

# Sundram Fasteners Limited

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## NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Fiftieth Annual General Meeting of the Shareholders of the Company will be held at the Music Academy, New No. 168, T T K Road (Mowbrays Road), Chennai 600 014 on **Friday the 23<sup>rd</sup> August 2013 at 10.00 a.m.** to transact the following business:

### Ordinary Business

- 1) To consider and, if thought fit, to pass, with or without modification the following Resolution as an Ordinary Resolution:  
"RESOLVED that the Audited Balance Sheet as at 31st March 2013, the statement of Profit and Loss Account for the year ended 31st March 2013 and the Reports of the Directors and the Auditors of the Company, be and are hereby approved and adopted."
- 2) To consider and, if thought fit, to pass, with or without modification the following Resolution as an Ordinary Resolution:  
"RESOLVED that Sri V Narayanan, who retires by rotation and being eligible for re-appointment, be and is hereby appointed as a Director of the Company."
- 3) To consider and, if thought fit, to pass, with or without modification the following Resolution as an Ordinary Resolution:  
"RESOLVED that Sri R Ramakrishnan, who retires by rotation and being eligible for re-appointment, be and is hereby appointed as a Director of the Company."
- 4) To consider and, if thought fit, to pass, with or without modification the following Resolution as an Ordinary Resolution:  
"RESOLVED that M/s Sundaram & Srinivasan, Chartered Accountants, Chennai, Auditors of the Company, (Registration No. 004207S with the Institute of Chartered Accountants of India), be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company on such remuneration as may be determined by the Board of Directors of the Company, in addition to reimbursement of travelling and other out-of-pocket expenses actually incurred by them in connection with the audit."

### Special Business

- 5) To consider and, if thought fit, to pass, with or without modification the following Resolution as an Ordinary Resolution:  
"RESOLVED that Ms Arundathi Krishna, Whole-time Director of company be and is hereby re-designated as Deputy Managing Director of the Company with effect from 30th May 2013.  
  
RESOLVED FURTHER that except for the above change, all other terms and conditions as approved by the shareholders vide their resolution dated 20th August 2009 shall remain unaltered till the end of the current tenure."
- 6) To consider and, if thought fit, to pass, with or without modification the following Resolution as an Ordinary Resolution:  
"RESOLVED that consent of the Company be and is hereby accorded under Sections 198, 269, 309 310 and 316 of the Companies Act, 1956 and such other applicable provisions, if any, for the appointment of Ms Arundathi Krishna as Managing Director of the Company (designated as Deputy Managing Director) for

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a period of five years from 18th September 2013 to 17th September 2018 on the terms and conditions including remuneration in accordance with the provisions of Schedule XIII to the Companies Act, 1956, as set out in the Explanatory Statement attached to the Notice convening this Annual General Meeting.

RESOLVED FURTHER that the Board of Directors be and is hereby authorized to vary, from time to time, the percentage and quantum of commission / performance bonus payable to the Deputy Managing Director, provided that the total remuneration payable whether by way of salary, perquisites or commission / performance bonus shall not exceed 5% of the net profits of the Company in any financial year.

RESOLVED FURTHER that the above remuneration allowed to the Deputy Managing Director shall be subject to such limits for the remuneration as laid down by the Central Government in Schedule XIII to the Companies Act, 1956 and / or such changes / variations / substitutions as may be made therein from time to time.

RESOLVED FURTHER that notwithstanding anything to the contrary contained herein, where in any financial year during the currency of the tenure of the Deputy Managing Director, the Company has no profits or its profits are inadequate, the Company will pay Ms Arundathi Krishna, Deputy Managing Director the remuneration by way of salary and perquisites not exceeding the limits indicated in the Explanatory Statement.

RESOLVED FURTHER that the scope and quantum of remuneration specified hereinabove, may be enhanced, enlarged, widened, altered or varied by the Board of Directors in the light of and in conformity with any amendments to the relevant provisions of the Companies Act, 1956 and/or the rules and regulations made thereunder and/or such guidelines as may be announced by the Central Government from time to time."

By Order of the Board

**V G JAGANATHAN**  
Executive Director & Secretary

Chennai  
May 30, 2013

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## Notes:

- 1) **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER.**
- 2) The instrument appointing proxy should be deposited either at the Registered Office of the Company or at the office of the Company's Share Transfer Agents viz. Integrated Enterprises (India) Limited, Kences Towers, 2nd Floor, No. 1 Ramakrishna Street, North Usman Road, T Nagar, Chennai 600 017 at least 48 hours before the commencement of the meeting. Proxy form enclosed.
- 3) An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of special business in Item No. 5 and 6 of Notice is hereto.
- 4) **SEBI vide its circular no. CIR/MRD/DP/10/2013 dated 21.03.2013 has mandated that in order to enable usage of electronic payment instruments, companies whose securities are listed on the stock exchanges (or their RTI & STA) shall maintain requisite bank details of their investors. The circular further mandates the Companies or their Registrar & Share Transfer Agents (R&STA) shall take necessary steps to maintain updated bank details of the investors at its end. The circular also provides that only in cases where MICR, IFSC Code required for making electronic payment are not available or the electronic payments instructions have failed or have been rejected by the Bank, companies / R&STA can make cash payments (i.e. dividend warrant) to investors. However, even while making such payments by cash, companies shall mandatorily print the bank account details of the investors on such electronic payments. In view of the above circular, investors may note the following advice:-**

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

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

- 5) The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday the 13th August, 2013 to Friday the 23rd August 2013 (both days inclusive).
- 6) Members desiring any information as regards accounts are requested to write to the Company at least 7 days before the meeting so as to enable the Management to keep the information ready.
- 7) Members, holding shares in physical form, are requested to notify / send the following to the Registrar and Share Transfer Agent of the Company:
  - a) any change in their address / mandate / bank details
  - b) particulars of their bank account, in case they have not been sent earlier
  - c) nomination in Form 2B, in duplicate, as provided under Section 109A of the Companies Act, 1956, in case they have not been sent earlier
  - d) share certificate(s) held in multiple accounts in identical names or joint accounts in the same order of names, for consolidation of such shareholdings into one account
- 8) Members, holding shares in electronic form, may please note that, as per the applicable regulations of the Depositories, the bank details as furnished by the respective Depositories to the Company will be printed on the dividend warrants issued from time to time. The Company will not entertain any direct request from such members for deletion of / change in such bank details. Further, instructions if any, already given by members in respect of shares in physical form will not be automatically applicable to the dividend payable on shares in electronic form. Members may, therefore, give instructions regarding bank accounts in which they wish to receive dividend, directly to their Depository Participants.
- 9) As required under the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government)(Amendment) Rules, 1988, the unpaid / unclaimed dividend for the financial year ended upto 31st March 1995 was transferred to the General Revenue Account of the Central Government. Members who have not encashed the dividend warrants for the said periods are requested to claim the amount from the Registrar of Companies (Tamil Nadu), Shastri Bhavan, Block No.6, II Floor, 26, Haddows Road, Chennai 600 006. In case any assistance is required, members may write to the Registrar and Share Transfer Agent of the Company.

Consequent upon amendment to Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend remaining unclaimed and/or unpaid for a period of seven years is to be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government.

Accordingly, unclaimed dividend for the financial years ended 31st March 1996 to 31st March 2006 (including unclaimed dividend of erstwhile TVS Autolec Limited (TVSA)) was transferred to IEPF. In terms of the provisions of Section 205C of the Companies Act, 1956, no claim shall lie against the Company or the said Fund after the said transfer.

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Details of dividend declared by the Company for the financial year 2006-2007 (1st Interim) and onwards are given below:

Financial Year	Pay-out	Declared on	Dividend %	Amount per share Rs
2006-2007	1st Interim - pre-bonus	26-11-2006	85	0.85
2006-2007	2nd Interim - post-bonus	12-03-2007	45	0.45
2007-2008	1st Interim	29-10-2007	45	0.45
2007-2008	2nd Interim	06-06-2008	45	0.45
2008-2009	Interim	04-06-2009	50	0.50
2009-2010	1st Interim	29-01-2010	40	0.40
2009-2010	2nd Interim	29-05-2010	50	0.50
2010-2011	1st Interim	09-11-2010	55	0.55
2010-2011	2nd Interim	30-05-2011	70	0.70
2011-2012	1st Interim	09-02-2012	60	0.60
2011-2012	2nd Interim	28-05-2012	80	0.80
2012-2013	1st Interim	08-11-2012	60	0.60
2012-2013	2nd Interim	30-05-2013	80	0.80

Members who have not encashed the dividend warrant(s) so far for the financial year ended 31st March 2007 (1st Interim) and/or any subsequent financial years are requested to make their claim to the Registrar and Share Transfer Agents of the Company.

- 10) At this annual general meeting Sri V Narayanan, Director and Sri R Ramakrishnan, Director, retire by rotation and being eligible, offer themselves for re-appointment.

## Particulars of Directors seeking re-appointment as required to be furnished under Clause 49 of the Listing Agreement

### Sri V Narayanan

Sri V Narayanan, aged about 75 years, is an M Sc (Chemistry) from Madras University and has managerial experience spanning over 50 years. He was the Chairman and Managing Director of erstwhile Pond's (India) Limited. He has been associated with the Company as Director since September 1994.

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

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

As on date he is holding 1,200 equity shares of Re 1 each.

### Sri R Ramakrishnan

Sri R Ramakrishnan aged about 76 years is a Bachelor of Science from Madras University. He underwent training in Tata Iron & Steel Company Limited, Jamshedpur. He is a lifetime Member of Wire Association International, USA. He started Indian Reinforcing Co (Welded Mesh) Pvt Ltd in 1958 and Concord Arai Pvt Ltd in 1965. He was a Member of Indian Advisory Board, Standard Chartered Bank for 6 years during 1987 to 1993. He was a

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Director of IndusInd Bank Limited, Mumbai, for 8 years from 1996 to 2004. He was a Director of SRP Tools Limited, Chennai, from 1990 to 2005. Sri R Ramakrishnan has more than 56 years of managerial experience in manufacturing, marketing as an entrepreneur. He has 22 years' experience in Finance and Banking. He has been associated with the Company since June 2003.

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

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

As on date he is holding 6,400 equity shares of Re 1 each

## Ms Arundathi Krishna

Ms Arundathi Krishna aged about 39 years is the daughter of Sri Suresh Krishna, Chairman and Managing Director. She holds an MA degree in Econometrics from University of Madras ranked 2nd in graduating class and MBA from University of Michigan, USA.

She was associated with America-On-Line Netscape, San Francisco, USA. She was also associated with Pond's (India) Limited, as a Brand Manager during 1996-1997 and also with The Hindu & Business Line as a Freelance Journalist during 1994-1998. She joined SFL in 1997 as Manager - BS&S. She structured and developed Gear Shifter Assembly Project in SFL which enabled the Company to generate additional revenue. She headed a Capital Budget Project for identification and evaluation of suppliers to enhance revenue streams and to negotiate with MNC customers viz. Ford, GM and Hyundai. She was engaged in the implementation of TPM and TQM practices. She has been re-designated as Managing Director of the Company (designated as Deputy Managing Director) with effect from 30th May, 2013.

She held the position of Whole-time-Director in Upasana Engineering Ltd between 2005 and 2008 and is currently holding the position of Managing Director. She is the Chairperson of the Audit Committee of Upasana Engineering Limited.

Nature of expertise in specific functional area - Corporate strategy and General Management.

Chennai  
May 30, 2013

By Order of the Board

**V G JAGANATHAN**  
Executive Director & Secretary

# Sundram Fasteners Limited

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## EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

### Item No. 5

Ms Arundathi Krishna was appointed as Whole-time Director of the Company for a period of five years with effect from 18th September 2008. The appointment was approved by the Shareholders at the Annual General Meeting held on 20th August 2009.

Ms Arundathi Krishna has taken over additional responsibilities. In view of the additional responsibilities the Board of Directors vide its unanimous resolution under Section 316 of the Companies Act, 1956 adopted on 30th May 2013 has re-designated Ms Arundathi Krishna as the Deputy Managing Director of the Company with effect from 30th May 2013. Except for the above change, all other terms and conditions as approved by the shareholders vide their resolution dated 20th August 2009 shall remain unaltered till the end of the current tenure (i.e. 17th September, 2013).

The proposal as set out in the Notice is placed for consideration and approval.

Ms Arundathi Krishna, Whole-time Director is deemed to be interested since it relates to her re-designation. Sri Suresh Krishna, Chairman and Managing Director and Ms Arathi Krishna, Joint Managing Director, being the relatives of Ms Arundathi Krishna may be deemed to be interested in the resolution.

No other Director is concerned or interested in these Resolutions.

### Item No. 6

The Board of Directors vide its unanimous resolution under Section 316 of the Companies Act, 1956 adopted on 30th May 2013 appointed Ms Arundathi Krishna as Managing Director of the Company (Designated as Deputy Managing Director) for a period of five years from 18th September 2013 to 17th September 2018 on the terms and conditions including remuneration in accordance with the provisions contained in Schedule XIII to the Companies Act, 1956.

The details of the remuneration payable to Ms Arundathi Krishna as Deputy Managing Director are set out below:

- |     |  |   |   |
|-----|--|---|---|
| I   | Salary   | : | Rs 2,00,000 per month   |
| II  | Commission/Performance Bonus   | : | Such percentage of net profits of the Company or such other quantum of the net profits of the Company as may be approved by the Board of Directors, at its absolute discretion, for each financial year computed in the manner specified under Sections 198, 309 and 349 of the Companies Act, 1956 subject to, however, the total remuneration in any financial year shall not exceed the limits prescribed from time to time under the Companies Act, 1956. |
| III | Compensation in lieu of contribution to Superannuation Fund or any other approved fund / scheme either partly or fully up to maximum of 15% of Salary. |   |   |
| IV  | Perquisites:   |   |   |
|     | a)   |   | Free use of furnished residential accommodation owned or leased by the Company with facilities and amenities including water, gas, electricity, maintenance, security, furnishings and all utilities and services.  |

If no accommodation is provided, Deputy Managing Director shall be entitled to house rent allowance subject to a ceiling of 60% of her salary.

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The expenditure incurred by the Company on gas, electricity, water, maintenance, security, furnishings and all utilities and services shall be valued as per Income-tax Rules, 1962.

- b) Reimbursement of medical expenses for self and family, including premium for medical insurance.
- c) Leave travel concession, once in a year, as per the rules of the Company.
- d) Payment of fees, subscription and other incidental charges to clubs.
- e) Payment of premium on personal accident insurance.
- f) Company's contribution to provident fund and pension / superannuation fund, as per the rules of the Company. Company's contribution to superannuation fund shall be subject to such variations / modifications as Ms Arundathi Krishna, Deputy Managing Director may determine including the quantum of contribution to such fund or any other approved fund or scheme.
- g) Gratuity as per the rules of the Company.
- h) Provision of car with driver.
- i) Provision of telephone at residence. Personal long-distance calls shall be charged to the Deputy Managing Director.

## V Other Benefits:

- a) Leave on full pay and allowances as per rules of the Company, but not exceeding one month's leave for every eleven months service. Leave accumulated shall be encashed at the end of the tenure.
- b) Benefits under loan and other schemes in accordance with the practices, rules and regulations in force in the Company from time to time.
- c) Such other benefits, amenities and facilities as may be provided by the Company to other senior executives from time to time.
- d) Such other benefits, amenities and facilities including those under the Special Post Retirement Benefits Scheme as per the rules of the Company.

## VI The Board may revise the remuneration payable to the Deputy Managing Director, during any financial year during currency of the present tenure of office, in such manner as agreed to between the Board of Directors and the Deputy Managing Director subject to the condition that the remuneration by way of salary, perquisites, commission, other allowances shall not exceed such percentage of net profits of the Company as prescribed under Schedule XIII to the Companies Act, 1956.

## VII Minimum remuneration:

In the event of any loss or inadequacy of profits for any financial year, the Board of Directors shall revise the remuneration payable to the Deputy Managing Director, during such financial year, in such manner as agreed to between the Board of Directors and the Deputy Managing Director and within the limits prescribed in this behalf under Schedule XIII to the Companies Act, 1956.

Ms Arundathi Krishna will not be entitled to sitting fee for each meeting of the Board or Committee thereof attended by her. She shall exercise such of the powers as may be delegated from time to time by the Board of Directors. She shall carry out such duties as may be entrusted to her by the Chairman and Managing Director from time to time.

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The proposal as set out in the Notice is placed for consideration and approval. A brief resume of Ms Arundathi Krishna is annexed to this notice.

Ms Arundathi Krishna, Deputy Managing Director, may be deemed to be interested in this Resolution since it relates to her appointment and remuneration. Sri Suresh Krishna, Chairman and Managing Director and Ms Arathi Krishna, Joint Managing Director, may also be deemed to be interested, being relatives of Ms Arundathi Krishna.

No other Director is concerned or interested in the Resolution.

Chennai  
May 30, 2013

By Order of the Board  
**V G JAGANATHAN**  
Executive Director & Secretary

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## Green Initiative in the Corporate Governance

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





# **Sundram Fasteners Limited**

## **ANNUAL REPORT**

**for the year ended  
31st March 2013**

# Sundram Fasteners Limited

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

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# Sundram Fasteners Limited

## FINANCIAL HIGHLIGHTS

Rs lakhs

Particulars	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
<b>Operating results</b>										
Revenue from Operations	206,942	214,664	181,072	133,386	126,219	120,592	119,944	106,199	92,955	68,912
Total Revenue	209,572	216,471	181,508	133,903	126,748	120,963	120,281	106,396	93,142	69,214
EBIDT	28,363	31,315	23,446	17,275	16,562	15,443	16,999	15,373	13,247	10,286
Interest	8,135	9,220	3,567	1,742	10,104	1,574	2,793	3,019	635	(489)
EBDT	20,228	22,095	19,879	15,533	6,458	13,869	14,206	12,354	12,612	10,775
Depreciation	7,162	6,361	5,454	4,748	4,223	3,423	3,012	2,739	2,333	1,977
EBIT	21,202	24,954	17,992	12,527	12,339	12,020	13,987	12,634	10,914	8,309
Profit before tax	13,066	15,734	14,425	10,785	2,235	10,446	11,194	9,615	10,279	8,798
Tax	3,688	4,475	3,882	3,283	494	3,499	4,008	3,422	3,339	3,008
Profit after tax	9,506	11,260	10,543	7,502	1,741	6,947	7,186	6,193	6,940	5,790
<b>Financial status</b>										
Net fixed assets	72,904	71,288	63,956	57,978	56,798	51,944	40,476	35,235	31,786	25,867
Investments	13,202	14,263	14,237	14,239	14,245	13,325	7,276	7,215	2,160	2,021
Net current assets	71,863	69,596	60,896	40,726	45,888	39,365	39,955	39,670	31,665	22,039
Share capital	2,101	2,101	2,101	2,101	2,101	2,101	2,101	1,051	1,051	1,051
Reserves and surplus	67,328	61,245	53,394	45,914	40,621	40,110	35,375	31,337	27,148	22,241
Net worth	69,429	63,346	55,495	48,015	42,723	42,211	37,476	32,387	28,199	23,292
Loan funds	79,505	82,870	74,961	56,791	66,738	55,507	43,969	43,860	32,056	21,754
Deferred Tax Liability	9,034	8,931	8,633	8,137	7,470	6,915	6,261	5,873	5,356	4,881
Total capital employed	157,968	155,147	139,089	112,943	116,931	104,633	87,707	82,120	65,611	49,927
<b>Performance parameters - %</b>										
EBIDT to Revenue from Operations	13.7	14.6	12.9	13.0	13.1	12.8	14.2	14.5	14.3	14.9
EBIT to Revenue from Operations	10.2	11.6	9.9	9.4	9.8	10.0	11.7	11.9	11.7	12.1
PBT to Revenue from Operations	6.3	7.3	8.0	8.1	1.8	8.7	9.3	9.1	11.1	12.8
EBIDT/Average capital employed [ROCE]	18.1	21.3	18.6	15.0	15.0	16.1	20.0	20.8	22.9	24.3
EBIT / Average capital employed	13.5	17.0	14.3	10.9	11.1	12.5	16.5	17.1	18.9	19.6
PAT/Average net worth	14.3	18.9	20.4	16.6	4.1	17.4	20.6	20.4	27.0	26.0
Bonus issue	-	-	-	-	-	-	1:1	-	-	-
EPS before extra ordinary items - Rs	4.52	5.36	5.02	3.57	0.83	3.21	3.59	5.92	6.61	5.51
EPS after extra ordinary items - Rs	4.52	5.36	5.02	3.57	0.83	3.31	3.42	5.92	6.61	5.51
Dividend per share - Rs	1.40@	1.40@	1.25@	0.90@	0.50@	0.90@	1.75@	1.70	1.70	1.40
Dividend payout ratio	30.95	26.13	24.91	25.21	60.36	27.26	25.59	28.81	25.76	25.41
Book value per share - Rs	33.04	30.15	26.41	22.85	20.33	20.09	17.84	30.83	26.83	22.16
Market value per share - Rs	40.50@	55.35@	51.05@	51.60@	14.85@	32.35@	63.75@	169.30	109.45	87.05

PAT of F.Y 2012-13 includes profit from exceptional items of Rs 127.80 Lakhs

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

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## REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

The Directors are pleased to present the Fiftieth Annual Report together with the audited accounts for the year ended 31st March 2013.

### FINANCIAL RESULTS

	<u>2012-13</u>	Rs lakhs <u>2011-12</u>
Revenue from Operations	<u>206,941.67</u>	214,663.52
Other Income	<u>2,630.12</u>	1,807.43
<b>Total Revenue</b>	<u><b>209,571.79</b></u>	<u>216,470.95</u>
Gross Profit before interest, depreciation and taxes	<u>28,363.33</u>	31,315.75
Less : Interest	<u>4,108.75</u>	3,490.26
Exchange Losses/(Gains)	<u>4,026.54</u>	5,729.74
Depreciation	<u>7,161.54</u>	6,361.31
Profit before Exceptional Items and taxes	<u>13,066.50</u>	15,734.45
Exceptional items	<u>127.80</u>	-
Profit before tax	<u>13,194.30</u>	15,734.45
Less : Provision for tax	<u>3,688.05</u>	4,474.58
Profit after tax	<u>9,506.25</u>	11,259.87
Add : Balance brought forward	<u>6,269.74</u>	3,418.72
Balance available for appropriation	<u>15,775.99</u>	14,678.59
<b>Appropriations</b>		
Interim Dividends	<u>2,941.80</u>	2,941.80
Tax on Interim Dividends	<u>481.63</u>	467.05
Transfer to General Reserve	<u>5,000.00</u>	5,000.00
Balance carried forward	<u>7,352.56</u>	6,269.74
	<u>15,775.99</u>	14,678.59

### SALES & PROFITS

The Company recorded total Net Sales and other income of Rs 2,095.72 Crores for the year ended March 31, 2013 as against Rs 2,164.71 Crores achieved during the previous year. The export sale was at Rs 678.25 Crores as against Rs 645.88 Crores in the previous year. The Profit after tax was at Rs 95.06 Crores as against Rs 112.60 Crores in the previous year.

