)

	As at/ Year ended 31-3-2011	Rs lakhs As at/ Year ended 31-3-2010
XVII SALARIES & WAGES, STORES CONSUMED AND OTHER EXPENSES		
Salaries, Wages, Bonus and Allowances	13,131.29	10,422.52
Employees' Provident and Other Funds	1,216.21	760.00
Staff & Labour welfare expenses	1,549.12	1,244.15
Stores and Tools consumed	19,988.72	13,452.87
Power & Fuel	8,694.76	6,228.94
Rent	297.17	263.69
Rates & Taxes	639.95	545.12
Sub-contract expenses	15,033.19	10,180.36
Freight & Cartage	1,749.94	1,146.11
Insurance	317.58	226.60
Repairs & Maintenance:		
a) Building	1,102.82	817.33
b) Machinery	1,782.31	1,180.94
c) Other assets	<u>282.57</u>	<u>172.87</u>
Commission on sales	521.24	558.06
Directors' Sitting Fees	6.30	3.90
Remuneration to Auditors	40.56	36.07
Loss on sale of assets / investments	20.43	22.35
Research and Development Expenditure (vide note 2)(18))	857.45	784.69
Miscellaneous expenses	<u>7,345.41</u>	<u>6,106.03</u>
	<u>74,577.02</u>	<u>54,152.60</u>

Sundram Fasteners Limited

SCHEDULES (Contd.)

XVIII NOTES ON ACCOUNTS

Rs lakhs

	As at/ Year ended 31-3-2011	As at/ Year ended 31-3-2010
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 Consumption	—	1.19
b) Staff & Labour Welfare Expenses	9.34	0.85
c) Stores & Tools Consumed	1.19	0.44
d) Rates & Taxes	—	0.08
e) Freight & Cartage	18.40	24.55
f) Sub-Contract Expenses	1.96	1.70
g) Sales Discount	—	21.57
h) Repairs and Maintenance - Plant and Machinery	1.25	0.18
i) Repairs and Maintenance - Building	0.62	0.55
j) Repairs and Maintenance - Others	—	0.27
k) Sales	0.27	—
l) Others	12.09	4.40
(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.)

NOTES ON ACCOUNTS (Contd.)

Rs lakhs

As at/ Year ended 31-3-2011	As at/ Year ended 31-3-2010
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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**

This 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 31-3-2011	Rs lakhs As at/ Year ended 31-3-2010
(9) AS 10: Accounting for fixed assets		
<p>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.</p> <p>Capital work-in-progress includes capital advances. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.</p> <p>Details of expenditure incurred during construction included under Capital Work in progress during the year in respect of Sprocket Plant at SEZ and Wind Energy Fasteners Plant at Mittamandagapattu.</p>		
a) Raw Material Consumption	4.99	14.65
b) Salaries, Wages, Bonus & Allowance	17.26	17.19
c) Contribution to Employees' provident & other funds	1.35	0.94
d) Staff & Labour Welfare Expenses	-	2.16
e) Stores & Tools consumed	23.41	18.58
f) Power & Fuel	9.02	31.18
g) Rent	-	0.64
h) Rates & Taxes	1.47	3.07
i) Freight & Cartages	-	1.02
j) Interest & Exchange fluctuation	(1.06)	30.28
k) Insurance	-	-
l) Repairs & Maintenance	0.62	5.66
m) Depreciation	-	-
n) Travel expenses	0.10	-
o) Miscellaneous Expenses	1.50	56.68
p) Sales	(23.91)	-

Last year figures are expenditure incurred during construction period and capitalized during the year in respect of Tappet Plant at Hosur

(10) AS 11: Accounting for effects in foreign exchange rates

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.

SCHEDULES (Contd.)

NOTES ON ACCOUNTS (Contd.)

	As at/ Year ended 31-3-2011	Rs lakhs As at/ Year ended 31-3-2010
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)	902.88	(672.99)
(11) AS 12: Accounting for Government grants		
The Company has not received any grant from the Government.		
(12) AS 13: Accounting of Investments		
(a) Investments are accounted at the cost of acquisition which includes stamp fees, etc. All the investments are long term investments. Diminution in the market value of long term investments is provided for only when there is a permanent diminution in the value of such investments.		
(b) Provision made towards diminution in the value of investments in subsidiaries		
(i) Sundram International Inc., Michigan, USA	81.46	81.46
(ii) Sundram RBI Sdn Bhd, Kuala Lumpur, Malaysia	68.00	68.00
(c) Investment in – Sundaram Mutual Fund & Sundaram BNP Paribas, Chennai, India (made and redeemed during the year)	40,825.00	37,489.72
(13) AS 14: Accounting for amalgamations		
This standard is not applicable as there was no amalgamation during the year.		
(14) AS 15: Accounting for Employee Benefits		
(A) Defined Contribution Plan		
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	674.43	514.64
Employer's Contribution to Superannuation Fund	72.83	79.53
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 31-3-2011	Rs lakhs As at/ Year ended 31-3-2010
(B) Defined Benefit Plan		
(i) Gratuity		
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.		
1) Profit and Loss account		
Net employee benefit expense (recognised in Employee Cost)		
Current Service cost	96.60	123.83
Interest cost on benefit obligation	131.11	131.69
Expected return on plan assets	(147.28)	(136.86)
Net actuarial loss recognised in the year	249.44	(119.93)
Past service cost	-	0.91
Liability not accounted as on March 31, 2011	-	-
Net benefit expense	329.87	(0.36)
Actual return on plan assets	147.28	136.86
2) Balance sheet		
Details of Provision for Gratuity		
Defined benefit obligation	1,936.82	1,638.86
Fair value of plan assets	(1,939.51)	(1,639.22)
Less: Unrecognised past service cost	-	-
Less: Liability not funded as on March 31, 2011	-	-
Plan Liability (adjusted from operating revenue/retained earning)	(2.69)	(0.36)
3) Changes in present value of the defined benefit obligation are as follows:		
Defined benefit obligation as at April 1, 2010	1,638.86	1,646.20
Interest cost	131.11	131.69
Current service cost	96.60	123.83
Benefits paid	(179.19)	(142.93)
Actuarial loss on obligation	249.44	(119.93)
Defined benefit obligation as at March 31, 2011	1,936.82	1,638.86
4) Changes in the fair value of plan assets are as follows:		
Fair value of plan assets as at April 1, 2010	1,639.22	1,526.77
Expected return	147.28	136.86
Contribution by employer	332.20	118.52
Benefits paid	(179.19)	(142.93)
Actuarial gain	-	-
Fair value of plan assets as at March 31, 2011	1,939.51	1,639.22

The Company contributed Rs.336.95 lakhs to Gratuity in March 2011.

SCHEDULES (Contd.)

NOTES ON ACCOUNTS (Contd.)

	As at/ Year ended 31-3-2011	Rs lakhs As at/ Year ended 31-3-2010
The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:	%	%
Investment with insurer	99.95	99.95
Investment in Government Bonds	-	-
Bank Balance	0.05	0.05
Total	100.00	100.00

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

(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	44.92	51.95
(b) Interest cost	34.30	29.82
(c) Total	79.22	81.77

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	8.00	8.00
Discount rate - Leave Salary	8.00	7.87

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 costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing cost capitalised during the period	-	30.28
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Sundram Fasteners Limited

SCHEDULES (Contd.)

NOTES ON ACCOUNTS (Contd.)