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

### DIVIDEND

The Directors have decided to pay a Second Interim Dividend of Re 0.80 per Share of face value of Re 1 each, which together with the Interim Dividend of Re 0.60 declared and paid earlier would amount to a total dividend for the year of Rs 1.40 per share of Re 1 each. Dividend disbursed amounted to Rs 1,260.77 lakhs. Second Interim Dividend will absorb a total amount of Rs 1,681.03 lakhs. The Directors do not recommend any final dividend.

### CONSOLIDATED FINANCIAL STATEMENTS / STATUTORY STATEMENTS

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

As per Section 212 of the Companies Act, 1956, the Company is required to attach the Directors' Report, Balance Sheet and Statement of Profit and Loss 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.

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# **Sundram Fasteners Limited**

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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 V Narayanan, Director and Sri R Ramakrishnan, 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.

## **COST AUDITOR**

Pursuant to Section 233B(2) of the Companies Act, 1956, the Board of Directors on the recommendation of the Audit Committee, re-appointed Sri P Raju Iyer, a Cost Accountant, as Cost Auditor of the Company for the Financial Year ending 31st March 2014.

## **INDUSTRIAL RELATIONS**

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

## **GENERAL**

The Directors wish to thank the Chinese Authorities, Officers of Haiyan County, Jiaxin City, Zhejiang province, Chinese tax and other administrative authorities for the support extended to Sundram Fasteners (Zhejiang) Limited.

The Directors wish to thank One North East, the Regional Development Authority for Cramlington, United Kingdom for the continued support extended to the Subsidiary.

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

On behalf of the Board

**SURESH KRISHNA**  
Chairman & Managing Director

Chennai  
May 30, 2013

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## **ANNEXURE TO DIRECTORS' REPORT**

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

#### **A. Conservation of Energy**

- a. Measures taken:
  1. Optimising compressed air consumption and elimination of leaks.
  2. Replacement of old reciprocating compressors with energy efficient screw compressors with variable frequency drive.
  3. Introduction of variable frequency drive for forging machines.
  4. Conservation of fuel consumption in thermopack.
- 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 fasteners with cold worked super alloys.
    - b) Macro etching of super alloys.
    - c) Development of aircraft fasteners with tool steel materials.
    - d) Heated die compaction of powder metal parts developed.
    - e) Development of Water Pumps conforming to BS III & BS IV emission norms for Truck applications.
  2. Future plan of action:
    - a) Process optimisation for hard turning super alloys.
    - b) Stretch rolling of steel fasteners.
    - c) Establishment of manganese phosphate coating.
    - d) Establishment of GEOMET coating.
  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.
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# Sundram Fasteners Limited

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## 4. Expenditure on Research & Development:

The Company has incurred expenditure amounting to Rs 1,234.31 lakhs (Capital expenditure Rs 524.01 lakhs and Revenue expenditure Rs 710.30 lakhs) towards Research and Development. The Expenditure on Research & Development as a percentage of turnover - 0.59%.

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 67,825.24 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 32,962.97 Lakhs
b) Foreign Exchange earned	Rs 68,292.86 Lakhs

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

On behalf of the Board

Chennai  
May 30, 2013

**SURESH KRISHNA**  
Chairman & Managing Director

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Overview

India's gross domestic product and the Index of Industrial Production registered a growth of about 5% (7%) and 1% (2.8%) respectively during the financial year 2012-13, reflecting a slower growth of the Indian economy than in the previous year. Growth rate has been the slowest in the last ten years.

The global economy grew very slowly with emerging economies registering a slow growth. The US economy showed better signs of growth; however various indices of the US economy fluctuated erratically making it difficult to arrive at a definite conclusion that economic recovery is under way. Problems created by "fiscal cliff" depressed the sentiments. The European economies have been stressed due to financial crisis in a number of countries in the Euro zone and spending cuts of unprecedented magnitude mandated under rescue packages for avoiding sovereign bankruptcy of some nations in the Euro zone.

During 2012-13, the automotive sector showed a weak growth with some important segments posting a negative growth. The following table shows the production trend of the industry:

Category	Motor Vehicle Production (in Nos.)		
Segment / Sub-segment	2012-13	2011-12	Variance %
<b>I Passenger Vehicles (PVs)</b>			
Passenger Cars	24,29,199	25,37,170	(4.26)
Utility Vehicles (UVs)	5,64,928	3,70,945	52.29
Vans	2,39,434	2,37,954	0.62
Total Passenger Vehicles (PVs)	32,33,561	31,46,069	2.78
<b>II Commercial Vehicles (CVs)</b>			
<u>M &amp; HCVs</u>			
Passenger Carriers	50,024	54,156	(7.63)
Goods Carriers	2,28,536	3,30,645	(30.88)
Total M & HCVs	2,78,560	3,84,801	(27.61)
<u>LCVs</u>			
Passenger Carriers	51,376	50,017	2.72
Goods Carriers	5,01,808	4,94,318	1.52
Total LCVs	5,53,184	5,44,335	1.63
Total Commercial Vehicles	8,31,744	9,29,136	(10.48)
<b>III Three Wheelers</b>			
Passenger Carriers	7,40,689	7,68,687	(3.64)
Goods Carriers	99,053	1,10,602	(10.44)
Total Three Wheelers	8,39,742	8,79,289	(4.50)
<b>IV Two Wheelers</b>			
Scooter / Scooterette	30,25,014	26,59,340	13.75
Motor cycle / step-throughs	1,19,04,212	1,19,82,669	(0.65)
Mopeds	7,91,954	7,85,523	0.82
Total Two Wheelers	1,57,21,180	1,54,27,532	1.90
<b>V Tractors</b>	5,78,690	6,41,845	(9.84)
<b>Grand Total of All Categories</b>	<b>2,12,04,917</b>	<b>2,10,23,871</b>	<b>0.86</b>

Source : SIAM/TMA



# Sundram Fasteners Limited

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The domestic market was subdued due to macro economic problems, high inflation, high petroleum product prices, high interest rates and poor consumer sentiment.

There was an improvement in the sales of passenger cars during 2012 in the US and contraction in Europe. In the overseas markets, the CV industry has continued to struggle, with sales recorded at much lower than peak levels. Growth levels in sales of passenger cars may remain muted during 2013, especially in Europe, due to high levels of unemployment and volatile consumer confidence.

## Domestic Sales

Domestic sales showed a decline at Rs 1,347 crores from Rs 1,451 crores in the light of drop in production of vehicles, especially Medium and Heavy commercial vehicles. Demand from automotive OEMs was muted throughout the year. Aftermarket sales showed a slow growth as confidence levels of dealers were low resulting in carrying lower stocks. Upsurge in petrol prices resulted in a shift towards diesel powered vehicles affecting some manufacturing units of the Company adversely.

## Exports

The US market showed signs of recovery and the confidence levels of the Company's customers were tempered by slow down in Europe and the challenges posed by events like the "US fiscal cliff". European markets continued to be hit by recession and negative sentiments. Exports were at Rs 678 crores as against Rs 645 crores in the previous year, an increase of 5%. Export sales were around 34% of the overall sales revenues. The Company's push for adding new products and new customers is expected to result in further improvement in exports in the near future. Volatility in exchange rates and slow recovery in demand from European customers are causes for concern.

## Financial Performance

Depressed market conditions resulted in lower sales in many of the units of the Company. Raw material prices were steady during the year. Other input costs rose across the board, especially of petroleum based products. **Non-availability of power due to scheduled power-cuts up to 40%, power-holidays 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. High levels of inflation had a direct impact on wage costs. The Company continued to be under pressure due to rising manufacturing costs. Freight rates also increased in line with increase in cost of diesel and other inputs related to the transportation industry.

During the year, PBIDT (Profit before interest, foreign exchange fluctuation, depreciation, exceptional income and tax) was at Rs 283.63 crores as against Rs 313.16 crores in the previous year.

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. Financing costs, including premiums on forward cover and adverse foreign exchange variations of Rs 40.27 crores (Rs 57.30 crores) on foreign currency borrowings, were at Rs 81.35 crores as against Rs 92.20 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 of foreign currency denominated items as expense or income in the statement of profit and loss. It may be noted that even after providing for foreign exchange losses, the net borrowing costs of the company would be more cost-effective than rupee loans on a door-to-door basis.

Depreciation was higher at Rs 71.62 crores (Rs 63.61 crores) on account of increased capital expenditure incurred over the recent years.

Profit before tax was lower at Rs 130.67 crores (Rs 157.34 crores). Exceptional items resulted in a net income of Rs 1.28 crores. Profit after tax amounted to Rs 95.06 crores (Rs 112.60 crores).

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

Rs lakhs

	<b>2012-13</b>	2011-12
Net Sales	<b>206,941.67</b>	214,663.52
Other Income	<b>2,630.12</b>	1,807.43
Total Income	<b>209,571.79</b>	216,470.95
Total expenditure	<b>181,208.46</b>	185,155.19
Profit before depreciation, interest and tax (PBDIT)	<b>28,363.33</b>	31,315.76
Finance Cost	<b>8,135.29</b>	9,220.00
Depreciation/Amortisation	<b>7,161.54</b>	6,361.31
Profit before tax (PBT) and before Exceptional item	<b>13,066.50</b>	15,734.45
Exceptional item	<b>(127.80)</b>	–
Profit before tax (PBT)	<b>13,194.30</b>	15,734.45
Current tax	<b>3,582.04</b>	4,189.42
Deferred tax	<b>103.30</b>	297.93
Profit after tax (PAT)	<b>9,508.96</b>	11,247.10
Tax (paid)/refunds relating to earlier years	<b>(2.71)</b>	12.77
Profit after tax and prior period items	<b>9,506.25</b>	11,259.87

**Key Ratios**

	<b>2012-13</b>	2011-12
PBDIT/Total Revenue	<b>13.5%</b>	14.5%
Material cost/Total Revenue	<b>46.3%</b>	46.8%
Operating expenses/Total Revenue	<b>40.2%</b>	38.7%
PBIT/Total Revenue	<b>10.1%</b>	11.5%
PBT/Total Revenue	<b>6.3%</b>	7.3%
PAT/Total Revenue	<b>4.5%</b>	5.2%
ROCE (Avg.Capital Employed)	<b>18.1%</b>	21.3%
RONW (Avg.Net Worth)	<b>14.3%</b>	18.9%
Economic Value Added (EVA) - Rs. lakhs	<b>4,416.97</b>	6,945.29
Incremental EVA - Rs lakhs	<b>(2,528.32)</b>	3,139.76

# Sundram Fasteners Limited

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## Subsidiaries / Consolidated Results

Performance of Subsidiaries has also been adversely affected by the slow-down in the automotive industry. German subsidiaries continued to be adversely affected by European financial crisis and by negative growth in automotive and other industries.

### Subsidiaries

Rs Crores

Particulars	2012-13	2011-12
Sales & Other Income	650.19	702.03
Cash Profit	15.83	18.29
Net Profit	(13.55)	(10.69)

### Consolidated Results

Rs Crores

Particulars	2012-13	2011-12
Sales & Other Income	2,692.09	2,800.63
Net Profit	93.37	100.57

## Capacities and Capital Expenditure

During the year, the Company has incurred Rs 97.45 crores towards capital expenditure on existing and new projects. Capital investments were pruned from budgeted capital expenditure of Rs 150 crores on account of lower demand projections from customers.

The Company proposes to expand capacities further in the manufacture of some of its product-lines based on long term contracts with its existing customers. The Company also proposes to add secondary capacities to develop new products for its customers. The total capital expenditure commitments during 2013-14 are likely to be around Rs 100 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 and Velappanchavadi, Chennai and at Hosur have been granted recognition by the Department of Scientific and Industrial Research (DSIR), making the Company eligible for weighted deduction under Section 35 (2AB) of the Income Tax Act. The Company continues to make additional investment in R&D activities aimed at development of new products and processes and cost optimisation. The Company incurred capital expenditure of Rs 524.01 lakhs besides incurring revenue expenditure of Rs 710.30 lakhs

## Quality Systems, TPM, TQM and Cost reduction

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

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

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In pursuance of the Company's quest to achieve manufacturing excellence, the company has embarked on a programme of Total Quality Management across all its units.

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

The Company has won many awards from its customers for supply of high quality products consistently over many years.

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

Human resources have been a pillar of strength to the Company since inception. The Company has evolved a host of policies relating to talent acquisition, retention and management. The Company has an extensive learning and development programme covering the entire management staff. The Company's mandate is to cover all the employees under training programmes in line with identified needs. Such focussed efforts have yielded results in terms of honing skills, acquiring new skill sets and developing a strategic intent. The Company has also introduced Young Leaders programme which grooms employees for leadership positions in the future. The compensation and benefits policies are reviewed and revised periodically to attract the best talent. Mentoring has enabled new employees to settle down quickly and shorten the learning curve. Performance Management system has been revamped and digitised which has facilitated data driven decision making.

The Company publishes an in house journal capturing the key moments in its growth and personal milestones of its employees which reinforces the camaraderie.

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

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

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

The health and safety of the employees are paramount. Accordingly, the Company endeavours to manufacture products with zero pollution and accidents by continually improving environmental and occupational health and safety management systems.

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

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.

With employees' participation, the Company eliminates or minimizes risks due to workplace hazards. Further, the Company strives to reduce, recycle and reuse waste. The Company aims to keep the factory clean, green and quiet.

**In recognition of the Company's efforts, the Tamil Nadu government has awarded the first prize of GREEN AWARD to its Krishnapuram factory appreciating the initiative taken to protect environment from pollution and the green cover provided in the factory.**

# Sundram Fasteners Limited

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## Risk Management

The Company is a leader in manufacture of automotive and engineering components. As a large scale manufacturer, the Company faces various internal and external risks.

Internal risks relate to internal control, information systems and security of data, availability of appropriate human resources, industrial relations, pollution control, etc. External risks include market volatility, contractual risks, competition, price, credit, availability of inputs and power at reasonable costs, currency, interest rates, availability of finance, inflation, changes in regulations and government policies.

Insurable risks such as public liability, product liability and product recall liability have been insured to the extent considered necessary.

The Company's senior management identifies the risks with assistance from experienced professionals and takes adequate measures for mitigation against potential disruptions and losses. Systems are in place for periodic review of the risks and to take counter measures to minimize the impact of such risks.

## Internal Control Systems

The Company has adequate internal control systems. The internal control systems comprising of various policies and procedures provide reasonable assurance with respect to safeguarding of assets, prevention and detection of errors and frauds and reliability of accounting records. The in-house internal audit is a key component of internal control system which systematically reviews the various internal controls. Special emphasis is placed on compliance with company policies, laws and regulations. Senior management personnel and statutory auditors also review the adequacy of internal audit.

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.

## Foreign Subsidiaries

### China

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

Sales and other income during the year 2012 amounted to RMB 114.031 million (Rs 9,692.67 lakhs) as against RMB 118.39 million (Rs 8,559.66 lakhs) during 2011. The operations resulted in a net profit of RMB 5.323 million (Rs 420.09 lakhs) as against a profit of RMB 5.010 million (Rs 341.13 lakhs) in 2011.

The business environment in China deteriorated during the last quarter of 2012 and remained dull during the first four months of 2013. The Chinese economy is expected to recover ahead of economies of other countries. New products for existing customers and addition of new customers will enable SFZL to post sizable better results in future years. SFZL has retained certifications according to ISO /TS16949-2002 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 millions (Rs 4,822.12 lakhs) in Equity capital besides lending Euro 8.050 million (Rs 5,594 lakhs) to meet short term requirements.

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Revenues during the year 2012 amounted to Euro 54.54 million (Rs 37,630.82 lakhs) as against Euro 66.923 million (Rs 43,886.06 lakhs) during 2011. The operations resulted in a loss before depreciation and taxes of Euro 3.420 million (Rs 2,352.30 lakhs) as against loss of Euro 2.866 million (Rs 1,925.38 lakhs) during 2011. Loss after taxes amounts to Euro 4.546 million (Rs 3,129.14 lakhs) during 2012 as against Euro 4.270 million (Rs 2,881.91 lakhs) during 2011.

Uncertain economic conditions prevailing in Europe continued to impact German operations. There has been a slight improvement during 2013. Substantial improvement will only happen when European markets return to normal.

The Company has entered into a 50% joint venture with a German partner to set up a plant for manufacture of fasteners for wind energy generators (WEG) and has invested Euro 3.0 million by way of equity capital and loans. As the emphasis on production of clean energy is likely to gather pace after the shutdown of nuclear plants, demand for WEG is likely to increase. The facility located at Hohenstein in eastern part of Germany has commenced operations during the first quarter of calendar year 2013.

### **UK Operations**

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

Sales and other income during the year 2012 amounted to GBP 8.763 million (Rs 7,453.42 lakhs) as against GBP 9.346 million (Rs 7,036.42 lakhs) during 2011. CPFL made a net profit after tax of GBP 0.646 million (Rs 532.06 lakhs) as against a net profit of GBP 0.913 million (Rs 722.76 lakhs) during 2011. CPFL paid dividends totalling GBP 2,40,000 (Rs 210.31 lakhs) during December 2012.

Recessionary conditions in Europe affected sales volumes as the entire sales are made to customers in Europe. Increased volumes and cost control is expected to help in achieving satisfactory results during 2013. Orders in the pipeline and development and manufacture of parts for a new customer will help further improve capacity utilisation. Outlook for 2013 appears to be better than 2012.

### **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 2012-13, Sales and other income were Rs 7,789.89 lakhs as against Rs 8,026.03 lakhs in the previous year, Export Sales increased marginally to Rs 1,518.08 lakhs from Rs 1,491.07 lakhs. Exceptional income amounted to Rs 111.82 lakhs. Profit after Tax amounted to Rs 439.81 lakhs as against a net profit of Rs 393.55 lakhs in the previous year.

Recession in automotive industry in India and Europe resulted in decline in sales. With UEL acquiring new customers, the performance during 2013-14 is expected to be better.

#### **Sundram Bleistahl Limited**

Sundram Bleistahl Limited (SBL) is engaged in manufacture of sintered valve guides at its 100% export oriented unit at Hosur, Tamilnadu. Bleistahl Produktions GmbH and Co KG holds 24%. SBL caters to the needs of Bleistahl Produktions GmbH & Co KG in Germany. During the year 2012-13, Sales and other income amounted to Rs 2,048.77 lakhs as against Rs 2,352.09 lakhs in the previous year. SBL made a net profit of Rs 34.55 lakhs as against a net profit of Rs 198.20 lakhs in the previous year. The performance of the Company reflects the general economic situation in Europe.

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

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# Sundram Fasteners Limited

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## Prospects, Risks and concerns

Weak growth in industrial production and gross domestic product are matters causing concern in the short run. FY 2012-13 started on a negative note caused by high inflation, rising input costs, power shortages, increase in excise duties, high interest rates, high current account deficit, volatile currencies and global uncertainties. Based on the forecast of a better monsoon and inflation slowly coming down, Indian economy is expected to recover and post a GDP growth of over 6%. With reduction in crude oil prices and price of gold, current account deficit may be lower in 2013-14.

The pace of growth in domestic market will improve as the government slowly addresses various problems during 2013-14. Prospects for increasing exports are bright. **Long term prospects for the auto-component industry appear to be good.**

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

Subsidiary companies are expected to show better performance during 2012-13.

## 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 income is very low.

The Company believes in sharing its prosperity with the society in which it operates, especially in an area where basic facilities and hence opportunities for social development are below par. The Company founded an English medium higher secondary co-educational school twenty years ago to provide high quality education with modern facilities to children. The Company bears the entire cost of running the school. Over the years, the expenditure has steadily increased in line with the increase in the number of children studying. Currently, about 450 children from surrounding villages are studying in the school run under the auspices of Krishna Educational Society. Students of the school have performed very well in curricular and co-curricular activities. The Company provides scholarships to students to pursue higher studies including University education. The school also offers career guidance to students with assistance from professional bodies.

The 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 2,500 families through the programme. The Company provides regular medical facilities especially to women and children. The centre treats about 50 - 70 patients every day. Medical facilities include maternity services, nutritional supplementation, immunization, family planning, children's health, geriatric health and health education programmes. A health education programme is conducted every month covering topics such as personal hygiene, food & nutrition, antenatal and neonatal care, family planning, HIV awareness, women's health and cancer.

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

## 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 2013, 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 there of, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

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

**M BALASUBRAMANIAM**  
Partner  
Membership No. F7945

Chennai  
May 30, 2013

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

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

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

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

### **2. Board of Directors**

#### ■ Composition of the Board

The Board consists of Ten Directors. The Board comprises Executive and Non-Executive Directors. The Chairman and Managing Director, Joint Managing Director and 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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## Sundram Fasteners Limited

- Number of Board Meetings

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

There were four Board Meetings during the year ended 31st March 2013, which were on 28th May 2012, 10th August 2012, 8th November 2012 and 11th February 2013. The 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) <sup>@</sup>	Committee Memberships (including SFL) <sup>#</sup>	
	Board	AGM		Chairman/Chairperson	Member
Sri Suresh Krishna Chairman & Managing Director	4	Yes	5	–	2
Ms Arathi Krishna Joint Managing Director	4	Yes	1	–	–
Ms Arundathi Krishna Whole-Time Director	4	Yes	2	1	–
Sri K Ramesh	–	No	7	–	–
Sri Venu Srinivasan	2	No	14	2	4
Sri V Narayanan	4	Yes	2	2	1
Sri R Srinivasan	4	Yes	9	3	3
Sri R Ramakrishnan	4	Yes	2	3	1
Sri C V Karthik Narayanan	3	Yes	1	–	–
Sri M Raghupathy IAS (Retd.)	3	Yes	2	–	1

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

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

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

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

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

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

- Code of Conduct

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

- Prevention of Insider Trading

The Company has framed a code of conduct for Prevention of Insider Trading based on SEBI (Prohibition of Insider Trading) Regulations, 1992. This Code is applicable to all Board members / officers / designated

employees. The code ensures the prevention of dealing in shares by persons having access to unpublished price sensitive information.