Rs lakhs

As at/ Year ended 31-3-2011	As at/ Year ended 31-3-2010
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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 Ltd, Chennai
Sundram Bleistahl Ltd, Chennai
Sundram International Inc, Michigan, USA
TVS Peiner Services, GmbH (formerly Peiner Logistik GmbH),
Peine, Federal Republic of Germany
Peiner Umformtechnik GmbH, Peine, Federal Republic of Germany
PUT Grundstücks GmbH, Peine, Federal Republic of Germany

(B) Associates

TVS Infotech Ltd, Chennai
TVS Infotech Inc, Michigan, USA
TV Sundram Iyengar & Sons Ltd, Madurai
Southern Roadways Ltd, Madurai

(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
Purchases					
Goods and Materials	2055.89 (1081.51)	5.91 (1.43)			
Sales					
Goods and Materials	989.40 (655.30)	8,621.30 (6,089.11)			
Fixed Assets	15.22 (10.47)				
Services					
Rendered	139.63 (95.29)				
Received	99.81 (126.16)	305.42 (214.62)			
Finance*					
Inter Corporate Deposit	2,283.62 (2,068.16)				
Interest on Inter Corporate Deposit	158.09 (188.70)				
Dividend Received	13.23				
Dividend Paid		1,092.90 (936.77)			
Others					
Leasing or hire purchase arrangements	77.74 (121.36)		6.24 (6.24)	1.88 (1.88)	
Guarantees & Collaterals	1,474.72 (1,056.63)				
Management contracts, including deputation of employees			955.19 (779.47)		
Outstanding balances					
Due to the Company	5,459.56 (4,395.75)	518.92 (499.68)			
Due by the Company	423.69 (136.97)	3.07 (13.11)	767.33 (576.28)		

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

Sundram Fasteners Limited

SCHEDULES (Contd.)

NOTES ON ACCOUNTS (Contd.)

Rs lakhs

	As at/ Year ended 31-3-2011	As at Year ended 31-3-2010
(IV) Transactions with related parties required to be disclosed pursuant to listing agreement:		
Loans and advances (without repayment schedule) given to Subsidiaries:		
(i) Sundram Fasteners Investments Limited, Chennai (maximum outstanding during the year - Rs 1,497.03 lakhs (Rs 804.01 lakhs) (includes interest free loan of Rs 61.61 lakhs (Rs 58.71 lakhs))	1,497.03	804.01
(ii) Sundram Bleistahl Limited, Chennai (maximum outstanding during the year Rs 1,391.45 lakhs (Rs 2,101.34 lakhs)) There is no interest free loan during the year (Nil)	1,391.45	809.17
(iii) Upasana Engineering Limited, Chennai (maximum outstanding during the year Rs 2,227.30 lakhs (Rs 1,997.30 lakhs) (includes interest free loan of Rs 2,227.30 lakhs (Rs 1,997.30 lakhs))	2,227.30	1,997.30
(iv) Cramlington Precision Forge Limited, Northumberland, UK (maximum outstanding during the year - Rs 319.70 lakhs (Rs 349.20 lakhs) (includes interest free loan of Rs 319.70 lakhs (Rs 349.20 lakhs))	–	319.70
(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	60.58	58.05
Two to Five years	118.11	72.73
Total	178.69	130.78
(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	148.53	136.71
(c) Significant Leasing arrangements :		
The Company has entered into leasing arrangements in respect of vehicles and data processing equipments.		

SCHEDULES (Contd.)

NOTES ON ACCOUNTS (Contd.)

Rs lakhs

As at/ Year ended 31-3-2011	As at/ Year ended 31-3-2010
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- (i) Basis of determining contingent rent :

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

- (ii) Renewal/purchase options and escalation clauses :

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

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

(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	5.02	3.57
Basic/Diluted EPS after considering Extra-ordinary items	5.02	3.57
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 Ltd, Chennai
 - Upasana Engineering Ltd, Chennai
 - Sundram Fasteners (Zhejiang) Ltd, People's Republic of China
 - Cramlington Precision Forge Ltd, Northumberland, UK
 - Sundram Non-Conventional Energy Systems Ltd, Chennai
 - Sundram RBI Sdn. Bhd, Kuala Lumpur, Malaysia
 - Sundram International Inc, Michigan, USA
 - Peiner Umformtechnik GmbH, Peine, Federal Republic of Germany
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Sundram Fasteners Limited

SCHEDULES (Contd.)

NOTES ON ACCOUNTS (Contd.)

Rs lakhs

As at/ Year ended 31-3-2011	As at/ Year ended 31-3-2010
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- i) PUT Grundstücks Ltd, GmbH, Peine, Federal Republic of Germany
- j) Sundram Bleistahl Ltd, Chennai
- k) TVS Peiner Services GmbH (formerly Peiner Logistik GmbH), Peine, Federal Republic of Germany, are annexed.

(21) AS 22: Accounting for taxes on income

Refer Schedule V to the Accounts

Tax expense comprises of current and deferred. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income-tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

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

(22) AS 23: Accounting for Investments in associates

TVS Infotech Ltd, Chennai and TVS Infotech Inc, Michigan, USA (formerly TVS International Inc) are identified as associates of the Company and have 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.

(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.

SCHEDULES (Contd.)

NOTES ON ACCOUNTS (Contd.)

Rs lakhs

As at/
Year ended
31-3-2011

As at/
Year ended
31-3-2010

(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.

– 388.71

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

The Company has entered into joint venture agreement with TV Sundram Iyengar & Sons Ltd, Madurai and Madras Cements Ltd, Chennai for utilisation of Aircraft for business purposes. The agreement involves joint control and ownership of the aircraft by the venturers.

The Company's share of jointly controlled asset and expenditure have been recognised in the books of accounts as detailed below :

i) Jointly Controlling entities with reporting entity

Sl No	Name of the Joint Venturers	Country of Incorporation	Share of Ownership interest
1	T V Sundram Iyengar & Sons Ltd, Madurai	India	1/3
2	Madras Cements Ltd, Chennai	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	707.50	196.59
Current Assets - Advances	28.45	38.5
Current Assets - Deposits	1.50	–

B) Liabilities

Current liabilities	7.13	10.49
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C) Income

– –

Sundram Fasteners Limited

SCHEDULES (Contd.)

NOTES ON ACCOUNTS (Contd.)

Rs lakhs

As at/
Year ended
31-3-2011

As at/
Year ended
31-3-2010

D) Expenditure

Subscription	0.03	–
Consultancy fees	61.30	25.88
Travelling Expenses	8.97	5.79
Postage, Courier and Telephone charges	0.20	0.24
Insurance	2.91	1.28
Aircraft Maintenance	90.16	24.09
Depreciation	28.24	15.48

(27) AS 28: Impairment of Assets

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

0.67 7.56

(28) AS 29: Provisions, Contingent Liabilities and Contingent Assets

(i) Contingent Liabilities :

a) On Letters of Guarantee	1,474.72	1,060.28
<p>The Company has given guarantees to fulfill various obligations of Cramlington Precision Forge Limited, UK and Sundram Fasteners (Zhejiang) Limited, People's Republic of China, wholly-owned subsidiaries of the Company the amount of which is to the extent of non-fulfilment of obligations of the subsidiaries which is not ascertainable.</p>		
b) On Letters of Credit	171.88	3,328.80
c) On Guarantee issued to Housing Development Finance Corporation on behalf of employees	6.01	13.43
d) Bills discounted	–	5,637.26
e) On partly paid shares of The Adyar Property Holding Co. Ltd.	0.01	0.01
f) Claims against the Company not acknowledged as debts	–	2.54
g) Estimated contingent liability for stamp duty in respect of leased land at Uttarakhand	3.62	3.62

SCHEDULES (Contd.)

NOTES ON ACCOUNTS (Contd.)

Rs lakhs

As at/
Year ended
31-3-2011

As at/
Year ended
31-3-2010

(ii) Liabilities disputed and not provided for :

a) Sales Tax / entry tax - under appeal	33.33	30.11
b) Excise Duty/Customs Duty/Service Tax - under appeal	586.09	842.33
c) Income-tax - under appeal	41.46	106.52
d) Others	6.87	11.58

(iii) Estimated amount of contracts remaining to be executed on capital account and not provided for

1,903.01 1,402.17

(iv) Contingent Assets :

Claim of additional compensation against land acquisition	23.29	23.29
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2. Disclosures required under the Companies Act, 1956

1) Share Capital:

a) 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)

Sundram Fasteners Limited

SCHEDULES (Contd.)