- Secretarial Standards

The Institute of Company Secretaries of India (ICSI) has *inter-alia* laid down Standards on secretarial practices relating to meetings of the Board and Board Committees, General Meetings etc. Though these Standards are 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 27<sup>th</sup> April 2012, 28<sup>th</sup> May 2012, 10<sup>th</sup> August 2012, 8<sup>th</sup> November 2012 and 11<sup>th</sup> February 2013. 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

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

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

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

The Chairman of the Audit Committee was present at the Annual General Meeting held on 17<sup>th</sup> August 2012.

- 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 2013 are as follows:

Particulars	Rs lakhs		
	CMD	JMD	WTD
Salary	48.00	42.00	24.00
Commission	200.00	200.00	125.00
Perquisites and other allowances	40.33	61.29	19.97
Total	<b>288.33</b>	<b>303.29</b>	<b>168.97</b>

# Sundram Fasteners Limited

The Remuneration paid to Non-Executive Directors for the year ended 31st March 2013 is as follows:

Rs lakhs

Name of the Director	Sitting Fee* – Rs.
Sri Venu Srinivasan	0.40
Sri V Narayanan	1.80
Sri R Srinivasan	1.80
Sri R Ramakrishnan	1.80
Sri C V Karthik Narayanan	0.60
Sri M Raghupathy	0.60

\*Includes sitting fee paid for attending Committee Meetings.

## 5. Investor / Shareholder Grievance Committee

- Details of the Members, Compliance Officer, Number of Complaints received and pending and pending transfers as on close of the year ended 31st March 2013 :

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

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

During the year, 1,010 queries and 13 complaints were received from shareholders/investors and other agencies, all of which have been resolved. No complaints of material nature were received during the year under review.

## 6. General Meetings

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

Year	Meeting	Location	Date	Time
2012	AGM	The Music Academy, Chennai	17-08-2012	10.00 am
2011	AGM	The Music Academy, Chennai	19-08-2011	10.00 am
2010	AGM	The Music Academy, Chennai	20-08-2010	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 2013:

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

\* *Joint holder.*

■ **Materially significant related party transactions during the year ended 31st March 2013:**

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

■ **Accounting treatment**

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

■ **Instances of non-compliance**

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

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

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

## 8. Means of Communication

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

## Sundram Fasteners Limited

### 9. General Shareholder Information

1	Annual General Meeting Date, Time and Venue	Friday, 23rd August 2013, 10.00 a.m. The Music Academy, Chennai 168, TTK Road, Chennai 600 014
2	Financial calendar	(i) April 2013 to March 2014 (ii) First Quarter Results – on or before 15-8-2013 (iii) Half-yearly Results – on or before 15-11-2013 (iv) Third Quarter Results – on or before 15-2-2014 (v) Annual Results for the year ending 31st March 2014 - on or before 30-5-2014
3	Record Date - 1st interim Dividend Record Date - 2nd interim Dividend Book Closure Date	23rd November 2012 12th June 2013 13th August 2013 to 23rd August 2013 (both days inclusive)
4	1st Interim Dividend 2nd Interim Dividend Final Dividend (if any) Payment Date	Paid on 3rd December 2012 Paid on 21st June 2013  –
5	Listing of Equity Shares on Stock Exchanges	The Equity Shares of the Company are listed on Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE) and Madras Stock Exchange Limited (MSE). The Company has paid the annual listing fees due to the Stock Exchanges for the year 2012-2013.
6	Registrar and Transfer Agents (acting as common agency for all investor servicing activities relating to both electronic and physical segments)	Integrated Enterprises (India) Limited, Kences Towers, 2nd Floor, No. 1, Ramakrishna Street, North Usman Road, T Nagar, Chennai 600 017 Telephone: +91 44 28140801 - 803 Fax : +91 44 28142479, 28143378 <b>E-Mail : <a href="mailto:corpserv@integratedindia.in">corpserv@integratedindia.in</a></b> <i>Investor Contacts :</i> Mr. Suresh Babu, Vice President Mr. S. Sriram, Assistant General Manager
7	Stock Code – Physical  The ISIN No. for Company's Equity Shares in Demat form Depository Connectivity	SFS – Madras Stock Exchange Limited (MSE) Code: 500 403 – Bombay Stock Exchange Ltd (BSE) SUNDRMFAST – National Stock Exchange of India Ltd 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 the timelines stipulated by SEBI. Demat requests are processed within a period of 10 days from the date of receipt.

## 9. General Shareholder Information (Contd.)

		<p>The Company's Registrar and Share Transfer Agent, Integrated Enterprises (India) Limited (IEL) has adequate infrastructure to process the share transfers. The Committee approves the transfers etc. as required from time to time.</p> <p>In compliance with the Listing / SEBI Guidelines –</p> <ul style="list-style-type: none"> <li>■ Sri K. Sriram, Practicing Company Secretary, S. Krishnamurthy &amp; Co., Chennai carries out Reconciliation of Share Capital Audit on 'Dematerialised Equity Shares and Equity Shares in physical form' every quarter and the necessary Reports are taken on record by the Board and also filed with the Stock Exchanges. The Equity Shares in Dematerialised form and Physical form tally with the issued / paid-up and listed capital of the Company.</li> <li>■ Sri K. Sriram, Practicing Company Secretary carries out a Due Diligence survey, pertaining to share transfers every six months and necessary certificates to that effect are issued and the same are filed with the Stock Exchanges.</li> </ul>
9	Pattern of Shareholding as on 31st March 2013	Data in statement form – Enclosed
10	Distribution of shareholding as on 31st March 2013	Data in statement form – Enclosed
11	Share Performance	Share Price Vs BSE Index – Graph form - Enclosed Share Price Vs NSE Index – Graph form - Enclosed
12	Share Price Data – High/Low	BSE – Data in statement form - Enclosed NSE – Data in statement form – Enclosed
13	Dematerialization of shares	<p>Shares of the Company can be held and traded in electronic form. As stipulated by SEBI, the shares of the Company are accepted in the Stock Exchanges for delivery compulsorily only in dematerialized form.</p> <p>96.37% of total equity capital (including holding of promoter companies) is held in dematerialized form with NSDL and CDSL as on 31st March 2013.</p> <p>Shares of the Company are actively traded in the Bombay Stock Exchange and National Stock Exchange, and hence have good liquidity.</p> <p>No capital has been raised in the last three years.</p>
	Details of public funding obtained in the last three years Outstanding GDRs/ADRs/ Warrants or any convertible instruments	Not issued.
14	Sub-division of Shares	Each equity share of face value of Rs 10 was subdivided into 10 equity shares of Re 1 each, effective 2nd February 2004. Following the sub-division and issue of bonus equity shares, there has been a significant increase in the number of shareholders.

# Sundram Fasteners Limited

## 9. General Shareholder Information (Contd.)

15	Plant Locations	<p><u>Tamil Nadu</u></p> <ol style="list-style-type: none"> <li>1) Padi, Chennai 600 050, Chengleput District</li> <li>2) Harita, Hosur 635 109, Krishnagiri District</li> <li>3) Krishnapuram, Aviyur 626 160, Virudhunagar District</li> <li>4) Mittamandagapet Village 605 106, Villupuram District</li> <li>5) Velappanchavadi, Chennai 600 077</li> <li>6) SIPCOT Industrial Complex, Gummidipoondi 601 021</li> <li>7) Auto Ancillary SEZ, Mahindra World City, Natham Sub Post, Chengleput, Kancheepuram District 603 002</li> </ol> <p><u>Puducherry (Pondicherry)</u></p> <ol style="list-style-type: none"> <li>8) Korkadu, Nettapakkam Commune, Bahur Taluk Puducherry 605 110</li> </ol> <p><u>Andhra Pradesh</u></p> <ol style="list-style-type: none"> <li>9) Bonthapally Village 502 313, Medak District</li> </ol> <p><u>Uttarakhand</u></p> <ol style="list-style-type: none"> <li>10) Pantnagar, Integrated Industrial Estate Rudrapur, Dist. Udam Singh Nagar Uttarakhand 263 153</li> </ol>
16	Address for communication	<p>Sundram Fasteners Limited 98A, 7th Floor, Dr Radhakrishnan Salai Mylapore, Chennai 600 004 Telephone: +91-44-28478500 Extn. : 236 / 213 Fax: +91-44-28478510 <b>E-mail: shanmugasundaram.b@corp.sfl.co.in</b></p> <p>Shareholders holding shares in electronic form should address all their correspondence relating to change in address/ instructions regarding dividend etc. to their respective <b>Depository Participant (DP)</b>.</p>
17	Compliance Officer	<p>Sri V G Jaganathan Executive Director and Secretary 98A, 7th Floor, Dr Radhakrishnan Salai Mylapore, Chennai 600 004 Phone: +91-44 – 28478500 Fax: +91-44 – 28478510 E-mail: vgj@corp.sfl.co.in</p>
18	Exclusive E-mail id for redressal of investor complaints	<p>In terms of Clause 47(f) of the Listing Agreement, investors may use the following E-mail id for redressal of complaints : <b>investorshelpdesk@corp.sfl.co.in</b></p>
19	Website	<p><b>www.sundram.com</b></p>

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## 10. NON-MANDATORY REQUIREMENTS

### 1) The Board

All the Independent Directors contribute effectively to the business carried on by the Company. In 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 and Managing Director, Joint Managing Director, 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 proforma, are published in Business Line (English) and Makkal Kural (Tamil) newspapers.

### 4) Audit Qualification

There is no Audit Qualification by the Statutory Auditors.

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

All the Non-executive (including independent) Directors are having rich experience and expertise in functional areas of manufacturing, operations, finance, sales and marketing. They are also members on the Board of other Companies. All of them actively take part in the deliberations at the Board Meetings and contribute effectively to the business. In the opinion of the Board neither training of Board members nor any evaluation is required.

### 6) Whistle Blower Policy

The Company has a mechanism for employees to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of business conduct and ethics. However, a policy framework will be established at the appropriate time.

## 11. Auditor's Certificate on Corporate Governance

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

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30th May 2013

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, 2013.

**SURESH KRISHNA**

Chairman & Managing Director

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# Sundram Fasteners Limited

## Categories of Shareholding as on 31<sup>st</sup> March 2013

Category	Shares	% holding
Promoter Companies	104,085,280	49.53
Mutual Funds	22,115,904	10.53
Insurance Companies, Financial Institutions & Banks	18,941,668	9.01
Foreign Institutional Investors	1,681,632	0.80
Public/Private limited companies	5,250,826	2.50
Non-resident Indians & Foreign Nationals	1,197,941	0.57
Resident Individuals	56,855,119	27.06
<b>Total</b>	<b>210,128,370</b>	<b>100.00</b>

## Distribution of Shareholding as on 31<sup>st</sup> March 2013

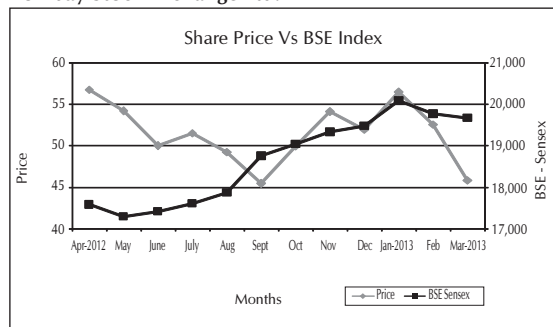
Number of Shares	Shareholders		No. of shares	
	Number	%	Number	%
upto 100	12,705	30.60	728,445	0.35
101 - 250	6,930	16.69	1,259,327	0.60
251 - 500	6,593	15.88	2,641,618	1.25
501 - 1,000	4,429	10.67	3,606,033	1.71
1,001 - 5,000	9,209	22.18	22,392,910	10.66
5,001 - 10,000	1,059	2.55	7,667,552	3.65
10,001 and above	597	1.43	171,832,485	81.78
<b>Total</b>	<b>41,522</b>	<b>100.00</b>	<b>210,128,370</b>	<b>100.00</b>
Physical Mode	5,246	12.63	7,633,070	3.63
Demat Mode	36,276	87.37	202,495,300	96.37
<b>Total</b>	<b>41,522</b>	<b>100.00</b>	<b>210,128,370</b>	<b>100.00</b>

## Share Price Data

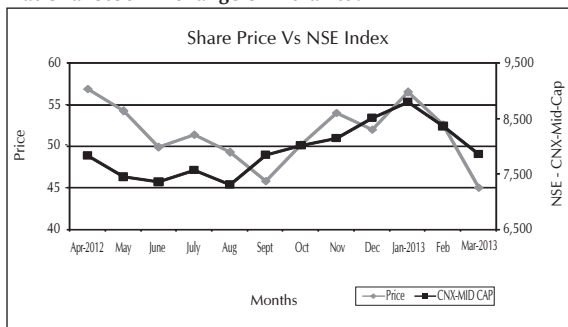
Month	Bombay Stock Exchange Ltd.				National Stock Exchange of India Ltd.			
	Price - Rs		Index - Sensex		Price - Rs		Index - CNX Mid Cap	
	High	Low	High	Low	High	Low	High	Low
April-2012	56.80	52.50	17,597.42	16,546.18	56.85	52.60	7,823.50	7,368.60
May-2012	54.25	48.60	17,301.91	15,948.10	54.20	48.60	7,443.75	6,821.85
June-2012	50.05	47.50	17,429.98	15,965.16	49.85	47.25	7,351.80	6,785.35
July-2012	51.55	45.90	17,618.35	16,639.82	51.35	45.70	7,565.50	7,023.75
August-2012	49.30	42.50	17,885.26	17,197.93	49.25	42.50	7,303.45	7,042.15
September-2012	45.50	42.55	18,762.74	17,313.34	45.80	42.55	7,840.55	7,088.90
October-2012	50.00	46.80	19,058.15	18,430.85	50.10	47.10	8,007.65	7,682.35
November-2012	54.15	47.65	19,339.90	18,309.37	54.00	47.70	8,139.80	7,703.80
December-2012	52.00	49.60	19,486.80	19,229.26	52.00	49.70	8,505.10	8,228.65
January-2013	56.50	48.75	20,103.53	19,580.81	56.45	48.65	8,791.05	8,205.95
February-2013	52.60	44.60	19,781.19	18,861.54	52.60	44.90	8,357.45	7,540.35
March-2013	45.90	39.00	19,683.23	18,681.42	45.05	39.10	7,855.75	7,291.05

Source: (Stock Exch - Web-site)

## Bombay Stock Exchange Ltd.



## National Stock Exchange of India Ltd.



## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SUNDRAM FASTENERS LIMITED FOR THE YEAR ENDED MARCH 31, 2013**

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

We have audited the accompanying financial statements of Sundram Fasteners Limited, Chennai ("the Company"), which comprise of Balance Sheet as at 31st March 2013, and the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date along with Notes to financial statements.

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

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

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

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2013;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

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

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## INDEPENDENT AUDITORS' REPORT (Contd.)

2. As required by section 227(3) of the Act, we report that:
- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e) on the basis of written representations received from the directors as on 31st March 2013, and taken on record by the Board of Directors, none of the directors are disqualified as on 31st March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

### Levy and Collection of cess on turnover or gross receipts

- f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

Chennai  
May 30, 2013

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

**M BALASUBRAMANIAM**  
Partner  
Membership No. F7945

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

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification at reasonable intervals, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The Company has not disposed off substantial part of its fixed assets, which will affect the going concern status of the company.
- (ii) (a) The inventory other than in transit has been physically verified at reasonable intervals during the year by the management. In our opinion, the frequency of such verification is adequate. In respect of inventory lying with third parties which have not been physically verified, there is a process of obtaining confirmation from such parties.
- (b) In our opinion and according to the information and explanations 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) During the year, the Company has granted unsecured loan to a wholly-owned subsidiary company covered in the register maintained under Section 301 of the Act amounting to Rs 250 Lakhs (Balance due as at the year end is Rs 1,850 Lakhs from one company). The Company has waived interest due from subsidiary companies viz., Peiner Umformtechnik GmbH and TVS Peiner Services, GmbH amounting to Rs 212.04 lakhs and Rs 13.77 lakhs respectively.
- (b) In our opinion, the rate of interest and other terms and conditions on which such loan is made is not prima facie prejudicial to the interest of the company.
- (c) The recovery of principal amount and interest thereon are in accordance with the terms of loan.
- (d) As on the date of Balance Sheet there was no overdue amount recoverable on the said loan.
- (e) The Company has not taken any loan secured or unsecured from Companies, firms or other parties covered in the Register maintained under Section 301 of the Act and accordingly paragraphs 4 (iii) (e), (f) and (g) are not applicable.
- (iv) In our opinion and according to the information and explanations 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 minor or major continuing failure has been noticed in the internal control procedures.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered in the register maintained in pursuance of Section 301 of the Act have been properly entered in the said register;

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

- (b) In our opinion and according to the information and explanations 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.
- (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, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities. However, certain marginal delays were noticed in respect of remittance of Employees' State Insurance, Income Tax Deducted at Source on sub contract payments and professional services, Works Contract Tax and Service Tax into Government and contribution to Tamilnadu Labour Welfare Fund.
- (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 2013 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	High Court of Judicature at Madras
Income Tax	346.12	Commissioner of Income Tax (Appeals)
Excise Duty	48.22	Central Excise & Service Tax Appellate Tribunal
Excise Duty	51.48	Commissioner (Appeals)
Excise Duty	2.23	High Court of Judicature at Madras
Property Tax	50.67	Commissioner & Secretary to Govt of Tamilnadu
Sales Tax/VAT	812.17	Joint Commissioner (Appeals) - Commercial Tax
Central Sales Tax	33.33	Commercial Tax Officer
Service Tax	42.36	Central Excise & Service Tax Appellate Tribunal
Service Tax	45.85	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.

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

- (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.
- (xiii) The Company is not a chit fund / nidhi / mutual benefit fund / society and clause (xiii) of the Order is not applicable.
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments other than in the units of mutual funds. Proper records have been maintained in respect of these transactions and contracts and timely entries have been made therein. The investments have been held by the Company in its own name except to the extent of exemption granted under Section 49 of the Act, in respect of shares held in subsidiary companies through the nominees.
- (xv) The Company has given guarantee to banks and financial institution for loans taken by Subsidiary Companies and also housing loans availed by its employees. The terms and conditions of such guarantees are not prejudicial to the interests of the Company.
- (xvi) In our opinion and according to the information and explanations 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 by the management, no fraud on or by the Company has been noticed or reported during the course of audit.

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

Chennai  
May 30, 2013

**M BALASUBRAMANIAM**  
Partner  
Membership No. F7945

# Sundram Fasteners Limited

## BALANCE SHEET AS AT 31ST MARCH 2013

	Note	As at		Rs lakhs
		31-3-2013	31-3-2012	As at 31-3-2012
<b>I EQUITY AND LIABILITIES</b>				
<b>1. Shareholders' Funds</b>				
(a) Share Capital	1	2,101.28	2,101.28	
(b) Reserves & Surplus	2	<u>67,327.52</u>	<u>61,244.70</u>	63,345.98
		<b>69,428.80</b>		
<b>2. Non-Current Liabilities</b>				
(a) Long-term Borrowings	3	28,815.06	25,591.43	
(b) Deferred Tax Liabilities (Net)	4	9,034.31	8,931.01	
(c) Long-term Provisions	7	<u>286.86</u>	<u>350.53</u>	34,872.97
		<b>38,136.23</b>		
<b>3. Current Liabilities</b>				
(a) Short-term Borrowings	3	42,105.29	43,995.72	
(b) Trade Payables	5	17,256.61	16,389.67	
(c) Other Current Liabilities	6	14,537.94	19,541.75	
(d) Short-term Provisions	7	<u>3,065.29</u>	<u>2,791.96</u>	
		<b>76,965.13</b>		82,719.10
Total		<u><b>184,530.16</b></u>		<u>180,938.05</u>
<b>II ASSETS</b>				
<b>1. Non-Current Assets</b>				
(a) Fixed Assets				
i) Tangible Assets	8	70,710.42	67,115.73	
ii) Intangible Assets	8	52.52	163.57	
iii) Capital work-in-progress	8	2,140.59	4,009.09	
(b) Non-current Investments	9	13,202.02	14,157.96	
(c) Long-term Loans and Advances	10	3,840.63	3,320.68	
(d) Other Non-current Assets	11	<u>46.73</u>	<u>45.78</u>	88,812.81
		<b>89,992.91</b>		
<b>2. Current Assets</b>				
(a) Current Investments	9	–	105.00	
(b) Inventories	12	32,118.22	32,397.69	
(c) Trade Receivables	13	43,292.13	43,352.09	
(d) Cash and Cash Equivalents	14	1,058.81	671.31	
(e) Short-term Loans and Advances	10	17,869.64	15,543.83	
(f) Other Current Assets	11	<u>198.45</u>	<u>55.32</u>	
		<b>94,537.25</b>		92,125.24
Total		<u><b>184,530.16</b></u>		<u>180,938.05</u>

**ARUNDATHI KRISHNA**  
Whole-Time Director

**ARATHI KRISHNA**  
Joint Managing Director

**SURESH KRISHNA**  
Chairman & Managing Director  
As per our report annexed  
For **SUNDARAM & SRINIVASAN**  
Chartered Accountants  
Regn. No. 0042075