NOTES ON ACCOUNTS (Contd.)

Rs lakhs

	As at/ Year ended 31-3-2011	As at/ Year ended 31-3-2010
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)		
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 2006-2007		
vi) No. of Equity shares held by 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 - 5,33,12,000 and its subsidiary 5,07,73,280 of face value Re 1 each)		
2) Excise Deposits kept in Post Office	0.04	0.04
3) Dues from an Officer of the Company included under advances recoverable in cash or kind or for value to be received Maximum balance due at any time during the year	4.75 5.22	4.75 5.22
4) Dues from Sundaram Industries Limited, Madurai, a company under the same management included in Sundry Debtors - Other debts	2.18	5.67
5) Sundry Creditors - Others includes:		
a) Total outstanding dues of Micro, Small & Medium Enterprises (MSMEs)**	181.91	118.94
b) Total outstanding dues of creditors other than MSMEs	18,288.54	16,566.45
	18,470.45	16,685.39
<p>**Based on the information available with the Company in respect of Micro, Small & Medium Enterprises (as defined in The Micro, Small & Medium Enterprises Development Act, 2006). The Company is generally regular in making payments of dues to such enterprises. Hence, the question of payments of interest or provision therefor towards belated payments does not arise.</p>		
6) Payments made to/on behalf of Chairman & Managing Director, Joint Managing Director and Whole-Time Director :		
a) Salary	107.00	72.00
b) Contribution to Provident Fund and other funds	12.84	8.64
c) Commission	767.33	576.28
d) Other payments	68.03	122.55

SCHEDULES (Contd.)

NOTES ON ACCOUNTS (Contd.)

Rs lakhs

	As at/ Year ended 31-3-2011	As at/ Year ended 31-3-2010
7) Repairs include Stores consumed	3.49	5.64
8) Remuneration to Auditors consists of:		
a) Audit Fees	26.50	24.00
b) Reimbursement of expenses	8.65	7.86
c) Tax Audit & Company Law matters	1.21	2.11
d) Certification & Others	4.20	2.10
9) Miscellaneous expense includes:		
a) Postage, Courier & Telephones	281.34	266.56
b) Travelling & Conveyance	907.01	633.50
c) Freight Outwards	4,032.35	3,093.27
d) Consultancy	353.11	391.98
e) Warranty claims	137.13	191.56
10) Interest and financial charges includes:		
a) Foreign exchange (gain)/loss	868.95	(1,048.62)
b) Interest on Fixed Loans	1,140.25	1,280.13
c) Interest on other loans	1,249.85	1,510.54
	<u>3,259.05</u>	<u>1,742.05</u>
Interest Income includes:		
a) Interest on Deposits	286.17	236.14
b) Interest on Advances	6.83	6.28
	<u>293.00</u>	<u>242.42</u>
Tax deducted at source on interest income Rs.19.92 lakhs (Last year Rs 25.03 lakhs)		
Net interest and other financial charges recognised in Profit & Loss account	2,966.05	1,499.63
11) CIF value of imports:		
a) Raw Materials	31,976.77	14,037.99
b) Components & spare parts	1,041.01	4,867.52
c) Capital goods	3,799.44	929.44
d) Tool Steel, Tools, Gauges etc.	3,309.55	922.50
e) Others	14.20	128.55

Sundram Fasteners Limited

SCHEDULES (Contd.)

NOTES ON ACCOUNTS (Contd.)

Rs lakhs

	As at/ Year ended 31-3-2011	As at/ Year ended 31-3-2010
12) Earnings in foreign exchange:		
a) FOB value of exports	48,029.56	33,215.29
b) Claims Received	–	2.60
c) Others	–	105.13
13) Expenditure in foreign currency:		
a) Agency Commission	63.20	147.11
b) Consultancy Fee	33.69	46.08
c) Technical know-how fees	–	148.18
d) Interest on foreign currency loans	1,113.96	1,289.41
e) Royalty	88.92	1.66
f) Others	623.73	793.56
14) Disclose in respect of derivative instruments:		
a) Derivative instruments outstanding *		
– Forward contracts	27,395.54	24,653.78
– Principal Only Swap**	1,445.73	5,136.96
* 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		
** Hedged by means of Principal Only Swap from JPY to USD. USD-INR leg is unhedged and is included at (b) below		
b) Foreign Currency exposures that are not hedged by derivative instruments:		
– Loans*	24,622.78	13,473.00
– Interest on foreign currency loans	274.22	169.27
– Others	10,165.39	7,603.27
* 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		

SCHEDULES (Contd.)

NOTES ON ACCOUNTS (Contd.)

Rs lakhs

As at/
Year ended
31-3-2011

As at/
Year ended
31-3-2010

15) Advances recoverable in cash or in kind or for value to be received include amounts due from subsidiary companies :

a) Sundram Fasteners Investments Ltd, Chennai	1,497.03	804.01
b) Sundram Bleistahl Ltd, Chennai	1,391.45	809.17
c) Upasana Engineering Ltd, Chennai	2,227.30	1,997.30
d) Cramlington Precision Forge Ltd, Northumberland, UK	–	319.71

16) In terms of Notification No SO 301 (E) dated 8th February 2011 of Ministry of Corporate Affairs, Board of Directors has given consent for non disclosure of information relating to the quantitative details of turnover, raw material consumption, opening and closing stocks of goods produced.

17) Installed capacity and actual production meant for sale:

Particulars	Unit	Installed capacity		Actual Production meant for sale	
		Year ended 31-3-2011	Year ended 31-3-2010	Year ended 31-3-2011	Year ended 31-3-2010
a) High tensile fasteners	MT	71,435	65,985	61,304	48,279
b) Automotive and other miscellaneous cold formed/extruded parts /precision formed gears	MT	4,600	4,600	4,321	4,090
c) Powder metal parts	MT	9,100	8,317	5,554	4,879
d) Iron powder	MT	8,000	8,000	893	934
e) Radiator caps	Nos. lakhs	100	100	72	71
f) Gear shifters	Nos. (000s)	–	–	113	39
g) Tyre carriers	Nos.	50,000	50,000	14,360	27,948
h) Hot and warm forged parts		6,000	6,000	368	717
i) Shafts	Nos.	1,350,000	1,350,000	1,226,187	635,667
j) Hubs	Nos.	1,350,000	1,350,000	1,361,844	641,861
k) Pump Assemblies (Water/Oil/Fuel Pumps)	Nos.	–	–	5,401,179	4,840,155

Details of Licensed capacity have not been provided as the products have been de-licensed
The above particulars exclude inter-unit transfers

Sundram Fasteners Limited

SCHEDULES (Contd.)

NOTES ON ACCOUNTS (Contd.)

18) Details of Research and Development Expenditure : Rs lakhs

Particulars	As at/ Year ended 31-3-2011	As at/ Year ended 31-3-2010
(i) Capital Expenditure	127.37	–
(ii) Revenue Expenditure		
a) Raw material and components consumed	177.61	78.32
b) Salaries, Wages, Bonus and Allowances	256.06	260.63
c) Staff and Labour Welfare Expenses	7.30	4.02
d) Stores and Tools consumed	325.33	328.41
e) Travelling Expenses	15.52	11.46
f) Freight and Cartages	0.03	0.07
g) Sub-Contract Expenses	38.18	78.87
h) Repairs and Maintenance		
Building	0.28	0.05
Machinery	7.65	14.87
Other assets	0.01	0.04
i) Product Development expenses	3.77	0.90
j) Consultancy	19.97	1.33
k) Other expenses	5.74	5.73
Total	857.45	784.69
Out of the above Revenue Expenditure :		
a) On projects approved by DSIR	532.81	337.90
b) Others*	324.64	446.79
Total	857.45	784.69

* Approval for recognition from DSIR awaited

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

SCHEDULES (Contd.)

NOTES ON ACCOUNTS (Contd.)