**V G JAGANATHAN**  
Secretary

**M BALASUBRAMANIAM**  
Partner  
Membership No. F7945

Chennai  
May 30, 2013

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2013

	Note	Year ended <b>31-3-2013</b>	Rs lakhs Year ended 31-3-2012
I. Revenue from Operations	15	<b>206,941.67</b>	214,663.52
II. Other Income	16	<b>2,630.12</b>	1,807.43
III. Total Revenue		<b><u>209,571.79</u></b>	<u>216,470.95</u>
IV. <b>EXPENSES</b>			
Cost of Materials Consumed	17	<b>96,669.22</b>	105,322.81
Changes in Inventories of Finished Goods, Work-in-Process and Stock-in-Trade	18	<b>318.18</b>	(3,981.04)
Employee Benefit Expense	19	<b>20,191.10</b>	18,424.31
Finance Costs	20	<b>8,135.29</b>	9,220.00
Depreciation and Amortization Expenses	8	<b>7,161.54</b>	6,361.31
Other Expenses	21	<b>64,029.96</b>	65,389.11
Total Expenses		<b><u>196,505.29</u></b>	<u>200,736.50</u>
V. <b>Profit before exceptional and extraordinary items and tax (III - IV)</b>		<b>13,066.50</b>	15,734.45
VI. Exceptional Items [Refer Note No. 32 (5(i))]		<b>(127.80)</b>	-
VII. <b>Profit before extraordinary items and tax (V - VI)</b>		<b>13,194.30</b>	15,734.45
VIII. Extraordinary Items		-	-
IX. <b>Profit before tax (VII - VIII)</b>		<b>13,194.30</b>	15,734.45
X. Tax expense :			
1. Current Tax		<b>3,582.04</b>	4,189.42
2. Deferred Tax		<b>103.30</b>	297.93
3. Earlier years		<b>2.71</b>	(12.77)
XI. <b>Profit (Loss) for the period from continuing operations (IX - X)</b>		<b><u>9,506.25</u></b>	<u>11,259.87</u>
XII. Profit / (Loss) from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. <b>Profit / (Loss) from Discontinuing operations (after tax) (XII - XIII)</b>		-	-
XV. <b>Profit (Loss) for the period (XI + XIV)</b>		<b>9,506.25</b>	11,259.87
XVI. Earnings per equity share :			
1. Basic		<b>4.52</b>	5.36
2. Diluted		<b>4.52</b>	5.36
3. No. of Shares		<b>210,128,370</b>	210,128,370

**ARUNDATHI KRISHNA**  
Whole-Time Director

**ARATHI KRISHNA**  
Joint Managing Director

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

**V G JAGANATHAN**  
Secretary

**M BALASUBRAMANIAM**  
Partner  
Membership No. F7945

Chennai  
May 30, 2013



# Sundram Fasteners Limited

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

	Year ended 31-3-2013	Rs lakhs Year ended 31-3-2012
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax	13,194.30	15,734.45
<b>Adjustments for:</b>		
Depreciation	7,161.54	6,361.31
Provision for diminution in Investment	1,000.00	–
Interest expense (Net)	5,456.45	5,068.28
(Profit) / Loss on Sale of Investments	(102.85)	(52.69)
(Profit) / Loss on Sale of Assets (Net)	(1,129.66)	35.20
Dividend received	(310.88)	(241.07)
Unrealised Exchange (gain)/loss	542.17	2,884.64
	<u>12,616.77</u>	<u>14,055.67</u>
<b>Operating Profit before Extra-ordinary items &amp; Working Capital changes:</b>	<b>25,811.07</b>	<b>29,790.12</b>
<b>Adjustments for Changes in Working Capital:</b>		
Trade and other receivables <sup>@</sup>	(1,726.52)	(8,910.41)
Inventories	279.47	(3,704.58)
Trade and other payables <sup>§</sup>	962.87	4,461.28
Cash Generated From Operations	<u>25,326.89</u>	<u>21,636.41</u>
Less: Direct Taxes Paid (Net)	3,459.56	4,258.29
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b><u>21,867.33</u></b>	<b><u>17,378.12</u></b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(9,745.14)	(13,773.39)
Sale of Fixed Assets	2,098.12	44.77
Sale of Investments	67,414.79	49,052.69
Purchase of Investments	(67,250.99)	(49,026.22)
Interest received	699.15	375.67
Dividend received	310.88	241.07
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b><u>(6,473.19)</u></b>	<b><u>(13,085.41)</u></b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013 (Contd.)

	Year ended 31-3-2013	Rs lakhs Year ended 31-3-2012
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Term Loans raised during the year <sup>#</sup>	<b>12,814.87</b>	7,788.80
Term Loans repaid during the year	<b>(15,283.16)</b>	(10,606.41)
Proceeds from working capital loans(net of repayments)*	<b>(2,876.47)</b>	6,950.51
Interest paid	<b>(6,254.78)</b>	(5,396.89)
Dividend & Corporate Dividend Taxes Paid	<b>(3,406.15)</b>	(3,170.52)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(15,005.69)</b>	(4,434.51)
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)</b>	<b>388.45</b>	(141.80)
<b>CASH AND CASH EQUIVALENTS - Opening Balance</b>	<b>717.09</b>	858.89
<b>CASH AND CASH EQUIVALENTS - Closing Balance</b>	<b>1,105.54</b>	717.09
<b>Notes :</b>		
<b>CASH AND CASH EQUIVALENTS include</b>		
a) Cash and Cheques on hand	<b>361.46</b>	417.23
b) With Scheduled Banks:		
i) Current Account & Cash Credit a/c	<b>560.44</b>	124.86
ii) Deposit Accounts	<b>46.73</b>	45.78
iii) Dividend warrant Accounts	<b>136.91</b>	129.22
	<b>1,105.54</b>	717.09

@ Excludes unrealised exchange Gain of Rs 1,327.61 lakhs on Trade & Other Receivables (Last year Gain of Rs 788.28 lakhs).

\$ Excludes unrealised exchange Gain of Rs 109.9 lakhs on Trade & other Payables (Last year Gain of Rs 103.13 lakhs).

# Excludes unrealised exchange Loss of Rs 993.65 lakhs on term loans (Last year Loss of Rs 2,371.43 lakhs)

\* Excludes unrealised exchange Loss of Rs 986.03 lakhs on other borrowings (Last year Loss of Rs 1,404.62 lakhs)

**ARUNDATHI KRISHNA**  
Whole-Time Director

**ARATHI KRISHNA**  
Joint Managing Director

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

**V G JAGANATHAN**  
Secretary

**M BALASUBRAMANIAM**  
Partner  
Membership No. F7945

Chennai  
May 30, 2013

# Sundram Fasteners Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

	As at 31-3-2013	As at 31-3-2012
<b>1 SHARE CAPITAL</b>		
a) <b>Authorised</b>		
25,00,00,000 Equity Shares of Re 1 each	<u>2,500.00</u>	<u>2,500.00</u>
b) <b>Issued</b>		
21,01,28,370 Equity Shares of re 1 each	<u>2,101.28</u>	<u>2,101.28</u>
c) <b>Subscribed and Paid-up</b>		
21,01,28,370 Equity Shares of Re 1 each fully paid-up	<u>2,101.28</u>	<u>2,101.28</u>

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

Equity Shares	As at 31-3-2013		As at 31-3-2012	
	No. of shares	Value in Rs lakhs	No. of shares	Value in Rs lakhs
1 Balance at the beginning of the year	<b>210,128,370</b>	<b>2,101.28</b>	210,128,370	2,101.28
2 Add: Shares issued during the year	-	-	-	-
3 Bonus Shares issued during the year	-	-	-	-
4 Balance at the end of the year	<b>210,128,370</b>	<b>2,101.28</b>	210,128,370	2101.28

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

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

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

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

Name of the Shareholder	As at 31-3-2013		As at 31-3-2012	
	No. of Shares	Shares as % of Total No. of Shares	No. of shares	Shares as % of Total No. of Shares
1. T V Sundram Iyengar & Sons Ltd., Madurai	<b>53,312,000</b>	<b>25.37</b>	53,312,000	25.37
2. Southern Roadways Limited, Madurai	<b>50,773,280</b>	<b>24.16</b>	50,773,280	24.16
Sub Total	<b>104,085,280</b>	<b>49.53</b>	104,085,280	49.53
3. Total No. of Shares of the Company	<b>210,128,370</b>	<b>100.00</b>	210,128,370	100.00

**g) Bonus Shares / Buy Back / Shares for consideration other than cash issued during the period of five years immediately preceding the financial year ended 31<sup>st</sup> March 2013 :**

(i) Aggregate number of equity shares allotted as fully paid up pursuant to contracts without payment being received in cash : Nil

(ii) Aggregate number of equity shares allotted as fully paid up by way of Bonus Shares : Nil.

(iii) Aggregate number of equity shares bought back : Nil

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

		Rs lakhs	
		As at 31-3-2013	As at 31-3-2012
<b>2</b>	<b>RESERVES AND SURPLUS</b>		
	<b>a) General Reserve</b>		
	1. Balance as at the beginning of the year	54,974.96	49,974.96
	2. Add : Transfer from Surplus in Statement profit and loss	<u>5,000.00</u>	<u>5,000.00</u>
	Sub Total	<u>59,974.96</u>	<u>54,974.96</u>
	3. Less : Amount utilized on issue of fully paid bonus shares	<u>-</u>	<u>-</u>
	4. Balance as at the end of the year	<u>59,974.96</u>	<u>54,974.96</u>
	<b>b) Surplus in Statement of Profit and Loss</b>		
	1. Balance as at the beginning of the period	6,269.74	3,418.72
	2. Profit for the period	<u>9,506.25</u>	<u>11,259.87</u>
	3. Balance available for appropriation (1 + 2)	<u>15,775.99</u>	<u>14,678.59</u>
	<b>Appropriations :</b>		
	4. Interim Dividend paid	1,260.77	1,260.77
	5. Tax paid there on	195.94	194.35
	6. Second Interim Dividend payable	1,681.03	1,681.03
	7. Tax payable there on	285.69	272.70
	8. Transfer to General Reserve	<u>5,000.00</u>	<u>5,000.00</u>
	9. Amount appropriated during the year	<u>8,423.43</u>	<u>8,408.85</u>
	10. Balance at the end of the year (3-9)	<u>7,352.56</u>	<u>6,269.74</u>
	Total Reserves and Surplus (a + b)	<u>67,327.52</u>	<u>61,244.70</u>
		<b>Long-term / Non-current</b>	<b>Short-term / Current</b>
		As at	As at
		31-3-2013	31-3-2012
<b>3</b>	<b>BORROWINGS</b>		
	<b>a) Secured</b>		
	i) Term Loans	26,815.06	23,173.68
	ii) Working Capital Loans*	<u>-</u>	<u>-</u>
	(A)	<u>26,815.06</u>	<u>23,173.68</u>
	<b>b) Unsecured</b>		
	i) Term Loans	2,000.00	2,417.75
	ii) Working Capital Loans	<u>-</u>	<u>-</u>
	(B)	<u>2,000.00</u>	<u>2,417.75</u>
	Total (A + B)	<u>28,815.06</u>	<u>25,591.43</u>
		<u>42,105.29</u>	<u>43,995.72</u>

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

# Sundram Fasteners Limited

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Rs lakhs

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

Particulars	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
a) Term Loans - Secured*	7,551.55	10,420.01	3,414.50	2,714.50
b) Term Loans - Unsecured	2,000.00	-	-	-
Total	<b>9,551.55</b>	<b>10,420.01</b>	<b>3,414.50</b>	<b>2,714.50</b>

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

### 4 DEFERRED TAX LIABILITY / ASSETS

#### a) Deferred Tax Liability

##### On Depreciation :

As per last Balance Sheet	<b>9,382.97</b>	8,831.55
For the current year (transferred from Statement of Profit & Loss)	<b>130.06</b>	551.42
Sub Total	<b>9,513.03</b>	9,382.97

#### b) Deferred Tax Asset :

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

As per last Balance Sheet	<b>(152.28)</b>	(152.12)
For the current year (transferred from Statement of Profit & Loss)	<b>(0.65)</b>	(0.16)

##### ii. Others

As per last Balance Sheet	<b>(299.68)</b>	(46.35)
For the current year (transferred from Statement of Profit & Loss)	<b>(26.11)</b>	(253.33)
Sub Total	<b>(478.72)</b>	(451.96)

Net Deferred Tax Liability (a + b)	<b>9,034.31</b>	8,931.01
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## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

		Rs lakhs			
		Long-term / Non-current		Short-term / Current	
		As at 31-3-2013	As at 31-3-2012	As at 31-3-2013	As at 31-3-2012
<b>5</b>	<b>TRADE PAYABLES</b>				
	Sundry Creditors for Goods Purchased / Services availed	—	—	<b>17,256.61</b>	16,389.67
		—	—	<b>17,256.61</b>	16,389.67
	Trade Payables includes :				
	a) Total outstanding Dues of Micro, Small & Medium Enterprises (MSMEs) **	—	—	<b>186.80</b>	271.70
	b) Total outstanding Dues of of creditors other than MSMEs	—	—	<b>17,069.81</b>	16,117.97
		—	—	<b>17,256.61</b>	16,389.67
	** 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 payment of interest or provision towards belated payments does not arise.				
<b>6</b>	<b>OTHER LIABILITIES</b>				
	a) Current Maturities of Long-Term Debt	—	—	<b>8,584.88</b>	13,283.15
	b) Interest accrued but not due	—	—	<b>288.58</b>	387.75
	c) Unclaimed Dividend	—	—	<b>136.91</b>	129.22
	d) Statutory Dues	—	—	<b>675.32</b>	710.65
	e) Trade deposits	—	—	<b>21.02</b>	7.19
	f) Unclaimed Wages & Salaries	—	—	<b>47.92</b>	20.20
	g) Unclaimed Bonus	—	—	<b>4.07</b>	5.36
	h) Bonus Payable	—	—	<b>212.18</b>	196.64
	i) Outstanding Liabilities	—	—	<b>4,115.77</b>	4,531.96
	j) Customer Advances	—	—	<b>288.45</b>	159.37
	k) Non-Statutory dues	—	—	<b>162.84</b>	110.26
	Total	—	—	<b>14,537.94</b>	19,541.75
<b>7</b>	<b>PROVISIONS</b>				
	(i) <b>Employee Benefits</b>				
	a) Leave Salary	<b>286.86</b>	350.53	<b>164.16</b>	98.60
	b) Gratuity	—	—	<b>481.63</b>	371.35
	(ii) <b>Others</b>				
	a) Dividend & dividend tax payable	—	—	<b>1,971.01</b>	1,953.73
	b) Expenses	—	—	<b>448.49</b>	368.28
		<b>286.86</b>	350.53	<b>3,065.29</b>	2,791.96

# Sundram Fasteners Limited

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

### 8 FIXED ASSETS - NON-CURRENT

Rs lakhs

Particulars	Tangible								Intangible		Total
	Aircraft*	Land - Free Hold	Land - Lease Hold	Buildings	Plant and Equip-ment#	Furniture & Fixtures	Office Equip-ment	Vehicles	Technical Know-how		
<b>A Cost of Assets</b>											
As at 01-04-2012	720.99	3,872.88	734.43	13,034.53	92,050.64	576.24	1,764.56	395.64	113,149.91	490.38	113,640.29
Additions	-	364.05	3.76	1,335.36	9,517.35	61.16	260.78	71.18	11,613.64	-	11,613.64
Sales / Discards	-	(248.16)	-	(753.58)	(456.70)	(11.97)	(111.56)	(55.09)	(1,637.06)	-	(1,637.06)
Other Adjustments											
- Exchange Difference	-	-	-	-	-	-	-	-	-	-	-
- Borrowing Costs	-	-	-	-	-	-	-	-	-	-	-
<b>As at 31-03-2013</b>	<b>720.99</b>	<b>3,988.77</b>	<b>738.19</b>	<b>13,616.31</b>	<b>101,111.29</b>	<b>625.43</b>	<b>1,913.78</b>	<b>411.73</b>	<b>123,126.49</b>	<b>490.38</b>	<b>123,616.87</b>
<b>B Depreciation / Amortization</b>											
As at 01-04-2012	53.87	-	39.01	3,181.74	41,010.16	389.76	1,221.93	137.71	46,034.18	326.81	46,360.99
Charges for the year	40.38	-	6.38	404.67	6,401.51	28.34	133.10	36.11	7,050.49	111.05	7,161.54
Deduction on sale or discards	-	-	-	(131.19)	(394.00)	(8.73)	(102.16)	(32.52)	(668.60)	-	(668.60)
Impairment for the year	-	-	-	-	-	-	-	-	-	-	-
<b>As at 31-03-2013</b>	<b>94.25</b>	<b>-</b>	<b>45.39</b>	<b>3,455.22</b>	<b>47,017.67</b>	<b>409.37</b>	<b>1,252.87</b>	<b>141.30</b>	<b>52,416.07</b>	<b>437.86</b>	<b>52,853.93</b>
<b>C Written Down Value</b>											
As at 31-03-2013	626.74	3,988.77	692.80	10,161.09	54,093.62	216.06	660.91	270.43	70,710.42	52.52	70,762.94
As at 31-03-2012	667.12	3,872.88	695.42	9,852.79	51,040.48	186.48	542.63	257.93	67,115.73	163.57	67,279.30
<b>D Capital Work-in-Progress</b>											
As at 31-03-2013	-	-	-	135.49	1,988.94	-	16.16	-	2,140.59	-	2,140.59
As at 31-03-2012	-	-	-	50.87	3,948.90	-	9.32	-	4,009.09	-	4,009.09

\* Jointly Owned

# Includes assets under operating lease to sub-contractors (Cost Rs 3,276.58 lakhs, Accumulated Depreciation Rs 1,669.57 lakhs, Written Down Value Rs 1,607.01 lakhs).

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31-3-2013	Rs lakhs As at 31-3-2012
<b>9 A. INVESTMENTS – Long-term / Non-current</b>		
<b>1. Non-Trade (Valued at Cost unless otherwise stated)</b>		
<b>Quoted equity instruments</b>		
a) 75,000 Equity Shares of Rs 2 each in Housing Development Finance Corporation Limited, Mumbai	<b>0.94</b>	0.94
b) 2,500 Equity Shares of Rs 2 each in HDFC Bank Limited, Mumbai	<b>0.05</b>	0.05
c) 20,439 Equity Shares of Rs 10 each in IDBI Bank Limited, Mumbai	<b>9.23</b>	9.23
<b>Unquoted equity instruments</b>		
a) 1,25,000 Equity Shares of Rs 10 each in Madras Engineering Industries Private Limited, Chennai	<b>12.50</b>	12.50
b) 100 Shares of Rs 5 each in TVS- Co-operative Stores Limited, Madurai	–	–
<b>2. Trade - (Valued at Cost unless otherwise stated)</b>		
<b>Unquoted equity instruments</b>		
<b>Investment in subsidiaries</b>		
a) 24,90,000 Equity Shares of Rs 10 each in Sundram Fasteners Investments Limited, Chennai (extent holding - 100%)	<b>249.00</b>	249.00
b) 14,00,000 Equity Shares of £ 1 each fully paid up in Cramlington Precision Forge Limited, Northumberland, UK (extent holding - 100%)	<b>1,117.12</b>	1,117.12
5,00,000 6% Redeemable Preference shares of £ 1 each fully paid up in Cramlington Precision Forge Limited	<b>406.02</b>	406.02
c) 3,50,000 Ordinary Shares of RM 1 each in Sundram RBI Sdn. Bhd. Kuala Lumpur, (Formerly RBI Auto Parts Sdn. Bhd., Kuala Lumpur, Malaysia) (extent holding - 70%)	<b>68.00</b>	68.00
Less : Provision for diminution in value of investments	<b>(68.00)</b>	(68.00)
d) 53,20,000 Equity Shares of Rs 10 each in Sundram Bleistahl Limited, Chennai (extent holding - 76%)	<b>532.00</b>	532.00
e) 18,215 Shares of US \$ 10 each in Sundram International Inc., Michigan, USA (extent holding - 100%)	<b>81.46</b>	81.46
Less : Provision for diminution in value of investments	<b>(81.46)</b>	(81.46)
f) Purchase price of Equity Share Capital in Peiner Umformtechnik, GmbH, Peine, Federal Republic of Germany (extent holding - 100%)	<b>4,791.55</b>	4,791.55
Less : Provision for diminution in value of investments	<b>(1,000.00)</b>	–
g) Capital Contribution in PUT Grundstucks GmbH, Peine, Federal Republic of Germany (extent holding - 100%)	<b>15.23</b>	15.23
h) Capital Contribution in Sundram Fasteners (Zhejiang) Limited, Zhejiang, People's Republic of China (extent holding - 100%)	<b>5,687.60</b>	5,687.60



# Sundram Fasteners Limited

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

		Rs lakhs	
9 A. INVESTMENTS – Long-term / Non-current (Contd.)	As at 31-3-2013	As at 31-3-2012	
i) 1,18,99,674 Equity Shares of Rs 10 each in Upasana Engineering Limited, Chennai (extent holding - 100%)	1,191.70	1,191.70	
j) 2,64,691 Equity Shares of Rs 10 each fully paid up in Sundram Non-Conventional Energy Systems Limited, Chennai (extent holding - 52.94%)	92.87	92.87	
k) Capital Contribution in TVS Peiner Services, GmbH (Formerly Peiner Logistik, GmbH), Peine, Federal Republic of Germany (extent holding - 100%)	15.34	15.34	
<b>Investment in Associate / Joint Venture</b>			
Capital Contribution in Windbolt, GmbH, Hohenstein-Ernstthal, Federal Republic of Germany (extent holding - 24.99%)	22.22	22.22	
<b>3. Other Investments (Valued at Cost)</b>			
<b>Unquoted</b>			
<b>Investment in Venture Capital Fund</b>			
a) Venture Capital Fund - 3,626 Units (previous year - 10,555 units) of Rs 100 each in the ICICI Emerging Sectors Fund, Bengaluru	3.63	10.56	
<b>Investment in Equity Shares</b>			
a) 35 Shares of Rs 100 each (Rs 65 paid up) in The Adyar Property Holding Co. Ltd.	-	-	
b) 5,788 Equity Shares of Class A were purchased at a premium of Rs 690 each and 1,44,692 (previous year - 40,000 shares) Equity Shares of Class B of Rs 10 each fully paid up in PPS Enviro Power Pvt. Ltd., Hyderabad	54.99	4.00	
<b>4. Government Securities</b>			
a) Kisan Vikas Patra (Series Nos. 43AA 954864, 43AA 954863, 07EE053434)	0.03	0.03	
Total (1 + 2 + 3 + 4)	<u>13,202.02</u>	<u>14,157.96</u>	
<b>B. INVESTMENTS - Short-term / Current</b>			
<b>1) Other Investments (Valued at Cost)</b>			
a) Investment in Equity Shares (Unquoted) 10,50,000 equity shares of Rs 10 each fully paid up in Arkay Energy (Rameswarm) Limited, Hyderabad	-	105.00	
Total	-	105.00	
<b>C. TOTAL INVESTMENTS (A + B)</b>			
a) Aggregate Value of Quoted investments	10.22	10.22	
b) Aggregate Value of Unquoted Investments	13,191.80	14,252.74	
Total (a + b)	<u>13,202.02</u>	<u>14,262.96</u>	
c) Aggregate provision for diminution in value of investments	1,149.46	149.46	
d) Market Value of Quoted Investments	651.72	539.37	

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	Rs lakhs			
	Non-current		Current	
	As at 31-3-2013	As at 31-3-2012	As at 31-3-2013	As at 31-3-2012
<b>10. LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD UNLESS STATED OTHERWISE)</b>				
A) Capital Advance	<b>1,830.62</b>	999.09	–	–
B) Security Deposits	<b>1,363.48</b>	937.36	–	51.16
C) Loans and Advances to Related Parties (refer note on related party)	–	–	<b>10,735.59</b>	7,593.23
D) Other Loans and Advances				
Advance Income-tax (net of provision for taxation)	<b>633.03</b>	1,346.87	<b>735.09</b>	146.44
Prepaid Expenses	–	–	<b>400.06</b>	442.81
Loans / Advances to Employees*	<b>13.50</b>	37.36	<b>256.02</b>	301.55
Balance with statutory / government authorities	–	–	<b>253.31</b>	358.30
Advances to suppliers	–	–	<b>885.29</b>	1,261.13
Advances recoverable in Cash or in kind	–	–	<b>4,604.28</b>	5,389.21
Total (A+B+C+D)	<b>3,840.63</b>	3,320.68	<b>17,869.64</b>	15,543.83
* Includes Loans and Advances due from Officer			<b>4.75</b>	4.75
<b>11 OTHER ASSETS (UNSECURED, CONSIDERED GOOD UNLESS STATED OTHERWISE)</b>				
a) Electricity Deposits	<b>46.73</b>	45.78	–	–
b) Interest receivable	–	–	<b>198.45</b>	55.32
Total (A+B)	<b>46.73</b>	45.78	<b>198.45</b>	55.32

# Sundram Fasteners Limited

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31-3-2013	Rs lakhs As at 31-3-2012
<b>12 INVENTORIES (VALUED AT LOWER OF COST AND NET REALIZABLE VALUE) *</b>		
a) Stores & Spares	1,241.35	1,213.75
b) Stores & Spares in Transit	1.71	0.11
c) Loose Tools	1,756.62	1,694.08
d) Loose Tools in Transit	4.61	2.40
e) Raw Materials and Components	9,489.66	9,325.60
f) Raw Materials and Components in Transit	1,227.59	1,400.80
g) Work-in-Process	9,662.26	9,650.55
h) Work-in-Process in Transit	41.37	88.46
i) Finished Goods	8,692.05	9,021.94
j) Finished Goods in Transit	1.00	—
Total	<u>32,118.22</u>	<u>32,397.69</u>
* Certified by Chairman and Managing Director		
<b>13 TRADE RECEIVABLES</b>		
<b>A) Unsecured, considered good unless stated otherwise</b>		
i) Outstanding for a period exceeding 6 months from the date they are due for payment	7.83	34.38
ii) Other Receivables	43,284.30	43,317.71
Sub Total	<u>43,292.13</u>	<u>43,352.09</u>
<b>B) Doubtful</b>		
i) Others	21.54	—
Less : Provision for bad and doubtful debts	(21.54)	—
Sub Total	<u>—</u>	<u>—</u>
Total (A + B)	<u>43,292.13</u>	<u>43,352.09</u>
<b>14 CASH AND CASH EQUIVALENTS #</b>		
<b>a) Balances with Bank</b>		
i) Current Account	560.44	124.86
ii) Deposit Accounts*	46.73	45.78
iii) Earmarked balances with banks - Dividend Warrant Accounts	136.91	129.22
<b>b) Cheques / drafts on hand</b>	334.88	400.51
<b>c) Cash on hand</b>	26.58	16.72
	<u>1,105.54</u>	<u>717.09</u>
*Deposits have been lodged with electricity board to meet the security deposit requirements, hence classified under other Non-current Bank Balance	(46.73)	(45.78)
Actual Balances with Bank	<u>1,058.81</u>	<u>671.31</u>
#The details furnished above are current items and there are no non-current items.		

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

		Rs lakhs	
		Year ended 31-3-2013	Year ended 31-3-2012
<b>15</b>	<b>REVENUE FROM OPERATION</b>		
	<b>a) Sales of Products (Refer Note 15A)</b>		
	Domestic Sales	<b>151,144.39</b>	160,155.82
	Export Sales	<b>67,825.24</b>	64,588.01
	Sub Total	<b>218,969.63</b>	224,743.83
	<b>b) Sales of Service - Sub Contract Receipts</b>	<b>103.53</b>	133.26
	<b>c) Other Operating Revenues (Refer Note 15B)</b>	<b>4,774.75</b>	5,201.34
	Sub Total (a+b+c)	<b>223,847.91</b>	230,078.43
	Less : Excise Duty	<b>16,906.24</b>	15,414.91
	Total	<b>206,941.67</b>	214,663.52
<b>15A</b>	<b>DETAILS OF PRODUCTS SOLD</b>		
	a) High tensile fasteners	<b>80,418.52</b>	91,655.74
	b) Automotive & other miscellaneous cold formed / extruded parts / precision formed gears	<b>14,915.94</b>	15,442.08
	c) Powder metal parts	<b>21,456.99</b>	21,231.95
	d) Iron powder	<b>700.89</b>	635.85
	e) Radiator caps	<b>5,580.29</b>	4,963.85
	f) Gear Shifters	<b>662.82</b>	685.85
	g) Tyre Carriers	<b>242.14</b>	136.21
	h) Hot and warm forged parts	<b>1,434.77</b>	822.14
	i) Pump Assemblies (Water / Oil / Fuel Pumps)	<b>41,857.13</b>	39,190.92
	j) Engine Components	<b>36,575.71</b>	37,081.23
	k) Water / Oil Pumps Kits and Spares	<b>1,594.65</b>	2,052.91
	l) Shafts	<b>4,515.77</b>	4,162.63
	m) Hubs	<b>5,869.19</b>	5,184.18
	n) Sprockets	<b>2,649.71</b>	553.32
	o) Nozzle Ring Assembly	<b>450.73</b>	-
	p) Others	<b>44.38</b>	944.97
	Total	<b>218,969.63</b>	224,743.83
<b>15B</b>	<b>OTHER OPERATING REVENUE</b>		
	a) Scrap Sales	<b>4,362.34</b>	4,973.43
	b) Lease Income	<b>75.39</b>	75.06
	c) Export Incentives	<b>337.02</b>	152.85
	Total	<b>4,774.75</b>	5,201.34

# Sundram Fasteners Limited

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	Year ended 31-3-2013	Rs lakhs Year ended 31-3-2012
<b>16 OTHER INCOME</b>		
a) Interest Income on deposits	699.15	375.67
b) Net Foreign exchange gain (net off loss)	1,437.50	891.41
c) Dividends - From Subsidiary Companies	289.72	208.11
d) Dividend - From Other Companies	21.16	32.96
e) Miscellaneous Income	46.89	235.24
f) Profit on Sale of Assets	36.01	11.35
g) Profit on Sale of Investment	99.69	52.69
Total	<u>2,630.12</u>	<u>1,807.43</u>
<b>17 RAW MATERIALS INCLUDING PACKING MATERIALS CONSUMED</b>		
Opening Stock of Raw Materials	9,325.60	10,417.82
Add : Purchase of Materials	96,833.28	104,230.59
Less : Closing Stock of Raw Material	9,489.66	9,325.60
Sub Total	<u>96,669.22</u>	<u>105,322.81</u>
<b>Consumption of Raw Material under Broad Head</b>		
a) Steel	55,773.03	58,252.40
b) Metal Powder	4,747.52	6,328.30
c) Aluminium ingots	1,792.58	1,612.51
d) MS Scrap	2,688.43	1,694.66
e) Other Components	31,731.05	37,675.07
Sub Total	<u>96,732.61</u>	<u>105,562.94</u>
Less: Amount relating to research & Development Expenses	63.39	240.13
Consumption Total	<u>96,669.22</u>	<u>105,322.81</u>
<b>18 CHANGES IN INVENTORIES OF FINISHED GOODS, AND WORK-IN-PROCESS AND STOCK-IN-TRADE</b>		
Opening Stock :		
Work-in-Process	9,650.55	7,945.74
Finished Goods	9,021.94	6,745.71
	<u>18,672.49</u>	<u>14,691.45</u>
Less : Closing Stock :		
Work-in-Process	9,662.26	9,650.55
Finished Goods	8,692.05	9,021.94
	<u>18,354.31</u>	<u>18,672.49</u>
Total	<u>318.18</u>	<u>(3,981.04)</u>
<b>18A WORK-IN-PROCESS – UNDER BROAD HEADS</b>		
a) High tensile fasteners	5,231.88	4,911.78
b) Automotive & other miscellaneous cold formed / extruded parts / precision formed gears	819.81	1,087.63
c) Powder metal parts	727.06	553.85
d) Iron powder	34.21	29.39
e) Radiator caps	119.10	103.60
f) Gear shifters	15.85	-
g) Tyre carriers	2.79	-
h) Hot and warm forged parts	269.34	176.41
i) Pump Assemblies & Engine Components (Water / Oil / Fuel Pumps Kits & Spares)	1,802.95	1,761.25
j) Shafts, Hubs & Sprockets	624.97	479.23
k) Nozzle ring assembly	14.30	547.41
Total	<u>9,662.26</u>	<u>9,650.55</u>

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	Year ended 31-3-2013	Rs lakhs Year ended 31-3-2012
<b>19 EMPLOYEE BENEFIT EXPENSES</b>		
a) Salaries, Wages, Bonus and Allowances	<b>16,303.00</b>	15,007.21
b) Leave travel assistance	<b>187.04</b>	168.08
c) Provident and Other Funds	<b>1,601.97</b>	1,410.92
d) Welfare expenses	<b>2,099.09</b>	1,838.10
Total	<b><u>20,191.10</u></b>	<u>18,424.31</u>
<b>20 FINANCE COST</b>		
a) Interest expense	<b>3,839.07</b>	3,308.84
b) Other borrowing costs	<b>269.68</b>	181.42
c) Applicable net gain / loss on foreign currency transaction and translation including borrowing cost	<b>4,026.54</b>	5,729.74
Total	<b><u>8,135.29</u></b>	<u>9,220.00</u>
<b>21 OTHER EXPENSES</b>		
a) Stores and Tools consumed	<b>22,595.52</b>	23,703.66
b) Power & Fuel	<b>11,915.82</b>	9,037.07
c) Rent	<b>601.18</b>	323.59
d) Rates & Taxes (Excluding taxes on Income)	<b>595.56</b>	709.83
e) Insurance	<b>525.23</b>	381.72
f) Repairs & Maintenance - Building	<b>1,497.79</b>	1,526.06
g) Repairs & Maintenance - Machinery	<b>2,107.76</b>	2,181.09
h) Miscellaneous Expenses (refer note 22)	<b>24,191.10</b>	27,526.09
Total	<b><u>64,029.96</u></b>	<u>65,389.11</u>
<b>22 MISCELLANEOUS EXPENSES</b>		
a) Sub-contract expenses	<b>13,184.28</b>	15,945.92
b) Freight & Cartage Inward	<b>1,526.33</b>	1,824.64
c) Repairs & Maintenance - Other Assets	<b>481.85</b>	324.56
d) Commission on Sales	<b>499.75</b>	551.18
e) Directors' Sitting Fees	<b>7.00</b>	6.60
f) Remuneration to Auditors (Refer Note 23)	<b>55.34</b>	43.75
g) Loss on Sale of Assets	<b>39.17</b>	46.54
h) Research and Development Expenditure (Refer Note 28)	<b>710.30</b>	1,111.52
i) Freight & Cartage Outward	<b>3,911.81</b>	4,288.67
j) Travel Expenses	<b>860.94</b>	833.11
k) Postage & Telephone Expenses	<b>302.22</b>	314.74
l) Warranty Claims	<b>157.26</b>	141.62
m) Consultancy	<b>907.11</b>	590.71
n) Sundry Expenses	<b>1,547.74</b>	1,502.53
Total	<b><u>24,191.10</u></b>	<u>27,526.09</u>

# Sundram Fasteners Limited

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

		Rs lakhs
	Year ended 31-3-2013	Year ended 31-3-2012
<b>23 REMUNERATION TO AUDITORS CONSIST OF</b>		
a) As Auditor	32.50	30.50
b) Taxation Matters	5.72	5.30
c) Company Law Matters	0.01	0.41
d) Management Services	-	-
e) Other Services	7.00	-
f) Reimbursement of Expenses	10.11	7.54
Total	<u>55.34</u>	<u>43.75</u>
<b>24 REPAIRS INCLUDE STORES CONSUMED</b>	-	3.20
<b>25 CIF VALUE OF IMPORTS</b>		
a) Raw Materials	24,519.57	34,802.90
b) Components & Spare Parts	1,838.99	2,315.45
c) Capital Goods	3,076.94	5,216.85
d) Tool Steel, Tools, Gauges etc.	2,141.36	3,704.43
e) Others	50.50	4.51
Total	<u>31,627.36</u>	<u>46,044.14</u>
<b>26 EARNINGS IN FOREIGN EXCHANGE</b>		
a) FOB Value of Exports	67,825.24	64,588.01
b) Dividend income from overseas subsidiaries	210.31	194.88
c) Others	269.20	80.40
Total	<u>68,304.75</u>	<u>64,863.29</u>
<b>27 EXPENDITURE IN FOREIGN CURRENCY</b>		
a) Agency Commission	37.24	193.64
b) Consultancy Fee	55.29	95.73
c) Interest on Foreign Currency Loans	1,716.62	1,761.12
d) Royalty	95.04	78.82
e) Others	819.32	685.28
Total	<u>2,723.51</u>	<u>2,814.59</u>

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	Year ended 31-3-2013	Rs lakhs Year ended 31-3-2012
<b>28 DETAILS OF RESEARCH AND DEVELOPMENT EXPENDITURE</b>		
i) Capital Expenditure	<b>524.01</b>	76.61
ii) Revenue Expenditure		
a) Raw Material and Components consumed	<b>63.39</b>	240.13
b) Salaries, Wages, Bonus and Allowances	<b>384.83</b>	340.16
c) Staff and Labour Welfare Expenses	<b>4.75</b>	4.99
d) Stores and Tools consumed	<b>170.40</b>	263.51
e) Travelling Expenses	<b>17.74</b>	18.74
f) Freight and Cartages	<b>0.02</b>	0.04
g) Sub-Contract Expenses	<b>7.96</b>	187.84
h) Repairs and Maintenance		
i) Building	–	1.76
ii) Machinery	<b>19.10</b>	38.51
iii) Other Assets	<b>9.51</b>	0.69
i) Product Development Expenses	–	1.26
j) Consultancy	<b>24.11</b>	0.21
k) Other Expenses	<b>8.49</b>	13.68
Total Revenue Expenditure	<b>710.30</b>	1,111.52
<b>29 DISCLOSURE IN RESPECT OF DERIVATIVE INSTRUMENTS</b>		
a) Derivative Instruments outstanding* :		
Forward Contracts	<b>46,636.00</b>	48,272.45
Principal Only Swap**	–	–
* The Company has entered into derivative contracts to hedge against exchange risk.		
** Hedged by means of Principal Only Swap from JPY to USD. USD-INR leg is unhedged and is included at (b) below :		
b) Foreign Currency exposures that are not hedged by derivative instruments :		
– Loans	<b>17,919.23</b>	15,877.01
– Interest on Foreign Currency Loans	<b>223.00</b>	325.73
– Others	<b>14,004.31</b>	13,367.35



# Sundram Fasteners Limited

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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

	Rs lakhs			
	Year ended 31-3-2013		Year ended 31-3-2012	
	Value Rs in lakhs	% to total consumption	Value Rs in lakhs	% to total consumption
<b>A) Raw Materials, Components &amp; Finished Goods</b>				
<b>1. Imported :</b>				
a) Steel	<b>14,851.00</b>	<b>15.40</b>	18,318.76	17.40
b) Metal Powder	<b>2,721.01</b>	<b>2.80</b>	2,768.72	2.60
c) Aluminium Ingots	<b>1,152.70</b>	<b>1.20</b>	1,522.57	1.40
d) Other Components @	<b>4,269.90</b>	<b>4.40</b>	5,759.00	5.50
	<b><u>22,994.61</u></b>	<b><u>23.80</u></b>	<u>28,369.05</u>	<u>26.90</u>
<b>2. Indigenous :</b>				
a) Steel	<b>40,922.03</b>	<b>42.30</b>	39,933.64	37.80
b) Metal Powder*	<b>2,026.51</b>	<b>2.00</b>	3,559.58	3.40
c) Aluminium Ingots	<b>639.88</b>	<b>0.70</b>	89.94	0.10
d) Other Components @	<b>27,461.15</b>	<b>28.40</b>	31,916.07	30.20
e) M.S. Scrap	<b>2,688.43</b>	<b>2.80</b>	1,694.66	1.60
	<b><u>73,738.00</u></b>	<b><u>76.20</u></b>	<u>77,193.89</u>	<u>73.10</u>
	<b><u>96,732.61</u></b>	<b><u>100.00</u></b>	<u>105,562.94</u>	<u>100.00</u>
<b>B) Spares :</b>				
a) Imported	<b>320.27</b>	<b>9.30</b>	365.63	9.80
b) Indigenous	<b>3,116.51</b>	<b>90.70</b>	3,363.46	90.20
	<b><u>3,436.78</u></b>	<b><u>100.00</u></b>	<u>3,729.09</u>	<u>100.00</u>

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

\* The above particulars excludes inter unit transfers.

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

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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

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

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

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

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

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

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

(4) **AS-4: Contingencies and Events occurring after the balance sheet date**

The interim dividend declared and paid in April 2013 by the subsidiary viz., Sundram Non-Conventional Energy Systems Limited, Chennai amounting to Rs 26.47 lakhs for the year ended 31st March, 2013 will be recognised as revenue only in the year 2013-14.

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

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

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

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

	2012-13	Rs lakhs 2011-12
<b>(ii) Prior period items</b>		
a) Prior Period Income :		
1) Raw materials Consumption	-	123.10
2) Sales	1.19	-
3) Gain on Exchange Fluctuation	-	30.40
Total	<u>1.19</u>	<u>153.50</u>
b) Prior Period Expenses :		
1) Raw materials consumption	0.77	-
2) Staff & Labour Welfare Expenses	1.17	5.64
3) Stores & Tools Consumed	0.05	-
4) Rates & Taxes	0.13	0.16
5) Freight & Cartage	1.21	77.97
6) Sub-Contract Expenses	7.55	26.83
7) Sales Discount	-	1.28
8) Repairs and Maintenance - Plant and Machinery	2.05	5.26
9) Repairs and Maintenance - Building	0.62	14.04
10) Repairs and Maintenance - Others	-	3.29
11) Others	13.10	15.03
Total	<u>26.65</u>	<u>149.50</u>

# Sundram Fasteners Limited

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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### (6) AS 6: Depreciation Accounting

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

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

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

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

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

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

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

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

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

### (9) AS 9: Revenue recognition

Income of the company is derived from sale of products and includes excise duty and is net of sales returns, trade and cash discounts. 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 and let export certification. Export benefits are recognised on post shipment basis.

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

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

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

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

The gross blocks of fixed assets are disclosed at the cost of acquisition, which includes taxes, duties (net of excise duty credit availed) and other identifiable direct expenses incurred up to the date the asset is put to use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

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

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

Export sale realisations are accounted at actual and those not realised within the accounting year are stated at rates prevailing on close of the accounting year.

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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

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

Net exchange difference is recognised in the Statement of Profit and Loss - Loss of Rs 2,589.04 lakhs (Rs 4,838.33 lakhs loss in the previous year).

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

The Company has not received any grant from the Government.

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

(c) Provision made towards diminution in the value of investments in subsidiaries are as follows:

	2012-13	2011-12
		Rs lakhs
(i) Sundram International Inc., Michigan, USA	<b>81.46</b>	81.46
(ii) Sundram RBI Sdn Bhd, Kuala Lumpur, Malaysia	<b>68.00</b>	68.00
(iii) Peiner Umformtechnik, GmbH, Peine, Germany	<b>1,000.00</b>	-
Total	<b><u>1,149.46</u></b>	<u>149.46</u>

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

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

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

**(A) Defined Contribution Plan**

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.

c. Contribution to Defined Contribution Plan, recognised as expense for the year are as under:

(i) Employer's Contribution to Provident Fund during the year Rs 887.74 lakhs previous year Rs 767.83 lakhs

(ii) Employer's Contribution to Superannuation Fund during the year Rs 76.63 lakhs previous year Rs 92.14 lakhs.