19) 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 & Managing Director, Joint Managing Director and Whole-time Director :

	Rs lakhs
Profit before taxation	14,424.51
Add :	
Remuneration to Chairman & Managing Director (including commission of Rs 345.30 lakhs)	427.18
Remuneration to Joint Managing Director (including commission of Rs 306.93 lakhs)	375.38
Remuneration to Whole-Time Director (including commission of Rs115.10 lakhs)	152.64
Profit on sale of assets as per Section 349	43.33
	<hr/>
	998.53
	<hr/>
	15,423.04
Less :	
Profit on sale of assets as per books	46.59
Profit on sale of investments	29.78
	<hr/>
	76.37
	<hr/>
Net Profit for the purpose of Section 349	15,346.67
Total Remuneration payable	955.19
Less : Already paid as Salary	187.86
Balance Payable as Commission	767.33

Signatures to Schedules I to XVIII to Balance Sheet as at 31st March 2011 and Profit & Loss Account for the year ended on that date.

ARUNDATHI KRISHNA
Whole-Time Director

ARATHI KRISHNA
Joint Managing Director

SURESH KRISHNA
Chairman & Managing Director

V G JAGANATHAN
Secretary

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

Chennai
May 30, 2011

R SRINIVASAN
V NARAYANAN
C V KARTHIK NARAYANAN
M RAGHUPATHY
Directors

M BALASUBRAMANIAM
Partner
Membership No. F7945

Sundram Fasteners Limited

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Particulars	Sundram Fasteners Investments Limited, India	Cramlington Precision Forge Limited, United Kingdom	Sundram RBI Sdn. Bhd., Malaysia	Sundram International Inc Michigan, USA
1 No. of shares issued by the subsidiary: Equity / Ordinary / Common Shares 6% Preference Shares	24,90,000 shares of Rs 10 each	14,00,000 ordinary shares of GBP 1 each 5,00,000 shares of GBP 1 each	5,00,000 ordinary shares of MYR each	18,215 shares of US \$10 each
2 No. of shares held by the Company: Equity / Ordinary / Common Shares	24,90,000	14,00,000 5,00,000	3,50,000	18,215
3 Number of equity shares held by subsidiary company	Not applicable	Not applicable	Not applicable	Not applicable
4 Financial period of the subsidiary	01/04/2010 to 31/03/2011	01/01/2010 to 31/12/2010	01/04/2010 to 31/03/2011	01/04/2010 to 31/03/2011
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.(2.72) lakhs	GBP 375,439 Rs. 265.80 lakhs	MYR 117,644 Rs. 16.96 lakhs	US \$ 121,927 Rs. 48.71 lakhs
ii) For the previous financial years	Rs. 176.13lakhs	(GBP 580,357) Rs.(404.74 lakhs)	(MYR 19,39,391) Rs.(285.87) lakhs	US \$ (10,87,430) (Rs. 487.99 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. 176.13 lakhs	–	–	–

ARUNDATHI KRISHNA
Whole-Time Director

ARATHI KRISHNA
Joint Managing Director

SURESH KRISHNA
Chairman & Managing Director

Chennai
May 30, 2011

R SRINIVASAN
V NARAYANAN
C V KARTHIK NARAYANAN
M RAGHUPATHY
Directors

V G JAGANATHAN
Secretary

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

Particulars	Sundram Bleistahl Limited, India	Peiner Umformtechnik GmbH Peine, Germany	Upasana Engineering Limited, India (UEL)	Sundram Fasteners Zhejiang Limited, China	PUT Grundstücks GmbH Peine, Germany	TVS Peiner Services GmbH Peine, Germany	Sundram Non-Conventional Energy Systems Limited, India
1 No. of shares issued by the subsidiary: Equity / Ordinary / Common Shares 6% Preference Shares	70,00,000 equity Shares of Rs.10 each	67,74,617 Euro Capital Stock	1,18,99,674 Shares of Rs.10 each	10,04,77,945 Capital Stock	25,000 Euro Capital Stock	25,000 Euro Capital Stock	4,99,993 Shares of Rs.10 each
2 No. of shares held by the Company: Equity / Ordinary / Common Shares	53,20,000	100 % held by the company	1,18,99,674	100% held by the Company	100% held by the Company	100% held by the Company	2,64,691
3 Number of equity shares held by subsidiary company	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
4 Financial period of the subsidiary	1/04/2010 to 31/03/2011	1/1/2010 to 31/12/2010	1/04/2010 to 31/03/2011	1/1/2010 to 31/12/2010	1/1/2010 to 31/12/2010	1/1/2010 to 31/12/2010	1/04/2010 to 31/03/2011
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 431.95 lakhs	(Euro 13,40,661) (Rs 804.33 lakhs)	Rs 333.44 lakhs	RMB 49,63,680 Rs 336.21 Lakhs	Euro 95,815 Rs 58.66 lakhs	Euro 3,748 Rs 2.29 lakhs	Rs 70.28 lakhs
ii) For the previous financial years	(Rs 286.94 lakhs)	Euro 238,136 Rs.142.41 lakhs	(Rs 132.40 lakhs)	(RMB 16,513,026) (Rs 1121.23 lakhs)	Euro 134,582 Rs 80.48 lakhs	Euro 16,645 Rs 9.95 lakhs	Rs 167.53 lakhs
6 Net aggregate amount of the subsidiary's profits/ (losses) dealt with in the holding company's accounts (Rs lakhs)							
i) For the financial year of the subsidiary	-	-	-	-	-	-	Rs.13.23 lakhs
ii) For the previous financial years	-	-	-	-	-	-	Rs.13.23 lakhs