# Sundram Fasteners Limited

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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### (B) Defined Benefit Plan

#### (i) Provident Fund

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

#### (ii) Gratuity

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

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

	<u>2012-13</u>	<u>2011-12</u>
		Rs lakhs
<b>1) Statement of Profit and Loss</b>		
<b>Net employee benefit expense (recognised in Employee Cost)</b>		
Current Service cost	<b>185.44</b>	145.60
Interest cost on benefit obligation	<b>203.51</b>	172.81
Expected return on plan assets	<b>(179.84)</b>	(166.58)
Net actuarial loss recognised in the year	<b>288.39</b>	226.72
Past service cost	-	-
Liability not accounted as on March 31, 2013	-	-
<b>Net benefit expense</b>	<b><u>497.50</u></b>	<b><u>378.55</u></b>
<b>Actual return on plan assets</b>	<b>179.84</b>	166.58
<b>2) Balance sheet</b>		
<b>Details of Provision for Gratuity</b>		
Defined benefit obligation	<b>2,700.95</b>	2,302.12
Fair value of plan assets	<b>(2,218.47)</b>	(1,923.57)
Less: Unrecognised past service cost	-	-
Less: Liability not funded as on March 31, 2013	-	-
<b>Plan Liability (adjusted from operating revenue/retained earning)</b>	<b><u>482.48</u></b>	<b><u>378.55</u></b>

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## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	<u>2012-13</u>	<u>2011-12</u>
		Rs lakhs
<b>3) Changes in present value of the defined benefit obligation are as follows:</b>		
Defined benefit obligation as at April 1, 2012	<b>2,302.12</b>	1,936.82
Interest cost	<b>203.51</b>	172.81
Current service cost	<b>185.44</b>	145.60
Benefits paid	<b>(241.74)</b>	(181.22)
Actuarial loss on obligation	<b>251.62</b>	228.11
<b>Defined benefit obligation as at March 31, 2013</b>	<b><u>2,700.95</u></b>	<u>2,302.12</u>
<b>4) Changes in the fair value of plan assets are as follows:</b>		
Fair value of plan assets as at April 1, 2012	<b>1,923.57</b>	1,939.51
Expected return	<b>179.84</b>	166.58
Contribution by employer	<b>378.54</b>	-
Benefits paid	<b>(241.74)</b>	(181.22)
Actuarial gain	<b>(21.74)</b>	(1.30)
Fair value of plan assets as at March 31, 2013	<b><u>2,218.47</u></b>	<u>1,923.57</u>

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows :

	%	%
Investment with insurer	<b>99.95</b>	99.95
Investment in Government Bonds	-	-
Bank Balance	<b>0.05</b>	0.05
Total	<b><u>100.00</u></b>	<u>100.00</u>

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

### (iii) Leave Salary - Compensated Absences

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

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

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

	<u>2012-13</u>	<u>2011-12</u>
		Rs lakhs
(a) Current service cost	<b>45.15</b>	44.96
(b) Interest cost	<b>33.40</b>	34.45
(c) Net actuarial (gain) / loss	<b>(12.71)</b>	(42.25)
Total	<b><u>65.84</u></b>	<u>37.16</u>

# Sundram Fasteners Limited

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

2012-13                      2011-12

### Actuarial Assumptions:

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

	%	%
Discount rate - Gratuity	<b>9.35</b>	9.35
Discount rate - Leave Salary	<b>7.90</b>	8.00

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

### (16) AS 16: Borrowing 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 Statement of Profit and Loss in the year in which it is incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

There is no borrowing cost capitalised during the year.

### (17) AS 17: Segment reporting

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

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

#### (I) Where Control exists:

##### (A) Subsidiary Companies

###### Domestic Subsidiaries

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

###### Foreign Companies

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

##### (B) Associate

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

##### (C) Joint Venture

Windbolt GmbH, Germany

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

##### (A) Key Management Personnel

Mr Suresh Krishna, Ms Arathi Krishna and Ms Arundathi Krishna

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

Ms Usha Krishna and Ms Preethi Krishna

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

Upasana Finance Limited, Chennai

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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

Rs lakhs

Nature of transaction	Subsidiary Companies	Associate	Joint Venture	Key Management Personnel	Relatives of Key Management Personnel	Enterprise in which key management personnel have significant influence
<b>Purchases</b>						
Goods and Materials	<b>1,528.23</b> (1,429.81)	<b>121.97</b> (137.19)	-	-	-	-
<b>Shares</b>	-	-	-	-	-	-
	-	-	(22.22)			
Fixed Assets	- (10.52)	-	-	-	-	-
<b>Sales</b>						
Goods and Materials	<b>588.18</b> (700.70)	<b>8,277.68</b> (8,340.91)	-	-	-	-
<b>Services Rendered</b>						
	<b>98.81</b> (167.71)	- (7.49)	-	-	-	-
Received	<b>277.24</b> (737.63)	<b>694.79</b> (1,110.08)	-	-	-	<b>37.42</b> (35.44)
<b>Finance*</b>						
Inter Corporate Deposit	<b>6,148.20</b> (2,837.47)	-	<b>347.45</b> (1,995.19)	-	-	-
Interest on Inter Corporate Deposit	<b>185.57</b> (249.37)	-	<b>148.53</b> (24.54)	-	-	-
Dividend Received	<b>289.72</b> (208.11)	-	-	-	-	
Dividend Paid	-	<b>1,457.19</b> (1,353.11)	-	-	-	-
<b>Others</b>						
Leasing or hire purchase arrangements	<b>67.94</b> (71.75)	-	-	<b>19.20</b> (6.24)	<b>6.20</b> (1.88)	-
Guarantees & Collaterals	<b>1,013.40</b> (2,276.00)	-	-	-	-	-
Management contracts, including deputation of employees	-	-	-	<b>793.92</b> (970.73)	-	-
<b>Outstanding balances</b>						
Due to the Company	<b>8,836.81</b> (5,739.80)	<b>692.39</b> (690.32)	<b>2,061.54</b> (2,019.73)	-	-	-
Due by the Company	<b>137.75</b> (244.22)	<b>16.59</b> (98.35)	-	<b>525.00</b> (775.00)	-	-

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



# Sundram Fasteners Limited

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	<u>2012-13</u>	<u>2011-12</u>
Rs lakhs		
<b>(IV) Transactions with related parties required to be disclosed pursuant to listing agreement:</b>		
<b>Loans and advances (without repayment schedule) given to Subsidiaries:</b>		
(i) Sundram Fasteners Investments Limited, Chennai [maximum outstanding during the year - Rs 1209.11 lakhs (Rs 1,690.55 lakhs) (includes interest free loan of Rs 952.50 lakhs (Rs 952.50 lakhs))]	<b>906.50</b>	1,190.00
(ii) Sundram Non-Conventional Energy Systems Limited, Chennai [maximum outstanding during the year - Nil (Rs 24.90 lakhs)]	-	-
(iii) Sundram Bleistahl Limited, Chennai [maximum outstanding during the year Rs 684.53 lakhs (Rs 1,543.01 lakhs)]	<b>303.26</b>	540.23
(iv) Upasana Engineering Limited, Chennai [maximum outstanding during the year Rs 2,300.00 lakhs (Rs 2,267.30 lakhs)]	<b>1,850.00</b>	2,200.00
(v) TVS Peiner Services GmbH, Peine, Germany [maximum outstanding during the year Rs 451.69 lakhs (Nil)]	<b>451.69</b>	-
(vi) Sundram International Inc. Michigan, USA [maximum outstanding during the year Rs 20.36 lakhs (Rs 20.36 lakhs)]	<b>20.36</b>	20.36
(vii) Peiner Umformtechnik GmbH, Peine, Germany [maximum outstanding during the year - Rs 5,142.26 lakhs (Rs 1,648.72 lakhs)]	<b>5,142.26</b>	1,648.72

### (19) AS 19: Accounting for Leases

The company has entered into lease agreements for a period up to five years, which are in the nature of operating leases as defined in the Accounting Standard prescribed by the Institute of Chartered Accountants of India.

(a) Future minimum lease payments under non cancellable operating leases in respect of lease agreements entered into on or after 01.04.2001:

Upto One year	<b>45.91</b>	57.20
One to Five years	<b>95.18</b>	131.01
Total	<b>141.09</b>	188.21

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(b) During the year Rs.429.06 lakhs (Rs.183.25 lakhs) of Lease payments recognised in the statement of profit and loss, in respect of operating lease agreements entered into on or after 01.04.2001 as well as share of lease rent for aircraft under joint ownership.

(c) Significant Leasing arrangements :

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

(i) Basis of determining contingent rent :

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

(ii) Renewal / purchase options and escalation clauses :

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

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

	<u>2012-13</u>	<u>2011-12</u>
		Rs lakhs
<b>(20) AS 20: Earnings per share</b>		
Basic earnings per share are disclosed in the Statement of Profit and Loss. There is no diluted earnings per share as there are no dilutive potential equity shares.		
Basic / Diluted EPS before considering Extra-ordinary items (Rs)	<b>4.52</b>	5.36
Basic / Diluted EPS after considering Extra-ordinary items (Rs)	<b>4.52</b>	5.36
Weighted average number of shares	<b>21,01,28,370</b>	21,01,28,370
Face Value per share (fully paid up)	<b>Re 1</b>	Re 1

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

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

### **Domestic Subsidiaries**

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

### **Foreign Companies**

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

# Sundram Fasteners Limited

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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

Refer Note 4 to the Accounts

Tax expense comprises of current and deferred. Current income tax is measured as the amount expected to be paid to the tax authorities in accordance with the Indian Income tax Act, 1961. Deferred income taxes 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. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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

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

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

The Company has not discontinued any operations during the year.

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

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

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

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

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

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

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

**Information on Joint Venture**

i) Jointly Controlling entities with reporting entity

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

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	Rs lakhs	
ii) <b>Share of Interest in the transactions with respect to Jointly Controlled entities</b>		
<b>A) Assets</b>	<b>2012-13</b>	<b>2011-12</b>
WDV of Aircraft	<b>626.74</b>	667.12
Current Assets - Advances	<b>27.59</b>	28.45
Current Assets - Deposits	<b>125.58</b>	1.50
<b>B) Liabilities</b>		
<b>Current liabilities and provisions</b>		
Current liabilities	<b>88.21</b>	32.37
<b>C) Income</b>	-	-
<b>D) Expenditure</b>		
Subscription	<b>1.82</b>	-
Consultancy fees	<b>123.08</b>	47.77
Travelling Expenses	<b>16.73</b>	10.13
Postage, Courier and Telephone charges	<b>0.45</b>	0.23
Insurance	<b>7.99</b>	-
Lease Rent	<b>194.93</b>	-
Aircraft Maintenance	<b>199.50</b>	108.68
Bank Charges	<b>0.03</b>	-
Legal Expenses	<b>0.04</b>	-
Sundry Expenses	<b>0.89</b>	-
Depreciation	<b>40.38</b>	40.68

- B) The Company has invested in Wind Bolt GmbH, Hohenstein-Ernstthal, Germany for manufacture of special bolts for wind energy applications under 50:50 Joint Venture arrangement with Mr. Wolfgang Walter Naumann, Germany. The share of interest in Joint Venture has been accounted in consolidated accounts by using the proportionate consolidation method as per Accounting Standard (AS) 27 - "Financial Reporting of Interest in Joint Ventures".

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

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

During the year there is no impairment of assets accounted.

# Sundram Fasteners Limited

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	Rs lakhs	
<b>(29) AS 29: Provisions, Contingent Liabilities and Contingent Assets</b>		
<b>(i) Contingent Liabilities :</b>	<b>2012-13</b>	<b>2011-12</b>
a) On Letters of Guarantee	<b>1,135.26</b>	2,276.00
b) On Letters of Credit	<b>212.05</b>	659.52
c) On Guarantee issued to Housing Development Finance Corporation on behalf of employees	-	1.70
d) On partly paid shares of The Adyar Property Holding Co. Ltd.	<b>0.01</b>	0.01
e) The Company has given guarantees to fulfil various obligations of Cramlington Precision Forge Limited, UK wholly owned subsidiary of the Company, the amount of which is to the extent of non fulfilment of obligations of the subsidiary which is not ascertainable.		
<b>(ii) Liabilities disputed and not provided for :</b>		
a) Sales Tax / entry tax - under appeal	<b>1,663.53</b>	691.07
b) Excise Duty / Customs Duty / Service Tax - under appeal	<b>190.14</b>	599.50
c) Income-tax - under appeal	<b>52.34</b>	72.22
d) Others	<b>50.67</b>	50.67
<b>(iii) Estimated amount of contracts remaining to be executed on capital account and not provided for</b>	<b>6,910.71</b>	1,953.34
<b>(iv) Contingent Assets :</b>		
Claim of additional compensation against land acquisition	<b>23.29</b>	23.29
<b>(30) (AS 30) : Financial Instruments : Recognition and Measurement</b>		
a) AS 30 was issued by the Institute of Chartered Accountants of India (ICAI) in 2007 but has not yet been notified by the Government under Section 211(3C) of the Companies Act,1956.		
b) The Institute of Chartered Accountants of India has clarified that to the extent of accounting treatments covered by any of the existing notified accounting standards (for eg. AS 11, AS 13 etc,) the existing accounting standards would continue to prevail over AS 30.		
c) Since the company follows the accounting treatment specified in the AS 30 through the accounting treatment under existing accounting standards i.e AS 11 & AS 13 etc, AS 30 is not followed.		

**ARUNDATHI KRISHNA**  
Whole-Time Director

**ARATHI KRISHNA**  
Joint Managing Director

**SURESH KRISHNA**  
Chairman & Managing Director

**V G JAGANATHAN**  
Secretary

Chennai  
May 30, 2013

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

**M BALASUBRAMANIAM**  
Partner  
Membership No. F7945

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

Particulars	Sundram Fasteners Investments Limited, India	Cramlington Precision Forge Limited, United Kingdom	Sundram RBI Sdn. Bhd., Malaysia	Sundram International Inc Michigan, USA
1 No. of shares issued by the subsidiary: Equity / Ordinary / Common Shares  6% Preference Shares	24,90,000 shares of Rs 10 each	14,00,000 ordinary shares of GBP 1 each  5,00,000 shares of GBP 1 each	5,00,000 ordinary shares of MYR 1 each	18,215 shares of US \$10 each
2 No. of shares held by the Company: Equity / Ordinary / Common Shares 6% Preference 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	01/04/2012 to 31/03/2013	01/01/2012 to 31/12/2012	01/04/2012 to 31/03/2013	01/04/2012 to 31/03/2013
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 185.53 lakhs	GBP 645,601 Rs 532.06 lakhs	MYR 3,876 Rs 0.68 lakhs	(US \$ 69,056) (Rs 34.56 lakhs)
ii) For the previous financial years	Rs 172.53 lakhs	GBP 468,491 Rs 415.26 lakhs	(MYR 15,85,540) (Rs 277.79 lakhs)	(US \$ 165,183) (Rs 71.99 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	–	Rs 204.15 lakhs	–	–
ii) For the previous financial years	–	–	–	–

**ARUNDATHI KRISHNA**  
Whole-Time Director

**ARATHI KRISHNA**  
Joint Managing Director

**SURESH KRISHNA**  
Chairman & Managing Director

Chennai  
May 30, 2013

**V G JAGANATHAN**  
Secretary

# Sundram Fasteners Limited

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

Particulars	Sundram Bleistahl Limited, India	Peiner Umformtechnik GmbH Peine, Germany	Upasana Engineering Limited, India	Sundram Fasteners Zhejiang Limited, China	PUT Grundstücks GmbH Peine, Germany	TVS Peiner Services GmbH Peine, Germany	Sundram Non-Conventional Energy Systems Limited, India
1 No. of shares issued by the subsidiary: Equity / Ordinary / Common Shares 6% Preference Shares	70,00,000 equity Shares of Rs.10 each	67,74,617 Euro Capital Stock	1,18,99,674 Shares of Rs.10 each	10,04,77,945 Capital Stock	25,000 Euro Capital Stock	25,000 Euro Capital Stock	4,99,993 Shares of Rs 10 each
2 No. of shares held by the Company: Equity / Ordinary / Common Shares 6% Preference Shares	53,20,000	100 % held by the Company	100 % held by the Company	100% held by the Company	100% held by the Company	100% held by the Company	2,64,691
3 Number of equity shares held by subsidiary company	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
4 Financial period of the subsidiary	1/04/2012 to 31/03/2013	1/1/2012 to 31/12/2012	1/04/2012 to 31/03/2013	1/1/2012 to 31/12/2012	1/1/2012 to 31/12/2012	1/1/2012 to 31/12/2012	1/4/2012 to 31/3/2013
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 34.55 lakhs	(Euro 4,112,179) (Rs 2,829.17 lakhs)	Rs 439.81 lakhs	RMB 5,323,143 Rs 420.09 Lakhs	Euro 191,687 Rs 132.26 lakhs	(Euro 625,749) (Rs 432.24 lakhs)	Rs 200.68 lakhs
ii) For the previous financial years	(Rs 343.21 lakhs)	(Euro 5,820,590) (Rs 4,207.12 lakhs)	Rs 395.44 lakhs	(RMB 6,538,586) (Rs 576.05 lakhs)	Euro 733,464 Rs 530.15 lakhs	(Euro 34,254) (Rs 24.76 lakhs)	Rs 234.77 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 79.41 lakhs
ii) For the previous financial years	-	-	-	-	-	-	-

**ARUNDATHI KRISHNA**  
Whole-Time Director

**ARATHI KRISHNA**  
Joint Managing Director

**SURESH KRISHNA**  
Chairman & Managing Director

Chennai  
May 30, 2013

**V G JAGANATHAN**  
Secretary

**DISCLOSURE OF INFORMATION RELATING TO SUBSIDIARIES**  
(As per general exemption under Section 212(8) of the Companies Act, 1956)

Rupees

Particulars	Sundram Fasteners Investments Limited	Cramlington Precision Forge Limited	Sundram RBI Sdn. Bhd.,	Upasana Engineering Limited	Sundram International Inc.	Sundram Non Conventional Energy Systems Limited	Sundram Bleistahl Limited	Sundram Fasteners (Zhejiang) Limited	Peiner Umformtechnik GmbH	TVS Peiner Services GmbH	PUT Grundstücks GmbH
(a) Financial Year Ended	31-03-2013	31-12-2012	31-03-2013	31-03-2013	31-03-2013	31-03-2013	31-03-2013	31-12-2012	31-12-2012	31-12-2012	31-12-2012
(b) Country of Incorporation	India	United Kingdom	Malaysia	India	USA	India	India	China	Germany	Germany	Germany
(c) Share Capital	24,900,000	168,416,000	8,760,000	118,996,740	8,120,513	4,999,930	70,000,000	885,210,698	489,669,348	1,807,000	1,807,000
(d) Reserves	41,543,037	77,479,504	(27,846,578)	83,526,393	(7,199,375)	35,389,839	37,776,000	(10,708,030)	(608,919,826)	(47,704,977)	66,869,951
(e) Loan Funds	90,650,000	6,515,927	-	315,149,546	2,035,875	-	64,241,000	158,745,232	-	39,031,200	176,431,116
(f) Deferred Government Grants	-	4,109,173	-	-	-	-	-	-	-	-	-
(g) Deferred Tax Liability (Asset)	-	25,359,904	-	20,243,336	-	118,567	4,405,000	-	-	-	-
(h) Current Liabilities & Provisions	324,732	103,732,951	19,593,816	119,154,352	-	11,180,229	11,075,000	167,371,274	1,492,898,850	88,732,175	44,266,597
<b>(i) Total Liabilities</b>	<b>157,417,769</b>	<b>385,613,459</b>	<b>507,238</b>	<b>657,070,368</b>	<b>2,957,013</b>	<b>51,688,565</b>	<b>187,497,000</b>	<b>1,200,619,174</b>	<b>1,373,648,372</b>	<b>81,865,398</b>	<b>289,374,664</b>
(j) Fixed Assets	25,120,000	181,132,206	-	210,379,811	-	21,461,443	103,219,000	701,664,757	286,658,408	54,642,814	285,610,442
(k) Investments	97,166,885	-	-	1,128,601	-	-	-	-	-	-	-
(l) Current Assets, Loans & Advances	35,130,884	204,481,253	507,238	445,561,956	2,957,013	30,227,122	84,278,000	498,954,417	1,086,989,964	27,222,584	3,764,222
<b>(m) Total Assets</b>	<b>157,417,769</b>	<b>385,613,459</b>	<b>507,238</b>	<b>657,070,368</b>	<b>2,957,013</b>	<b>51,688,565</b>	<b>187,497,000</b>	<b>1,200,619,174</b>	<b>1,373,648,372</b>	<b>81,865,398</b>	<b>289,374,664</b>
(n) Revenue/Income	3,220,618	745,341,532	-	778,989,073	210,706	36,937,669	204,877,000	969,267,107	3,378,196,601	329,108,433	55,777,446
(o) Profit/(Loss) before taxation	23,252,822	71,989,315	(68,264)	61,743,127	(3,738,210)	29,151,129	5,324,000	46,770,599	(282,679,934)	(43,256,689)	21,827,885
(p) Provision for Taxation	4,699,524	18,782,816	-	17,761,643	-	9,083,551	1,869,000	4,761,656	(237,236)	(33,189)	8,601,478
(q) Profit/(Loss) after Taxation	18,553,298	53,206,499	(68,264)	43,981,484	(3,738,210)	20,067,578	3,455,000	42,008,943	(282,917,170)	(43,223,500)	13,226,407
(r) Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-
(s) Details of Investment											
Quoted - Non Trade - Current	15,535			1,132,162							
Quoted - Non Trade - Long Term	1,204,650			-							
Unquoted - Subsidiaries											
Unquoted - Non Trade - Others	95,946,700			-							
	97,166,885			1,132,162							
Less: Provision for diminution in value of investment	-			3,561							
Total Investments	97,166,885	-	-	1,128,601	-	-	-	-	-	-	-
Market Value of Quoted Investments	1,637,483	-	-	8,292,047	-	-	-	-	-	-	-



**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 2013**

**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of M/s Sundram Fasteners Limited, Chennai ('the Company') and its subsidiary companies, which comprise of the consolidated balance sheet as at 31st March 2013, the consolidated statement of profit and loss and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other information.

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

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

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

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

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at 31st March 2013;
  - (b) in the case of the consolidated statement of profit and loss, of the consolidated results of operations of Sundram Fasteners Limited and its subsidiaries for the year ended on that date; and
  - (c) in the case of the cash flow statement, of the consolidated cash flow of Sundram Fasteners Limited and its subsidiaries for the year ended on that date.
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**Other Matters**

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

Our opinion is not qualified in respect of other matters.