ARUNDATHI KRISHNA
Whole-Time Director

ARATHI KRISHNA
Joint Managing Director

SURESH KRISHNA
Chairman & Managing Director

Chennai
May 30, 2011

R SRINIVASAN
V NARAYANAN
C V KARTHIK NARAYANAN
M RAGHUPATHY
Directors

V G JAGANATHAN
Secretary

Sundram Fasteners Limited

FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES

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

Rupees

Particulars	Sundram Fasteners Investments Limited	Cramlington Precision Forge Limited	Sundram RBI Sdn. Bhd.,	Upasana Engineering Limited	Sundram International Inc.	Sundram Non Conventional Energy Systems Limited	Sundram Bleistahl Limited	Sundram Fasteners (Zhejiang) Limited	Peiner Umformtechnik GmbH	TVS Peiner Services GmbH	PUT Grundstücks GmbH
(a) Financial Year Ended	31-03-2011	31-12-2010	31-03-2011	31-03-2011	31-03-2011	31-03-2011	31-03-2011	31-12-2010	31-12-2010	31-12-2010	31-12-2010
(b) Country of Incorporation	India	United Kingdom	Malaysia	India	USA	India	India	China	Germany	Germany	Germany
(c) Share Capital	24,900,000	132,506,000	7,370,000	118,996,740	8,120,513	4,999,930	70,000,000	682,245,248	405,122,097	1,495,000	1,495,000
(d) Reserves	23,076,782	-	-	789,866	-	27,663,214	14,501,000	-	24,266,005	1,219,536	13,777,740
(e) Loan Funds	149,734,890	21,748,708	-	277,121,654	-	-	139,145,000	67,900,000	2,189,099	-	191,897,961
(f) Deferred tax liability/ (asset)	-	(2,970,924)	-	11,035,727	-	168,403	(7,002,000)	-	-	-	-
(g) Current Liabilities & Provisions	729,910	121,428,708	20,564,585	102,060,247	1,763,769	8,419,540	18,027,120	206,840,662	792,404,298	35,938,044	23,090,215
(h) Total Liabilities	198,441,582	272,712,272	27,934,585	509,404,234	9,884,282	41,251,087	234,671,120	956,985,910	1,223,981,499	38,652,580	230,260,916
(i) Fixed Assets	35,547,818	137,030,870	-	198,706,287	2,513,140	21,703,987	145,583,000	466,371,266	238,385,167	5,584,602	226,798,257
(j) Investments	17,217,135	-	-	1,140,501	-	5,161,964	-	-	-	-	-
(k) Current Assets, Loans & Advances	145,676,629	121,390,420	1,082,033	309,557,446	5,392,675	14,385,136	89,088,120	412,194,589	985,596,332	33,067,977	3,462,659
(l) Debit balance in Profit & Loss Account	-	14,290,982	26,852,552	-	1,978,467	-	-	78,420,055	-	-	-
(m) Total Assets	198,441,582	272,712,272	27,934,585	509,404,234	9,884,282	41,251,087	234,671,120	956,985,910	1,223,981,499	38,652,580	230,260,916
(n) Revenue/Income	6,237,522	438,923,865	2,004,154	628,273,520	15,047,652	22,462,542	212,739,000	584,230,882	3,240,577,849	175,850,212	41,797,584
(o) Profit/(Loss) before taxation	(272,372)	37,012,858	1,674,224	49,647,442	4,871,556	12,392,534	42,584,000	33,621,051	(85,114,563)	595,323	6,942,570
(p) Provision for Taxation	-	10,433,104	(21,565)	16,303,656	-	5,364,156	(611,000)	-	4,681,981	365,976	1,077,058
(q) Profit/(Loss) after Taxation	(272,372)	26,579,754	1,695,789	33,343,786	4,871,556	7,028,378	43,195,000	33,621,051	(80,432,582)	229,347	5,865,512
(r) Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-
(s) Details of Investment											
Quoted - Non Trade - Current	15,535			1,162,657		5,161,964					
Quoted - Non Trade - Long Term	1,204,650			-							
Unquoted - Subsidiaries											
Unquoted - Non Trade - Others	15,996,950			-							
	17,217,135			1,162,657		5,161,964					
Less: Provision for diminution in value of investment	-			22,156							
Total Investments	17,217,135			1,140,501		5,161,964					
Market Value of Quoted Investments	2,168,377			5,759,717		5,332,585					

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

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

Balance Sheet Date : 31-3-2011

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

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

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

Total Liabilities : 1,39,08,939 Total Assets : 1,39,08,939

Sources of Funds

Paid up Capital : 2,10,128 Reserves & Surplus : 53,39,368 Deferred Tax Liability: 8,63,308

Secured Loans : 64,96,632 Unsecured Loans : 9,99,503

Application of Funds

Net Fixed Assets : 65,78,473 Investments : 14,23,674 Net Current Assets : 59,06,792

Miscellaneous Expenditure : – Accumulated Losses : –

IV. Performance of the Company (Amount in Rs Thousands)

Turnover : 1,80,83,940 Total Expenditure : 1,66,88,563 Profit Before Tax : 14,42,451

Profit After Tax : 10,54,257 Earnings per share in Rs. before extra ordinary item : Rs 5.02

Earnings per share in Rs. after extra ordinary item : Rs 5.02 Dividend Rate : 125%

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 2011

1. We have audited the attached consolidated balance sheet of M/s Sundram Fasteners Limited, Chennai and its subsidiary companies as at 31st March 2011, 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, TVS Peiner Services GmbH, Germany (formerly known as 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 2011;
- (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.

Chennai
May 30, 2011

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

P MENAKSHISUNDARAM
Partner
Membership No. 217914

Sundram Fasteners Limited (CONSOLIDATED)

BALANCE SHEET AS AT 31ST MARCH 2011

	Schedule No.	As at 31-3-2011	As at 31-3-2010	Rs. lakhs
I SOURCES OF FUNDS				
1. Shareholders' Funds				
a) Capital	I	2,101.28	2,101.28	
b) Reserves & Surplus	II	53,120.92	45,650.08	47,751.36
		55,222.20		
2. Minority Interest				
a) Capital		213.64	212.12	
b) Reserves & Surplus		96.19	(35.89)	176.23
		309.83		
3. Loan Funds				
a) Secured Loans	III	68,005.00	41,370.29	
b) Unsecured Loans	IV	9,991.15	20,703.45	62,073.74
		77,996.15		
4. Deferred Government Grants				
		107.60		182.46
5. Deferred Tax liability				
	V	8,645.39		7,877.80
Total		142,281.17		118,061.59
II APPLICATION OF FUNDS				
1. Fixed Assets				
a) Gross Block	VI	142,734.45	135,195.01	
b) Less : Depreciation		67,763.11	63,037.04	
c) Net Block		74,971.34	72,157.97	
d) Capital Work-in-progress		5,510.61	2,032.23	74,190.20
		80,481.95		215.41
		213.54		
2. Investments				
3. Current Assets, Loans & Advances				
a) Inventories	VII	39,048.73	31,352.04	
b) Sundry Debtors	VIII	40,326.78	29,639.07	
c) Cash & Bank Balances	IX	1,224.34	801.40	
d) Loans & Advances	X	14,313.80	9,684.74	
		94,913.65	71,477.25	
Less : Current Liabilities & Provisions				
a) Current Liabilities	XI	28,929.84	22,818.82	
b) Provisions	XII	4,398.13	5,002.45	
		33,327.97	27,821.27	
Net Current Assets		61,585.68		43,655.98
Total		142,281.17		118,061.59
Notes to the Consolidated Financial Statements	XVI			

ARUNDATHI KRISHNA
Whole-Time Director

ARATHI KRISHNA
Joint Managing Director

SURESH KRISHNA
Chairman & Managing Director

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

Chennai
May 30, 2011

V G JAGANATHAN
Secretary

P MENAKSHISUNDARAM
Partner
Membership No. 217914

Sundram Fasteners Limited (CONSOLIDATED)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

	Year ended 31-3-2011	Rs lakhs Year ended 31-3-2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Extraordinary Items	15,577.48	7,922.39
Adjustments for:		
Depreciation	7,198.02	6,637.52
Exchange Loss/(gain) arising on Integral operations	9.82	(86.51)
Exchange Variation on application of AS-11	(57.27)	(146.28)
(Profit)/loss on Sale of Assets	(49.84)	(8.46)
(Profit)/loss on Investments	(29.44)	(9.60)
Appropriation of Government grants to income	(26.68)	(28.71)
Unrealised profit on closing stock	18.14	8.98
Dividend Received	(33.00)	(13.84)
Interest expense (Net)	3,835.15	3,482.63
Unrealised exchange (gain)/Loss	(349.80)	(1,581.64)
Operating Profit before Working Capital changes:	26,092.58	8,254.08
Adjustments for changes in working capital:		16,176.47
(Increase)/Decrease in Trade and other receivables#	(15,705.47)	(2,950.36)
(Increase)/Decrease in Inventories	(7,696.69)	4,774.15
Increase/(Decrease) in Trade payables#	4,783.25	4,380.82
Cash Generated From Operations	7,473.67	22,381.08
Direct Taxes paid	3,019.49	3,366.63
NET CASH FROM OPERATING ACTIVITIES	4,454.18	19,014.45
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(14,571.96)	(7,549.80)
Sale of Fixed Assets	362.40	873.10
Purchase of Investments (Net)	(0.81)	(59.07)
Sale of Investments	32.11	52.51
Dividend received	33.00	13.84
NET CASH USED IN INVESTING ACTIVITIES	(14,145.26)	(6,669.42)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Term loans#	26,957.71	(7,224.68)
Proceeds from other Borrowings#	(10,688.76)	40.16
Interest paid	(3,630.28)	(4,046.28)
Government grants received	34.91	62.85
Dividend & Corporate Dividend taxes paid	(2,559.56)	(2,212.56)
NET CASH USED IN FINANCING ACTIVITIES	10,114.02	(13,380.51)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	422.94	(1,035.48)
CASH AND CASH EQUIVALENTS - Opening balance	801.40	1,836.88
Opening Balance of cash and Cash equivalents of erstwhile		
CASH AND CASH EQUIVALENTS-Closing Balance	1,224.34	801.40
Notes:		
CASH AND CASH EQUIVALENTS include:		
a) Cash and Cheques on hand	180.58	62.78
b) With Scheduled Banks:		
i) Current Account	755.85	651.10
ii) Deposit Accounts	140.78	38.46
c) With Bank One, Michigan, USA	147.13	49.06
	1,224.34	801.40

Excludes unrealised exchange gain of Rs 323.00 lakhs (last year gain Rs 1,737.00 lakhs) on term loans, exchange gain of Rs. 24.30 lakhs (Last Year loss Rs 160.67 lakhs) on other borrowings, exchange gain of Rs 3.26 lakhs (last year gain Rs 6.36 lakhs) on trade payables and exchange Loss of Rs 0.76 lakhs (last year loss of Rs 1.05 lakhs) in trade and other receivables.

ARUNDATHI KRISHNA
Whole-Time Director

ARATHI KRISHNA
Joint Managing Director

SURESH KRISHNA
Chairman & Managing Director

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

Chennai
May 30, 2011

V G JAGANATHAN
Secretary

P MENAKSHISUNDARAM
Partner
Membership No. 217914

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	As at 31-3-2011	Rs lakhs As at 31-3-2010
I CAPITAL		
Authorised		
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>
Issued		
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>
Subscribed and Paid-up		
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>
II RESERVES & SURPLUS		
Special Reserve		
As per last Balance Sheet	44.77	44.77
Add / (Less) : Transfer from Profit & Loss Account	—	—
	<u>44.77</u>	<u>44.77</u>
General Reserve		
As per last Balance Sheet	43,072.18	38,063.20
Add : Transfer from Profit & Loss Account	7,007.03	5,000.00
Stock Reserve on Closing Stock	18.14	8.98
	<u>50,097.35</u>	<u>43,072.18</u>
Foreign Currency Translation Reserve		
As per last Balance Sheet	2,269.22	2,769.56
Add : Currency Translation during the year	(704.37)	(500.34)
	<u>1,564.85</u>	<u>2,269.22</u>
Surplus		
Balance in Profit & Loss Account	1,413.95	263.91
	<u>53,120.92</u>	<u>45,650.08</u>

Sundram Fasteners Limited (CONSOLIDATED)

SCHEDULES (Contd.)

	As at 31-3-2011	Rs lakhs As at 31-3-2010
III SECURED LOANS		
From Banks		
Secured by hypothecation of fixed assets and current assets of the Company, viz., stocks of raw materials, work-in-progress & finished goods	65,976.13	38,522.04
Secured by first charge on moveable fixed assets, present and future	2,011.12	2,795.75
From Others		
Secured by assets purchased under Deferred Payment Guarantees/ Hire Purchase Loans	17.75	52.50
	68,005.00	41,370.29
IV UNSECURED LOANS		
From Banks		
– Short Term	7,991.15	20,703.45
– Medium Term	2,000.00	–
	9,991.15	20,703.45
V DEFERRED TAX LIABILITY		
Deferred Tax Liability :		
On Depreciation	9,172.07	8,742.64
Deferred Tax Asset :		
On Provision for Gratuity / Leave Salary	(158.47)	(158.47)
Others	(368.21)	(706.37)
	8,645.39	7,877.80

SCHEDULES (Contd.)

VI FIXED ASSETS

Rs lakhs

Particulars	Aircraft [^]	Land [#]	Buildings	Plant and Machinery	Furniture, Fixtures & Office Equipments	Vehicles	Technical Know-how	Software	Total as at	
									31-3-2011	31-3-2010
Cost of Assets										
Opening Balance	276.23	7,475.26	13,891.28	100,782.75	8,960.51	382.91	490.38	252.94	132,512.26	127,400.02
Additions	720.99	31.43	594.64	9,317.97	302.31	107.11	—	19.13	11,093.58	9,612.04
Sale/discards	276.23	—	—	375.22	156.30	46.56	—	17.08	871.39	1,817.05
Total	720.99	7,506.69	14,485.92	109,725.50	9,106.52	443.46	490.38	254.99	142,734.45	135,195.01
Depreciation										
Upto 31-3-2010	79.64	26.34	3,160.54	50,651.58	6,710.68	174.39	104.71	216.04	61,123.92	57,351.93
For the year	28.24	6.34	547.46	6,072.97	363.99	41.17	111.05	26.80	7,198.02	6,637.52
Deduction on sales/discards	94.39	—	—	287.16	131.82	30.17	—	15.29	558.83	952.41
Total	13.49	32.68	3,708.00	56,437.39	6,942.85	185.39	215.76	227.55	67,763.11	63,037.04
Written Down Value										
As at 31-3-2011	707.50	7,474.01	10,777.92	53,288.11	2,163.67	258.07	274.62	27.44	74,971.34	
As at 31-3-2010										72,157.97
Capital WIP										
As at 31-3-2011			228.68	5,247.27	34.66				5,510.61	
As at 31-3-2010	—	—	4.24	2,027.99	—	—				2,032.23

[^] Jointly owned.

[#] Includes leasehold land of Rs 706.36 lakhs. Leasehold land of Rs 27.81 lakhs pending registration.
Freehold land of Rs 256.33 lakhs pending registration.

Sundram Fasteners Limited (CONSOLIDATED)**SCHEDULES (Contd.)**

	As at 31-3-2011	Rs lakhs As at 31-3-2010
VII INVENTORIES		
Stores & Spares	1,608.39	1,316.31
Loose tools	1,575.34	1,633.12
Raw Materials and Components	11,683.70	7,798.88
Work-in-process	11,321.92	9,544.28
Finished Goods	11,988.21	10,809.45
Goods-in-transit	871.17	250.00
	<u>39,048.73</u>	<u>31,352.04</u>
VIII SUNDRY DEBTORS - UNSECURED, CONSIDERED GOOD		
a) Debts outstanding for a period exceeding six months	1,326.03	1,475.21
b) Other debts	39,000.75	28,163.86
	<u>40,326.78</u>	<u>29,639.07</u>
IX CASH AND BANK BALANCES		
a) Cash and Stamps on hand	21.00	13.69
b) Cheques on hand	159.58	49.09
c) With Scheduled Banks :		
i) Current Account	755.85	651.10
ii) Deposit Accounts	140.78	38.46
d) With Other - Current Account		
– J P Morgan Chase, Michigan, USA (Maximum balance – Rs 214.21 lakhs (Last year Rs 168.13 lakhs))	147.13	49.06
	<u>1,224.34</u>	<u>801.40</u>
X LOANS & ADVANCES - UNSECURED, CONSIDERED GOOD		
a) Deposits	948.98	896.00
b) Advances recoverable in cash or in kind or for value to be received	10,280.98	6,006.32
c) Interest accrued but not due on Investments	2.79	0.25
d) Loans to associate Companies	1,435.42	745.30
e) Advance Tax (Net of Provision for Tax)	1,475.18	2,036.87
f) MAT Credit Entitlement	170.45	–
	<u>14,313.80</u>	<u>9,684.74</u>

SCHEDULES (Contd.)