Chennai  
May 30, 2013

For **SUNDARAM & SRINIVASAN**  
Chartered Accountants  
Regn. No. 0042075

**P MENAKSHISUNDARAM**  
Partner  
Membership No. 217914

# Sundram Fasteners Limited (CONSOLIDATED)

## BALANCE SHEET AS AT 31ST MARCH 2013

			Rs lakhs	
			As at	As at
I EQUITY AND LIABILITIES	Note		31-3-2013	31-3-2012
<b>1. Shareholders' Funds</b>	No.			
(a) Share Capital	1	<b>2,101.28</b>		2,101.28
(b) Reserves and Surplus	2	<b>68,499.12</b>	<b>70,600.40</b>	62,140.91
<b>2. Minority Interest</b>				
(a) Share Capital		<b>217.81</b>		216.45
(b) Reserves and Surplus		<b>197.20</b>	<b>415.01</b>	180.64
<b>3. Non-current Liabilities</b>				
(a) Long-term Borrowings	3	<b>31,164.97</b>		26,359.41
(b) Deferred Tax Liabilities (Net)	4	<b>9,619.66</b>		9,397.82
(c) Other Long-term Liabilities	6	<b>41.09</b>		488.09
(d) Long-term Provisions	7	<b>337.25</b>	<b>41,162.97</b>	389.85
<b>4. Current Liabilities</b>				
(a) Short-term Borrowings	3	<b>45,969.25</b>		49,615.75
(b) Trade Payables	5	<b>25,105.18</b>		23,494.22
(c) Other Current Liabilities	6	<b>16,331.82</b>		21,673.15
(d) Short-term Provisions	7	<b>7,360.12</b>	<b>94,766.37</b>	7,800.76
<b>Total</b>			<b>206,944.75</b>	203,858.33
<b>II ASSETS</b>				
<b>1. Non-Current Assets</b>				
(a) Fixed Assets				
i) Tangible Assets	8	<b>90,158.22</b>		84,724.18
ii) Intangible Assets	8	<b>603.23</b>		199.76
iii) Capital work-in-progress	8	<b>3,350.85</b>		5,210.92
(b) Non-current Investments		<b>890.53</b>		846.60
(c) Long-term Loans and Advances	9	<b>4,215.53</b>		3,920.94
(d) Other Non-current Assets	10	<b>79.95</b>	<b>99,298.31</b>	46.41
<b>2. Current Assets</b>				
(a) Current Investments		<b>11.43</b>		162.28
(b) Inventories	11	<b>44,029.57</b>		44,680.50
(c) Trade Receivables	12	<b>49,412.19</b>		48,867.78
(d) Cash and Cash Equivalents	13	<b>2,168.79</b>		1,603.80
(e) Short-term Loans and Advances	9	<b>11,203.45</b>		11,760.85
(f) Other Current Assets	10	<b>821.01</b>	<b>107,646.44</b>	1,834.31
<b>Total</b>			<b>206,944.75</b>	203,858.33

The notes form an integral part of the Financial Statements.

**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**  
Chartered Accountants  
Regn. No. 0042075

Chennai  
May 30, 2013

**P MENAKSHISUNDARAM**  
Partner  
Membership No. 217914

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2013

		Note	Year ended	Rs lakhs
		No.	31-3-2013	Year ended 31-3-2012
I.	Revenue from Operations	14	<b>265,098.85</b>	277,015.61
II.	Other Income	15	<b>4,110.97</b>	3,048.32
III.	Total Revenue		<b><u>269,209.82</u></b>	<u>280,063.93</u>
IV.	<b>EXPENSES</b>			
	Cost of Materials Consumed	16	<b>120,894.50</b>	134,228.22
	Changes in Inventories of FG, WIP and Stock-in-Trade	17	<b>1,074.44</b>	(3,219.86)
	Employee Benefit Expense	18	<b>34,623.49</b>	33,625.20
	Finance Costs	19	<b>8,977.85</b>	9,816.14
	Depreciation and Amortization Expenses	8	<b>9,418.78</b>	8,367.10
	Other Expenses	20	<b>81,896.09</b>	81,880.61
	Share of Loss / (Profits) of Associate Company		<b>0.08</b>	54.82
	Total Expenses		<b><u>256,885.23</u></b>	<u>264,752.23</u>
V.	<b>Profit before exceptional and extraordinary items and tax (III - IV)</b>		<b><u>12,324.59</u></b>	<u>15,311.70</u>
VI.	Exceptional Items		<b>(1,473.28)</b>	(0.20)
VII.	<b>Profit before extraordinary items and tax (V - VI)</b>		<b><u>13,797.87</u></b>	<u>15,311.90</u>
VIII.	Extraordinary Items		<b>8.16</b>	7.46
IX.	<b>Profit before tax (VII - VIII)</b>		<b><u>13,789.71</u></b>	<u>15,304.44</u>
X.	Tax expense :			
	1. Current Tax		<b>4,293.35</b>	4,560.61
	2. Deferred Tax		<b>133.12</b>	809.80
	3. MAT Credit		<b>(10.65)</b>	(78.69)
	4. Earlier years		<b>1.55</b>	(6.95)
XI.	<b>Profit / (Loss) for the period from continuing operations (IX - X)</b>		<b><u>9,372.34</u></b>	<u>10,019.67</u>
XII.	Profit / (Loss) from discontinuing operations		<b>(35.24)</b>	37.16
XIII.	Tax expense of discontinuing operations		-	-
XIV.	<b>Profit / (Loss) from Discontinuing operations (after tax) (XII - XIII)</b>		<b>(35.24)</b>	37.16
XV.	<b>Profit / (Loss) for the period before Minority Interest (XI + XIV)</b>		<b>9,337.10</b>	10,056.83
XVI.	Minority's share of profit for the current year		<b>43.83</b>	99.87
XVII.	Profit/(Loss) for the period after Minority Interest (XV - XVI)		<b>9,293.27</b>	9,956.96
XVIII.	Earnings per equity share :			
	1. Basic		<b>4.42</b>	4.74
	2. Diluted		<b>4.42</b>	4.74
	Weighted average No. of Equity Shares of Re 1/- each.		<b>210,128,370</b>	210,128,370

The notes form an integral part of the Financial Statements.

**ARUNDATHI KRISHNA**  
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**  
Chartered Accountants  
Regn. No. 004207S

Chennai  
May 30, 2013

**P MENAKSHISUNDARAM**  
Partner  
Membership No. 217914

**Sundram Fasteners Limited (CONSOLIDATED)****CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013**

	Year ended 31-3-2013	Rs lakhs Year ended 31-3-2012
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax	13,789.71	15,304.44
Add : Profit / (loss) on Discontinuing operation	(35.24)	37.16
Add : Write back by fiscal authorities (Accumulated depn.)	–	244.58
Add : Loss of sale of Associate	0.08	54.82
Add : Provision for Diminution in Investments (net)	0.02	0.44
<b>Adjusted net profit</b>	<b>13,754.57</b>	<b>15,641.44</b>
<b>Adjustments for :</b>		
Depreciation	9,418.78	8,367.10
Exchange loss / (gain) arising on Application of AS 11	11.40	97.12
Unrealised Profit on Closing Stock	(3.62)	2.21
Interest expense (Net)	6,493.02	5,916.15
(Profit) / loss on Sale of Investments	(100.85)	(53.30)
(Profit) / loss on Sale of Assets (net)	(1,469.53)	16.18
Dividend received	(48.97)	(37.86)
Unrealised Exchange (gain) / loss - Loans	1,984.71	3,795.31
Unrealised Exchange (gain) / loss - Others	(1,437.51)	–
	<b>14,847.43</b>	<b>18,102.91</b>
<b>Operating Profit before Extraordinary Items &amp; Working Capital changes:</b>	<b>28,602.00</b>	<b>33,744.35</b>
<b>Adjustments for Changes in Working Capital:</b>		
Trade and other receivables	1,849.48	(9,746.89)
Inventories	650.93	(5,631.75)
Trade and other payables	426.00	6,861.59
Cash Generated From Operations	<b>31,528.41</b>	<b>25,227.30</b>
Less: Direct Taxes Paid (Net)	4,106.99	4,635.16
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>27,421.42</b>	<b>20,592.14</b>

## CONSOLIDATED CASH FLOW STATEMENT (Contd.)

	Year ended 31-3-2013	Rs lakhs Year ended 31-3-2012
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(13,927.51)	(17,780.56)
Sale of Fixed Assets	2,596.81	181.75
Sale of Investments	67,458.59	49,072.69
Purchase of Investments	(67,250.99)	(49,817.43)
Interest received	500.12	104.68
Dividend received	48.96	37.86
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(10,574.02)</b>	<b>(18,201.01)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Term Loans raised#	14,336.90	8,527.86
Term Loans Repaid	(15,283.16)	(10,606.41)
Proceeds from other borrowings (net of repayments)#	(4,528.66)	9,288.94
Interest paid	(7,100.00)	(5,972.64)
Dividend & Corporate Dividend Taxes Paid	(3,706.54)	(3,203.63)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(16,281.46)</b>	<b>(1,965.88)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>565.94</b>	<b>425.25</b>
<b>CASH AND CASH EQUIVALENTS - Opening Balance</b>	<b>1,649.58</b>	<b>1,224.33</b>
<b>CASH AND CASH EQUIVALENTS - Closing Balance</b>	<b>2,215.52</b>	<b>1,649.58</b>
<b>Notes :</b>		
<b>CASH AND CASH EQUIVALENTS include</b>		
a) Cash and Cheques on hand	562.31	490.90
b) With Scheduled Banks:		
i) Current Account & Cash Credit a/c	826.37	834.97
ii) Deposit Accounts	689.93	194.49
iii) Dividend warrant Accounts	136.91	129.22
	<b>2,215.52</b>	<b>1,649.58</b>

# Excludes unrealised exchange Loss of Rs 993.65 lakhs on term loans (last year loss Rs 2,371.43 lakhs)

# Excludes unrealised exchange Loss of Rs 991.06 lakhs on other borrowings (last year loss Rs 1,423.88 lakhs)

Excludes unrealised exchange gain of Rs 109.90 (last year gain Rs Nil) on trade payables and exchange gain of Rs 1,327.61 (last year gain Rs Nil) in trade and other receivables.

**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, 2013

**P MENAKSHISUNDARAM**  
Partner  
Membership No. 217914

# Sundram Fasteners Limited (CONSOLIDATED)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

	As at 31-3-2013	Rs lakhs As at 31-3-2012
<b>1 SHARE CAPITAL</b>		
<b>a) Authorised</b>		
25,00,00,000 Equity Shares of Re 1 each	<u>2,500.00</u>	<u>2,500.00</u>
<b>b) Issued</b>		
21,01,28,370 Equity Shares of Re 1 each	<u>2,101.28</u>	<u>2,101.28</u>
<b>c) Subscribed and Paid-up</b>		
21,01,28,370 Equity Shares of Re 1 each fully paid-up	<u>2,101.28</u>	<u>2,101.28</u>

**d) Reconciliation of number of shares**

Equity Shares	As at 31-3-2013		As at 31-3-2012	
	No. of Shares	Value in Rs. lakhs	No. of shares	Value in Rs. lakhs
1 Balance at the beginning of the year	210,128,370	2,101.28	210,128,370	2,101.28
2 Add: Shares issued during the year	-	-	-	-
3 Bonus Shares issued during the year	-	-	-	-
4 Balance as at the end of the year	<u>210,128,370</u>	<u>2,101.28</u>	210,128,370	2,101.28

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

Name of the Shareholder	As at 31-3-2013		As at 31-3-2012	
	No. of Shares	Shares as % of Total No. of Shares	No. of shares	Shares as % of Total No. of Shares
1. TV Sundram Iyengar & Sons Ltd., Madurai	53,312,000	25.37	53,312,000	25.37
2. Southern Roadways Limited, Madurai	50,773,280	24.16	50,773,280	24.16
Sub Total	<u>104,085,280</u>	<u>49.53</u>	104,085,280	49.53
3. Total No. of shares of the Company	<u>210,128,370</u>	<u>100.00</u>	210,128,370	100.00

**f) Bonus Shares / Buy Back / Shares for consideration other than cash issued during the period of five years immediately preceding the financial year ended 31<sup>st</sup> March, 2013 :**

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31-3-2013	Rs lakhs As at 31-3-2012
<b>2 RESERVES AND SURPLUS</b>		
<b>a) General Reserve</b>		
1. Balance as at the beginning of the year	55,106.89	50,097.35
2. Add : Transfer from Surplus in Statement of Profit and Loss	<u>5,020.07</u>	<u>5,007.33</u>
Sub Total	<b>60,126.96</b>	55,104.68
3. Stock Reserve	<u>(3.62)</u>	<u>2.21</u>
4. Balance as at the end of the year	<u><b>60,123.34</b></u>	<u>55,106.89</u>
<b>b) Surplus in Statement of Profit and Loss</b>		
1. Balance as at the beginning of the year	2,604.64	1,413.99
2. Less : Exchange variation - balance brought forward in foreign subsidiaries	<b>118.35</b>	287.95
3. Adjusted balance as at the beginning of the year (1 - 2)	<b>2,486.29</b>	1,126.04
4. Profit for the year	<u>9,293.27</u>	<u>9,956.96</u>
5. Balance available for appropriation (3 + 4)	<b>11,779.56</b>	11,083.00
<b>Appropriations :</b>		
6. Interim Dividend paid	<b>1,284.30</b>	1,260.77
7. Tax paid there on	<b>212.16</b>	198.41
8. Second Interim Dividend payable	<b>1,681.03</b>	1,731.03
9. Tax payable there on	<b>294.19</b>	280.82
10. Transfer to Special Reserve	<b>37.11</b>	-
11. Transfer to General Reserve	<u>5,020.07</u>	<u>5,007.33</u>
12. Amount appropriated during the year	<u><b>8,528.86</b></u>	<u>8,478.36</u>
13. Balance as at the end of the year (5-12)	<u><b>3,250.70</b></u>	<u>2,604.64</u>
<b>c) Capital Reserve</b>	<b>75.50</b>	75.50
<b>d) Special Reserve</b>		
Balance as at the beginning of the year	<b>44.77</b>	44.77
Add : Transfer from Surplus in Statement of Profit and Loss	<u>37.11</u>	<u>-</u>
	<u><b>81.88</b></u>	<u>44.77</u>
<b>e) Foreign Exchange Translation Reserve / (Asset)</b>		
Balance as at the beginning of the year	<b>4,309.10</b>	1,564.85
Current year foreign exchange gain / (loss)	<u>658.60</u>	<u>2,744.26</u>
	<u><b>4,967.70</b></u>	<u>4,309.11</u>
Total Reserves and Surplus (a + b + c + d + e)	<u><b>68,499.12</b></u>	<u>62,140.91</u>



# Sundram Fasteners Limited (CONSOLIDATED)

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	Rs lakhs			
	Long-term / Non-current		Short-term / Current	
	As at 31-3-2013	As at 31-3-2012	As at 31-3-2013	As at 31-3-2012
<b>3 BORROWINGS</b>				
<b>a) Secured</b>				
i) Term Loans	<b>29,147.15</b>	23,912.74	–	–
ii) Working Capital Loans*	–	–	<b>9,333.93</b>	16,611.80
* Secured by hypothecation of current assets viz., stocks of raw materials, work-in-progress and finished goods				
iii) Hire Purchase Agreement	<b>17.82</b>	28.92	<b>336.33</b>	18.89
	(A) <b>29,164.97</b>	23,941.66	<b>9,670.26</b>	16,630.69
<b>b) Unsecured</b>				
i) Term Loans	<b>2,000.00</b>	2,417.75	<b>115.00</b>	235.00
ii) Working Capital Loans	–	–	<b>36,183.99</b>	32,750.06
	(B) <b>2,000.00</b>	2,417.75	<b>36,298.99</b>	32,985.06
Total (A+B)	<b>31,164.97</b>	26,359.41	<b>45,969.25</b>	49,615.75
<b>4 DEFERRED TAX LIABILITY / ASSETS</b>				
<b>a) Deferred Tax Liability</b>				
On Depreciation	<b>9,912.99</b>	9,746.21		
<b>b) Deferred Tax Asset :</b>				
i) On Provision for Leave Salary	<b>56.72</b>	(166.88)		
ii) Others	<b>(350.05)</b>	(181.51)		
<b>Net Deferred Tax Liability (a + b)</b>	<b>9,619.66</b>	9,397.82		

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	Rs lakhs			
	Long-term / Non-current		Short-term / Current	
	As at 31-3-2013	As at 31-3-2012	As at 31-3-2013	As at 31-3-2012
<b>5 TRADE PAYABLES</b>				
Sundry Creditors for Goods purchased / Services availed	-	-	<b>25,105.18</b>	23,494.22
	<u>-</u>	<u>-</u>	<u><b>25,105.18</b></u>	<u>23,494.22</u>
<b>6 OTHER LIABILITIES</b>				
1. Current Maturities of Long-Term Debt	-	-	<b>8,633.88</b>	13,283.15
2. Interest accrued but not due	-	-	<b>301.02</b>	407.88
3. Unclaimed Dividend	-	-	<b>136.91</b>	129.22
4. Statutory Dues	-	-	<b>764.69</b>	803.31
5. Trade deposits	-	-	<b>21.02</b>	7.19
6. Unclaimed Wages & Salaries	-	-	<b>224.43</b>	210.57
7. Unclaimed Bonus	-	-	<b>4.07</b>	5.36
8. Bonus Payable	-	-	<b>212.18</b>	196.64
9. Outstanding Liabilities	-	-	<b>4,766.56</b>	5,566.85
10. Customer Advances	-	-	<b>293.76</b>	177.06
11. Non-Statutory dues	-	418.49	<b>472.79</b>	626.43
12. Provision for Income Tax less Advance Tax	-	-	<b>425.56</b>	181.57
13. Income Received in Advance	-	-	-	5.25
14. Tool Amortisation	-	-	-	-
15. Government grant	<b>41.09</b>	69.60	<b>33.59</b>	31.31
16. Interest on Income Tax Payable	-	-	<b>41.36</b>	41.36
	<u><b>41.09</b></u>	<u>488.09</u>	<u><b>16,331.82</b></u>	<u>21,673.15</u>
<b>7 PROVISIONS</b>				
a) Leave Salary	<b>299.97</b>	364.38	<b>164.29</b>	98.69
b) Gratuity	<b>37.28</b>	25.47	<b>492.69</b>	377.77
c) Dividend Payable	-	-	<b>1,979.51</b>	2,210.08
d) Expenses	-	-	<b>4,723.63</b>	5,114.22
	<u><b>337.25</b></u>	<u>389.85</u>	<u><b>7,360.12</b></u>	<u>7,800.76</u>

# Sundram Fasteners Limited (CONSOLIDATED)

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

### 8 FIXED ASSETS

Rs lakhs

Particulars	Tangible								Intangible		Total	
	Aircraft*	Land - Free Hold	Land - Lease Hold	Buildings	Plant and Equipment#	Furniture & Fixtures	Office Equip-ment	Vehicles	Total	Technical Know-how		Soft-ware
<b>A Cost of Assets</b>												
As at 1-4-2012	720.99	4,539.04	1,072.07	19,404.75	126,772.95	8,694.36	1,996.74	463.47	163,664.37	490.38	316.66	164,471.41
Additions	-	364.05	3.77	2,574.71	11,621.89	155.37	344.34	71.81	15,135.94	-	651.66	15,787.60
Sales/Discards	-	(324.04)	-	(871.48)	(691.41)	(218.71)	(112.26)	(83.37)	(2,301.27)	-	(81.46)	(2,382.73)
Other Adjustments	-	-	-	-	-	-	-	-	-	-	-	-
- Exchange difference	-	-	14.38	258.77	1,514.23	408.14	8.93	3.47	2,207.92	-	15.04	2,222.96
- Borrowing Costs	-	-	-	-	-	-	-	-	-	-	-	-
<b>As at 31-3-2013</b>	<b>720.99</b>	<b>4,579.05</b>	<b>1,090.22</b>	<b>21,366.75</b>	<b>139,217.66</b>	<b>9,039.16</b>	<b>2,237.75</b>	<b>455.38</b>	<b>178,706.96</b>	<b>490.38</b>	<b>901.90</b>	<b>180,099.24</b>
<b>B Depreciation / Amortization</b>												
As at 1-4-2012	53.87	-	113.75	4,058.46	66,379.28	6,795.51	1,346.43	192.89	78,940.19	326.81	280.47	79,547.47
Charges for the year	40.38	-	12.75	587.73	8,065.60	265.69	161.40	41.87	9,175.42	111.05	132.31	9,418.78
Deduction on sale or discards	-	-	-	(168.80)	(626.78)	(215.20)	(102.82)	(60.39)	(1,173.99)	-	(81.46)	(1,255.45)
Write Back by Fiscal authorities	-	-	-	-	-	-	-	-	-	-	-	-
Loss on sale of assets not recognised	-	-	-	-	-	-	-	-	-	-	-	-
Impairment for the year	-	-	-	-	-	-	-	-	-	-	-	-
Exchange Difference	-	-	3.42	39.14	1,221.76	333.64	5.98	3.18	1,607.12	-	19.87	1,626.99
<b>As at 31-3-2013</b>	<b>94.25</b>	<b>-</b>	<b>129.92</b>	<b>4,516.53</b>	<b>75,039.86</b>	<b>7,179.64</b>	<b>1,410.99</b>	<b>177.55</b>	<b>88,548.74</b>	<b>437.86</b>	<b>351.19</b>	<b>89,337.79</b>
<b>C Written Down Value</b>												
As at 31-3-2013	626.74	4,579.05	960.30	16,850.22	64,177.80	1,859.52	826.76	277.83	90,158.22	52.52	550.71	90,761.45
As at 31-3-2012	667.12	4,539.04	958.32	15,346.29	60,393.68	1,898.85	650.30	270.58	84,724.18	163.57	36.19	84,923.94
<b>D Capital Work-in-Progress</b>												
As at 31-3-2013	-	-	-	135.49	3,199.20	-	16.16	-	3,350.85	-	-	3,350.85
As at 31-3-2012	-	-	-	518.31	4,179.36	-	9.32	-	4,706.99	-	503.93	5,210.92

\* Jointly owned.