	As at / Year ended 31-3-2011	Rs lakhs As at / Year ended 31-3-2010
XI CURRENT LIABILITIES		
Sundry Creditors	26,667.28	21,285.93
Investor Education and Protection Fund		
i) Unclaimed Dividend*	111.19	108.23
ii) Unpaid Deposits & Interest accrued thereon*	47.24	0.17
Interest accrued but not due	359.68	199.35
Second Interim Dividend Payable	1,499.95	1,050.64
Dividend Tax on Interim Dividend payable	244.50	174.50
* No amount is due and outstanding to be credited to the Fund	<u>28,929.84</u>	<u>22,818.82</u>
XII PROVISIONS		
Leave Salary and Gratuity	489.06	481.15
Pension liabilities	2,830.67	3,139.44
Others	1,078.40	1,381.86
	<u>4,398.13</u>	<u>5,002.45</u>
XIII OTHER INCOME		
Miscellaneous Income	1,607.29	2,343.77
Dividends	33.00	13.84
Profit on sale of Assets	75.45	26.14
Profit on sale of Investments	29.78	14.32
	<u>1,745.52</u>	<u>2,398.07</u>
XIV RAW MATERIALS & COMPONENTS CONSUMED, WORK-IN-PROCESS AND FINISHED GOODS		
Opening Stock :		
Raw Materials & Components	7,718.08	11,113.73
Work-in-process	9,338.88	8,885.64
Finished Goods	10,227.82	12,036.40
	<u>27,284.78</u>	<u>32,035.77</u>
Add : Purchase of Raw Materials and Components	109,065.03	74,082.82
	<u>136,349.81</u>	<u>106,118.59</u>
Less : Closing Stock:		
Raw Materials & Components	11,683.70	7,798.88
Work-in-process	11,321.92	9,544.28
Finished Goods	11,988.21	10,809.45
	<u>34,993.83</u>	<u>28,152.61</u>
	<u>101,355.98</u>	<u>77,965.98</u>

Sundram Fasteners Limited (CONSOLIDATED)

SCHEDULES (Contd.)

	As at / Year ended 31-3-2011	Rs lakhs As at / Year ended 31-3-2010
XV SALARIES & WAGES, STORES CONSUMED AND OTHER EXPENSES		
Salaries, Wages, Bonus and Allowances	22,720.60	19,352.93
Employees' Provident and Other Funds	3,118.29	2,985.03
Staff & Labour welfare expenses	1,785.82	1,433.20
Stores and Tools consumed	23,832.45	15,873.67
Power & Fuel	10,896.79	7,970.52
Rent	810.41	925.51
Rates, Taxes & Duties	763.52	676.01
Sub-contract expenses	19,862.08	13,639.31
Freight & Cartage	1,956.73	1,293.67
Insurance	521.05	434.86
Repairs & Maintenance :		
a) Building	1,441.15	1,267.42
b) Machinery	2,588.97	1,767.98
c) Other assets	637.88	447.41
	<u>4,668.00</u>	<u>3,482.81</u>
Commission on sales	691.28	559.86
Directors' Sitting Fees	246.64	353.49
Remuneration to Auditors	194.75	183.91
Loss on sale of assets	25.61	17.68
Loss on Sale of investments	0.34	4.72
Plant and Machinery written off	1.08	-
Research and Development Expenditure	857.45	784.69
Miscellaneous expenses	9,202.53	7,566.85
	<u>102,155.42</u>	<u>77,538.72</u>

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 and 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 (TVSI and TVSI Inc) 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
Subsidiary Companies				
Sundram Fasteners Investments Limited, Chennai	India	100%	31.03.2011	–
Sundram Fasteners (Zhejiang) Limited	China	100%	31.12.2010	3 Months
Upasana Engineering Limited, Chennai	India	100%	31.03.2011	–
Cramlington Precision Forge Limited	UK	100%	31.12.2010	3 Months
Sundram RBI Sdn. Bhd., Malaysia	Malaysia	70%	31.03.2011	–
Peiner Umformtechnik GmbH	Germany	100%	31.12.2010	3 Months
PUT Grundstücks GmbH	Germany	100%	31.12.2010	3 Months
TVS Peiner Services GmbH, Piene	Germany	100%	31.12.2010	3 Months
Associate Companies				
Sundram Non-Conventional Energy Systems Limited, Chennai	India	52.94%	31.03.2011	–
Sundram International Inc	USA	100%	31.03.2011	–
Sundram Bleistahl Limited, Chennai	India	76%	31.03.2011	–
TVS Infotech Limited, Chennai	India	49.99%	31.03.2011	–
TVS Infotech Inc	USA	49.99%	31.03.2011	–

Sundram Fasteners Limited (CONSOLIDATED)

SCHEDULES (Contd.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

- D. 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, TVS Peiner Services GmbH, Peine, Germany (formerly known as Peiner Logistik GmbH, Peine, Germany) and Peiner Umformtechnik GmbH, Germany, where depreciation is provided under the Written Down Value Method. In the case of Peiner Umformtechnik GmbH, Germany and PUT Grundstücks GmbH, Germany depreciation is provided at the rates specified in the German Tax Laws.

Leasehold land is amortised over the period of lease.

- E. Other Significant Accounting Policies :

These are set out in the Notes to the Accounts of the Financial Statements of the Company and its Subsidiaries

	As at/ Year ended 31-3-2011	Rs lakhs As at/ Year ended 31-3-2010
2) Contingent Liabilities :		
a) On Letters of Guarantee	1,474.72	1,060.28
b) On Letters of Credit	171.88	3,328.80
c) On Guarantee issued to HDFC on behalf of employees	6.01	13.34
d) Bills Discounted	-	5,637.26
e) On partly paid shares of The Adyar Property Holding Co. Ltd.	0.01	0.01
f) Estimated contingent liability for stamp duty in respect of leased land at Utrakhand	-	3.62
g) Claims against the Company not acknowledged as debts	2.77	2.54
3) Liability disputed and not provided for :		
a) Sales Tax – under appeal	33.33	30.11
b) Excise Duty – under appeal	586.09	842.33
c) Income-tax – under appeal	179.22	356.62
d) Others	6.87	11.58
4) Estimated amount of contracts remaining to be executed on capital account and not provided for	2,156.55	1,463.95
5) Contingent Assets		
Claim of additional compensation against land acquisition	23.29	23.29
Interest on Income Tax Refund	2.83	-

SCHEDULES (Contd.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

	Rs lakhs	
	As at / Year ended 31-3-2011	As at / Year ended 31-3-2010
6) The Company and its Subsidiaries operate in only one Segment as the entire operations are subject to similar risks and returns. Hence there are no reportable segments.		
7) As required by Accounting Standard - AS 18 "Related Parties Disclosures" issued by the Institute of Chartered Accountants of India, related party disclosures are as follows :		
(I) Where Control exists:		
(A) Associate		
TVS Infotech Limited, Chennai		
TVS Infotech Inc., Michigan, USA		
TV Sundram Lyengar & Sons Ltd. Madurai		
Southern Roadways Ltd. Madurai		
(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 Arundhathi Krishna		
(B) Relatives of Key Management Personnel		
– Ms Usha Krishna		
– Ms Preethi Krishna		
(C) Enterprises in which Key Management Personnel have significant influence:		
– Upasana Finance Limited, Chennai		
– Upasana Properties Private Limited, Chennai		
(III) Transactions with related parties		
(A) Purchase of Goods :		
– Associate	5.91	1.43
– Key Management Personnel	–	–
– Relatives of Key Management Personnel	–	–
(B) Sale of Goods :		
– Associate	8,621.30	6,089.11
– 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 31-3-2011	As at / Year ended 31-3-2010
(C) Services rendered :		
– Associate - Share of expenses	–	–
– Key Management Personnel	–	–
– Relatives of Key Management Personnel	–	–
(D) Services received:		
– Associate	305.42	214.62
– Key Management Personnel	–	–
– Relatives of Key Management Personnel	–	–
– Enterprise in which key management personnel have significant influence	–	–
(E) Leasing or hire purchase arrangements		
– Associate	–	–
– Key Management Personnel (Lease rent paid)	6.24	6.24
– Relatives of Key Management Personnel (Lease rent paid)	1.88	1.88
– Enterprise in which Key Management Personnel have significant influence	–	–
– Enterprise in which Key Management Personnel have significant influence (Lease rent paid)	–	–
(F) Finance*		
– Associate		
– Loans	991.50	515.10
– Equity	–	–
– Key Management Personnel	–	–
– Interest on loan to Associate	62.12	46.65
– Dividend Paid to Associate	1,092.90	936.77
– Loan due to Key Management Personnel	–	–
– Interest on loan to Key Management Personnel	–	–
– Relatives of Key Management Personnel	–	–
– ICD received from enterprise in which Key Management have a significant influence	(3.00)	63.00
– Interest on loan from enterprises in which Key Management Personnel has significant influence	21.22	16.48
* Finance includes loans		
(G) Guarantees & Collaterals		
– Associate	–	–
– Key Management Personnel	–	–
– Relatives of Key Management Personnel	–	–
– Enterprise in which Key Management Personnel have significant influence	–	–
(H) Management contracts, including deputation of employees		
– Associate	–	–
– Key Management Personnel	955.19	779.47
– Relatives of Key Management Personnel	–	–

SCHEDULES (Contd.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Rs lakhs

As at /
Year ended
31-3-2011

As at /
Year ended
31-3-2010

(I) Outstanding balances

Due to the Company :

– Associate	518.92	1,244.98
– Key Management Personnel	–	–
– Relatives of Key Management Personnel	–	–

Payable by the Company

– Associate	3.07	13.11
– Key Management Personnel	767.33	576.28
– Loan from Key Management Personnel	–	–
– Relatives of Key Management Personnel	–	–
– Enterprises in which Key Management Personnel has significant influence	235.00	238.00

8) Information on Joint Venture

The Company has entered into joint venture agreement with TV Sundram Iyengar and Sons Limited, Madurai and Madras Cements Limited, Chennai, for utilisation of Aircraft for business purposes. The agreement involves joint control and ownership of the aircraft by the venturers. The Company's share of jointly controlled asset and expenditure have been recognised in the books of accounts as detailed below :

(i) Jointly Controlled entities

Sl. No.	Name of the Joint Venturer	Country of Incorporation	Share of Ownership interest
1)	T V Sundram Iyengar & Sons Ltd	India	1/3
2)	Madras Cements Ltd	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	707.50	196.59
Current Assets - Advances	28.45	38.52
Current Assets - Deposits	1.50	–

b) Liabilities

Current liabilities and Provisions:		
Current liabilities	7.13	10.49
Provisions	–	–

Sundram Fasteners Limited (CONSOLIDATED)

SCHEDULES (Contd.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Rs lakhs

As at /
Year ended
31-3-2011

As at /
Year ended
31-3-2010

c) **Expenditure**

Subscription	0.03	–
Consultancy fees	61.30	25.88
Travelling Expenses	8.97	5.79
Postage, Courier and Telephone charges	0.20	0.24
Insurance	2.91	1.28
Aircraft Maintenance	90.16	24.09
Depreciation	28.24	15.47

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 2011 the carrying amount of the assets of the subsidiary company was Rs10.82 lakhs and liabilities were Rs205.65 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:

Other income	20.04	4.80
Operating Expenses	3.30	1.15
Pre-tax Profit/(Loss) from discontinued operations	16.74	3.65
Profit/(Loss) before tax	16.74	3.65
Income Tax – Deferred Tax	(0.22)	(0.07)
Profit/(Loss) from discontinuing operations after tax	16.96	3.72

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

ARUNDATHI KRISHNA
Whole-Time Director

ARATHI KRISHNA
Joint Managing Director

SURESH KRISHNA
Chairman & Managing Director

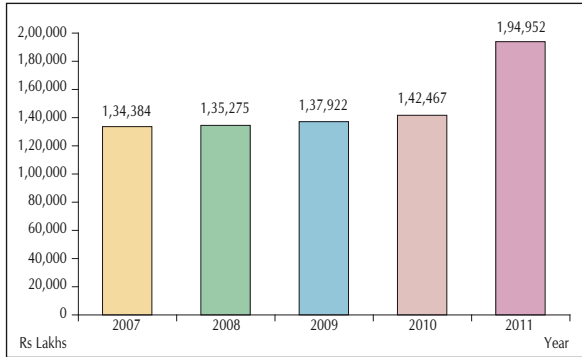
Chennai
May 30, 2011

V G JAGANATHAN
Secretary

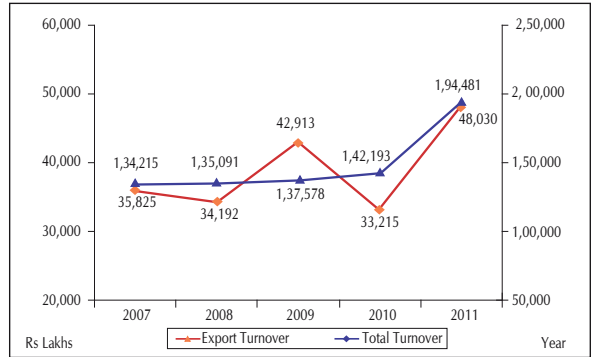
As per our report annexed
For SUNDARAM & SRINIVASAN
Regn. No. 004207S
Chartered Accountants

P MENAKSHISUNDARAM
Partner
Membership No. 217914

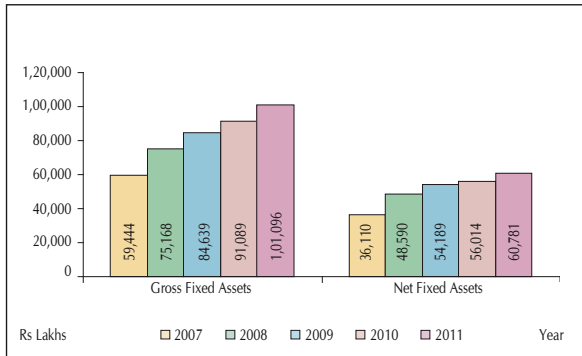
Gross Revenues



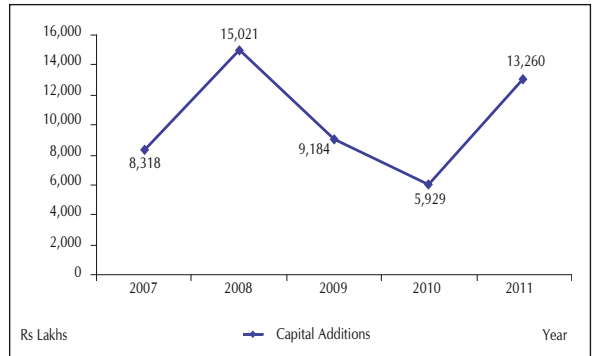
Export Sales and Total Sales (including Excise Duty)



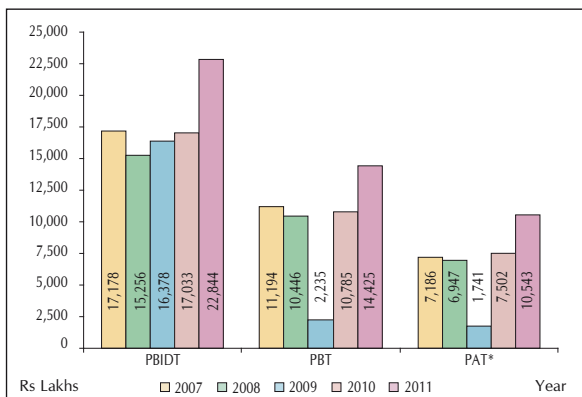
Gross and Net Block of Fixed Assets



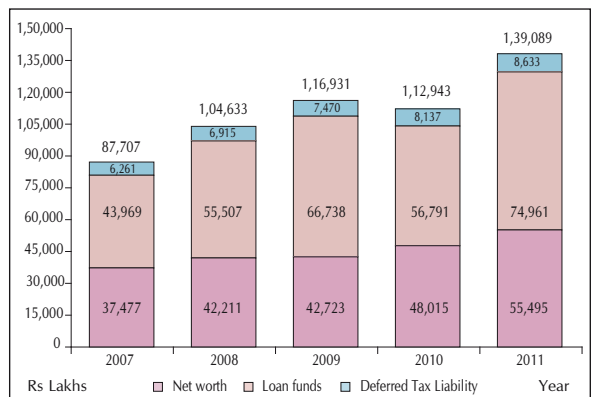
Capital Expenditure



Profits



Funds Employed



* After extra-ordinary items