# Includes assets under operating lease to sub-contractors (cost Rs 3,276.58 lakhs, accumulated depreciation Rs 1,669.57 lakhs and written down value Rs 1,607.01 lakhs)

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	Rs lakhs			
	Non-current		Current	
	As at 31-3-2013	As at 31-3-2012	As at 31-3-2013	As at 31-3-2012
<b>9. LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD UNLESS STATED OTHERWISE)</b>				
A) Capital Advance	<u>1,832.73</u>	<u>1,032.30</u>	—	—
(A)	<u>1,832.73</u>	<u>1,032.30</u>	—	—
B) Security Deposits	<u>1,404.05</u>	<u>978.79</u>	—	51.16
(B)	<u>1,404.05</u>	<u>978.79</u>	—	51.16
C) Loans and Advances to Related Parties (refer note on related party)	<u>100.00</u>	<u>342.28</u>	<u>1,265.91</u>	<u>2,375.84</u>
(C)	<u>100.00</u>	<u>342.28</u>	<u>1,265.91</u>	<u>2,375.84</u>
D) Other Loans and Advances				
Advance Income-tax (net of provision for taxation)	<b>695.64</b>	1,378.83	<b>735.09</b>	175.64
Prepaid Expenses	<b>59.55</b>	—	<b>2,164.69</b>	567.93
Loans / Advances to Employees	<b>45.50</b>	49.53	<b>262.50</b>	304.81
Balance with statutory / government authorities	<b>24.99</b>	21.98	<b>892.89</b>	1,083.80
Advances to suppliers	<b>7.92</b>	7.92	<b>1,073.62</b>	1,595.98
Advances recoverable in Cash or in kind	<b>0.05</b>	0.05	<b>4,658.09</b>	5,465.68
Minimum Alternate Tax Credit Entitlement	<b>45.10</b>	109.26	<b>150.66</b>	140.01
(D)	<u>878.75</u>	<u>1,567.57</u>	<u>9,937.54</u>	<u>9,333.85</u>
Total (A+B+C+D)	<u>4,215.53</u>	<u>3,920.94</u>	<u>11,203.45</u>	<u>11,760.85</u>
<b>10 OTHER ASSETS (UNSECURED, CONSIDERED GOOD UNLESS STATED OTHERWISE)</b>				
a) Non-Current Bank Balance (refer note 13)	<b>79.70</b>	45.78	—	—
b) Other Assets	—	—	<b>616.49</b>	1,770.08
c) Interest receivable	<b>0.25</b>	0.63	<b>204.52</b>	64.23
	<u>79.95</u>	<u>46.41</u>	<u>821.01</u>	<u>1,834.31</u>

# Sundram Fasteners Limited (CONSOLIDATED)

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

		Rs lakhs	
		As at	As at
		31-3-2013	31-3-2012
<b>11</b>	<b>INVENTORIES (VALUED AT LOWER OF COST OR NET REALIZABLE VALUE) - CURRENT</b>		
a)	Stores & Spares	1,426.68	1,466.07
b)	Stores & Spares in Transit	1.71	0.11
c)	Loose Tools	2,179.53	1,997.56
d)	Loose Tools in Transit	4.61	2.40
e)	Raw Materials and Components	11,906.72	11,838.67
f)	Raw Materials and Components in Transit	1,227.59	1,400.80
g)	Work-in-Progress	13,373.55	13,554.29
h)	Work-in-Progress in Transit	41.37	88.46
i)	Finished Goods	13,866.81	14,332.14
j)	Finished Goods in Transit	1.00	-
	Total	<u>44,029.57</u>	<u>44,680.50</u>
<b>12</b>	<b>TRADE RECEIVABLES (UNSECURED, CONSIDERED GOOD UNLESS STATED OTHERWISE) - CURRENT</b>		
a)	Outstanding for a period exceeding 6 months from the date they are due for payment	3,752.26	4,384.90
b)	Other Receivables	45,773.87	44,702.73
	Sub Total (a+b)	<u>49,526.13</u>	<u>49,087.63</u>
c)	Provision for Doubtful Debts	(113.94)	(219.85)
	Total	<u>49,412.19</u>	<u>48,867.78</u>
<b>13</b>	<b>CASH AND CASH EQUIVALENTS</b>		
a)	<b>Balances with Bank</b>		
i)	Cash Credit	-	11.55
ii)	Current Account	826.37	823.42
iii)	Deposit Accounts*	503.88	45.78
iv)	Deposits with maturity less than 3 months	100.00	10.00
v)	Earmarked Balances with Banks – Dividend Warrant	136.91	129.22
	Cheques / Drafts on hand	531.17	470.31
	Cash on hand	31.14	20.59
		2,129.47	1,510.87
	*Deposits have been lodged with electricity board to meet the security deposit requirements, hence classified under other Non-current Bank Balance	(46.73)	(45.78)
	Sub Total	<u>2,082.74</u>	<u>1,465.09</u>
b)	<b>Other Bank Balances</b>		
	Deposits with maturity for more than 12 months	32.97	40.00
	Deposits with maturity for more than 3 months but less than 12 months	-	86.05
	Deposits with maturity for more than 12 months shown under other current assets (note No. 10)	(32.97)	-
	Sub Total	<u>-</u>	<u>138.71</u>
	Actual Balances with Bank (a + b)	<u>-</u>	<u>2,168.79</u>
		<u>-</u>	<u>1,603.80</u>

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

		Rs lakhs	
		Year ended 31-3-2013	Year ended 31-3-2012
<b>14</b>	<b>REVENUE FROM OPERATION</b>		
	<b>a) Sale of Products</b>		
	Domestic Sales	<b>187,053.02</b>	195,636.14
	Export Sales	<b>89,408.79</b>	90,768.93
	Sub Total	<u><b>276,461.81</b></u>	<u>286,405.07</u>
	<b>b) Other Operating Revenues (Refer Note 14A)</b>	<b>6,315.77</b>	6,700.81
	Sub Total(a+b)	<u><b>282,777.58</b></u>	<u>293,105.88</u>
	Less : Excise Duty	<b>17,678.73</b>	16,090.27
	Total	<u><b>265,098.85</b></u>	<u>277,015.61</u>
<b>14A</b>	<b>OTHER OPERATING REVENUE</b>		
	Scrap Sales	<b>5,157.83</b>	5,804.62
	Export Incentives	<b>364.40</b>	197.87
	Others	<b>793.54</b>	698.32
	Total	<u><b>6,315.77</b></u>	<u>6,700.81</u>
<b>15</b>	<b>OTHER INCOME</b>		
	Interest Income	<b>500.12</b>	104.68
	Net Foreign exchange gain (net off loss)	<b>1,505.91</b>	988.73
	Dividends - From Other Companies	<b>48.96</b>	37.86
	Miscellaneous Income	<b>1,918.24</b>	1,832.57
	Profit on Sale of Assets	<b>36.90</b>	30.98
	Profit on Sale of Investments	<b>100.84</b>	53.50
	Total	<u><b>4,110.97</b></u>	<u>3,048.32</u>
<b>16</b>	<b>RAW MATERIALS INCLUDING PACKING MATERIALS CONSUMED</b>		
	Opening Stock of Raw Materials	<b>11,949.55</b>	11,879.51
	Add : Purchase of Materials	<b>120,851.67</b>	134,187.38
	Less : Closing Stock of Raw Material	<b>11,906.72</b>	11,838.67
	Total	<u><b>120,894.50</b></u>	<u>134,228.22</u>

# Sundram Fasteners Limited (CONSOLIDATED)

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

		Rs lakhs
	Year ended 31-3-2013	Year ended 31-3-2012
<b>17 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
Opening Stock :		
Work-in-Progress	<b>13,734.99</b>	11,833.89
Finished Goods	<b>14,585.24</b>	12,836.78
Sub Total (a)	<b>28,320.23</b>	24,670.67
Less : Closing Stock		
Work-in-Progress	<b>13,376.60</b>	13,557.93
Finished Goods	<b>13,869.19</b>	14,332.60
Sub Total (b)	<b>27,245.79</b>	27,890.53
Total (a-b)	<b>1,074.44</b>	(3,219.86)
<b>18 EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, Wages, Bonus and Allowances	<b>28,331.68</b>	27,644.68
Provident and Other Funds	<b>3,682.15</b>	3,501.35
Welfare expenses	<b>2,609.66</b>	2,479.17
Total	<b>34,623.49</b>	33,625.20
<b>19 FINANCE COST</b>		
a) Interest expense	<b>4,629.74</b>	3,868.33
b) Other borrowing costs	<b>281.52</b>	188.08
c) Net (gain)/loss on foreign currency loans	<b>4,066.59</b>	5,759.73
Total	<b>8,977.85</b>	9,816.14
<b>20 OTHER EXPENSES</b>		
a) Stores and Tools consumed	<b>26,304.47</b>	27,280.28
b) Power & Fuel	<b>14,846.81</b>	11,126.99
c) Rent	<b>2,022.98</b>	1,621.56
d) Rates & Taxes	<b>799.54</b>	856.66
e) Insurance	<b>810.40</b>	620.04
f) Repairs & Maintenance - Building	<b>1,944.81</b>	1,982.18
g) Repairs & Maintenance - Plant and Equipment	<b>3,585.28</b>	3,278.26
h) Miscellaneous Expenses (Refer note no. 21)	<b>31,581.80</b>	35,114.64
Total	<b>81,896.09</b>	81,880.61

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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		Rs lakhs
	Year ended 31-3-2013	Year ended 31-3-2012
<b>21 MISCELLANEOUS EXPENSES</b>		
a) Sub-contract expenses	15,917.91	19,067.57
b) Freight & Cartage Inward	1,791.54	2,219.10
c) Repairs & Maintenance - Other Assets	1,293.88	1,031.19
d) Commission on Sales	1,346.54	580.05
e) Directors' Sitting Fees	7.00	6.60
f) Remuneration to Auditors (Refer note no. 22)	115.28	99.75
g) Loss on Sale of Assets	40.65	47.16
h) Loss on Sale of Investments	-	0.20
i) Research and Development Expenditure	710.30	1,111.52
j) Freight & Cartage Outward	4,555.60	4,953.63
k) Travel Expenses	1,047.71	937.41
l) Postage & Telecom Expenses	370.61	314.74
m) Warranty Claims	157.26	141.62
n) Consultancy	1,090.32	909.41
o) Bad Debts	35.34	77.61
p) Net Foreign Exchange loss (net off gain)	-	-
q) Sundry Expenses	3,101.86	3,617.08
Total	<u>31,581.80</u>	<u>35,114.64</u>
<b>22 REMUNERATION TO AUDITORS CONSIST OF</b>		
a) As Auditor	89.45	83.56
b) Taxation Matters	6.86	6.55
c) Company Law Matters	0.46	0.66
d) Other Services	7.53	0.28
e) Reimbursement of Expenses	10.98	8.70
Total	<u>115.28</u>	<u>99.75</u>



# **Sundram Fasteners Limited (CONSOLIDATED)**

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

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

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

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

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

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

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

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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

Name of the Company	Country of Incorporation	Proportion of ownership interest/voting power	Reporting date	Difference in Reporting date
<b>Subsidiary Companies</b>				
Sundram Fasteners Investments Limited, Chennai	India	100%	31.03.2013	-
Sundram Fasteners (Zhejiang) Limited, China	China	100%	31.12.2012	3 Months
Upasana Engineering Limited, Chennai	India	100%	31.03.2013	-
Cramlington Precision Forge Limited, United Kingdom	UK	100%	31.12.2012	3 Months
Sundram RBI Sdn. Bhd., Malaysia	Malaysia	70%	31.03.2013	-
Peiner Umformtechnik GmbH, Germany	Germany	100%	31.12.2012	3 Months
PUT Grundstücks GmbH, Germany	Germany	100%	31.12.2012	3 Months
TVS Peiner Services GmbH, Peine, Germany	Germany	100%	31.12.2012	3 Months
Sundram Non-Conventional Energy Systems Limited, Chennai	India	52.94%	31.03.2013	-
Sundram International Inc	USA	100%	31.03.2013	-
Sundram Bleistahl Limited, Chennai	India	76%	31.03.2013	-
<b>Associate Companies</b>				
TVS Infotech Limited, Chennai (TVSI)	India	49.99%	31.03.2013	-
TVS Infotech Inc., USA (TVSI Inc)	USA	49.99%	31.03.2013	-
<b>Joint Venture</b>				
Windbolt GmbH, Germany	Germany	50%	31.12.2012	3 months

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

Leasehold land is amortised over the period of lease.

E. Other Significant Accounting Policies :

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

# Sundram Fasteners Limited (CONSOLIDATED)

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at/ Year ended 31-3-2013	Rs lakhs As at/ Year ended 31-3-2012
2) Contingent Liabilities :		
a) On Letters of Guarantee	<b>1,135.26</b>	2,276.00
b) On Letters of Credit	<b>212.05</b>	659.52
c) On Guarantee issued to HDFC on behalf of employees	-	1.70
d) On partly paid shares of The Adyar Property Holding Co. Ltd.	<b>0.01</b>	0.01
e) Estimated contingent liability for stamp duty in respect of leased land at Uttrakhand	-	-
f) Claims against the Company not acknowledged as debts	-	-
3) Liability disputed and not provided for :		
a) Sales Tax – under appeal	<b>1,663.53</b>	691.07
b) Excise Duty – under appeal	<b>190.14</b>	656.48
c) Income-tax – under appeal	<b>52.75</b>	81.38
d) Others	<b>50.67</b>	50.67
4) Estimated amount of contracts remaining to be executed on capital account and not provided for	<b>6,910.71</b>	2,012.70
5) Contingent Assets		
Claim of additional compensation against land acquisition	<b>23.29</b>	23.29
6) The Company and its Subsidiaries operate in only one Segment as the entire operations are subject to similar risks and returns. Hence there are no reportable segments.		
7) As required by Accounting Standard - AS 18 "Related Parties Disclosures" issued by the Institute of Chartered Accountants of India, related party disclosures are as follows :		
(I) <b>Where Control exists:</b>		
(A) <b>Associate</b>		
TVS Infotech Limited, Chennai		
TVS Infotech Inc., Michigan, USA		
TV Sundaram Iyengar & Sons Ltd., Madurai		
Southern Roadways Limited, Madurai		
Sundaram-Clayton Ltd.		
Lucas-TVS Ltd.		
(B) <b>Joint Venture</b>		
Windbolt GmbH, Germany		
(II) <b>Other related Parties with whom transactions have been entered into during the year:</b>		
(A) <b>Key Management Personnel</b>		
– Mr Suresh Krishna		
– Ms Arathi Krishna		
– Ms Arundathi Krishna		

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at / Year ended 31-3-2013	Rs lakhs As at / Year ended 31-3-2012
<b>(B) Relatives of Key Management Personnel</b>		
– Ms Usha Krishna		
– Ms Preethi Krishna		
<b>(C) Enterprises in which Key Management Personnel have significant influence:</b>		
– Upasana Finance Limited, Chennai		
– Upasana Properties Private Limited, Chennai		
<b>(III) Transactions with related parties</b>		
<b>(A) Purchase of Goods :</b>		
– Associate	<b>121.97</b>	137.19
– Key Management Personnel	–	–
– Relatives of Key Management Personnel	–	–
<b>(B) Sale of Goods :</b>		
– Associate	<b>8,446.83</b>	8,340.91
– Key Management Personnel	–	–
– Relatives of Key Management Personnel	–	–
<b>(C) Services rendered :</b>		
– Associate - Share of expenses	–	7.49
– Key Management Personnel	–	–
– Relatives of Key Management Personnel	–	–
<b>(D) Services received:</b>		
– Associate	<b>739.47</b>	1,159.37
– Key Management Personnel	–	–
– Relatives of Key Management Personnel	–	–
– Enterprise in which key management personnel have significant influence	<b>37.42</b>	35.44
<b>(E) Leasing or hire purchase arrangements</b>		
– Associate	<b>0.96</b>	–
– Key Management Personnel (Lease rent paid)	<b>19.20</b>	6.24
– Relatives of Key Management Personnel (Lease rent paid)	<b>6.20</b>	1.88
– Enterprise in which Key Management Personnel have significant influence	–	–
– Enterprise in which Key Management Personnel have significant influence (Lease rent paid)	–	–

# Sundram Fasteners Limited (CONSOLIDATED)

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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	Rs lakhs	
	As at / Year ended 31-3-2013	As at / Year ended 31-3-2012
<b>(F) Finance</b>		
– Associate		
– Loans	<b>100.00</b>	1,038.75
– Equity	–	799.50
– Joint Venture		
– Loans	<b>347.45</b>	1,995.19
– Equity Shares	–	22.22
– Interest received	<b>148.53</b>	24.54
– Key Management Personnel	–	–
– Interest on loan to Associate	<b>31.31</b>	44.26
– Dividend Paid & Payable to Associate	<b>1,527.77</b>	1,353.11
– Loan due to Key Management Personnel	–	–
– Interest on loan to Key Management Personnel	–	–
– Relatives of Key Management Personnel	–	–
– ICD received from enterprise in which Key Management have a significant influence	–	–
– Interest on loan from enterprises in which Key Management Personnel has significant influence	<b>13.45</b>	21.10
* Finance includes loans		
<b>(G) Guarantees &amp; Collaterals</b>		
– Associate	–	–
– Key Management Personnel	–	–
– Relatives of Key Management Personnel	–	–
– Enterprise in which Key Management Personnel have significant influence	–	–
<b>(H) Management contracts, including deputation of employees</b>		
– Associate	–	–
– Key Management Personnel	<b>793.92</b>	970.73
– Relatives of Key Management Personnel	–	–

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## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Rs lakhs

As at /  
Year ended  
31-3-2013

As at /  
Year ended  
31-3-2012

### (I) Outstanding balances

#### Due to the Company :

- Associate	<b>1,040.35</b>	931.60
- Joint Venture	<b>2,061.54</b>	2,019.73
- Key Management Personnel	-	-
- Relatives of Key Management Personnel	-	-

#### Payable by the Company

- Associate	<b>54.03</b>	98.35
- Key Management Personnel	<b>525.00</b>	775.00
- Loan from Key Management Personnel	-	-
- Relatives of Key Management Personnel	-	-
- Enterprises in which Key Management Personnel has significant influence	<b>115.00</b>	235.00

### 8) Information on Joint Venture

#### A. Jointly Controlled Asset

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

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

#### a) Assets

WDV of Aircraft	<b>626.74</b>	667.12
Current Assets - Advances	<b>27.59</b>	28.45
Current Assets - Deposits	<b>125.58</b>	1.50

#### b) Liabilities

Current liabilities and Provisions:		
Current liabilities	<b>88.21</b>	32.37

# Sundram Fasteners Limited (CONSOLIDATED)

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	Rs lakhs	
	As at / Year ended 31-3-2013	As at / Year ended 31-3-2012
<b>c) Income</b>	–	–
<b>d) Expenditure</b>		
Subscription	1.82	–
Consultancy fees	123.08	47.77
Travelling Expenses	16.73	10.13
Postage, Courier and Telephone charges	0.45	0.23
Insurance	7.99	–
Lease Rent	194.93	–
Aircraft Maintenance	199.50	108.68
Bank Charges	0.03	–
Legal Expenses	0.04	–
Sundry Expenses	0.89	–
Depreciation	40.38	40.68

### (B) Jointly Controlled Entity

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

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

### A) Assets

WDV of Tangible Assets	2,493.86	58.69
Capital Work in Progress	0.00	467.44
Current Assets - Others	548.36	209.97
Inventory	35.20	–
Cash & Cash Equivalents	0.47	3.23

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	Rs lakhs	
	As at / Year ended 31-3-2013	As at / Year ended 31-3-2012
<b>B) Liabilities</b>		
Borrowings	2,255.22	550.64
Current Liabilities and Provisions :		
Trade Payables	135.33	21.24
Current Liabilities	0.00	29.35
Provisions	3.65	1.72
<b>C) Income</b>	<b>695.55</b>	46.92
<b>D) Expenditure</b>		
Cost of materials and components consumed	0.50	-
Increase / (Decrease) in inventories FG, WIP and stock in trade	(34.86)	-
Employee Benefit Expenses	12.62	3.19
Finance Cost	100.20	4.78
Depreciation	13.61	-
Other Expenses	85.94	8.54
Tax	71.68	2.44

### 9) Discontinuing Operations :

#### A. SUNDRAM RBI SDN. BHD, MALAYSIA

The Board of the Directors of one of the Subsidiary of the Company viz. SUNDRAM RBI SDN. BHD, Malaysia has approved a plan for the discontinuance of its operations. As at 31st March 2013 the carrying amount of the assets of the subsidiary company was Rs.5.07 lakhs and liabilities were Rs.195.94 lakhs. The following statement shows the revenue and expenses of the discontinuing operations which has been included in the Statement of Profit and Loss :

Other income	-	38.00
Other Expenses	0.68	0.84
Pre-tax Profit/(Loss) from discontinued operations	(0.68)	37.16
Interest	-	-
Profit/(Loss) before tax	(0.68)	37.16
Income Tax - Deferred Tax	-	-
Profit/(Loss) from discontinuing operations after tax	(0.68)	37.16



# Sundram Fasteners Limited (CONSOLIDATED)

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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Rs lakhs

As at /  
Year ended  
31-3-2013

As at /  
Year ended  
31-3-2012

### B. SUNDRAM INTERNATIONAL INC.

The Board of the Directors of one of the Subsidiary of the Company viz. SUNDRAM INTERNATIONAL INC. USA has approved a plan for the discontinuance of its operations. As at 31st March 2013 the carrying amount of the assets of the subsidiary company was Rs.29.57 lakhs and liabilities were Rs.20.36 lakhs. The following statement shows the revenue and expenses of the discontinuing operations which has been included in the Statement of Profit and Loss :

Revenue from operation	2.10	—
Cost of material consumed	3.21	—
Other expenses	36.27	—
Exchange gain	2.82	—
Profit / (Loss) before tax from discontinued operations	(34.56)	—
Income Tax - Deferred Tax	—	—
Profit/(Loss) from discontinuing operations after tax	(34.56)	—

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

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**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

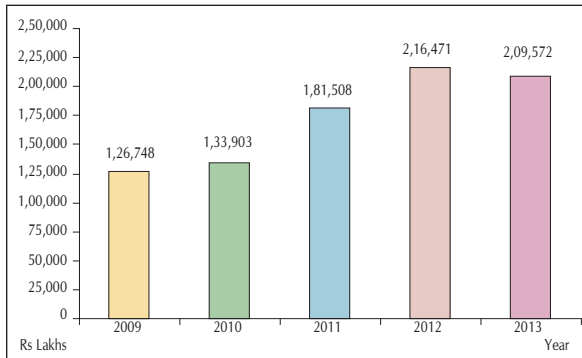
Chennai  
May 30, 2013

**V G JAGANATHAN**  
Secretary

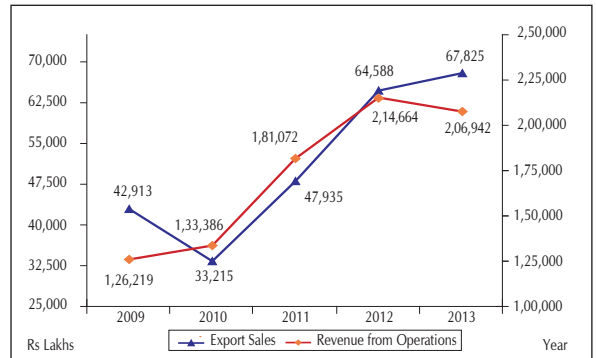
**P MENAKSHISUNDARAM**  
Partner  
Membership No. 217914

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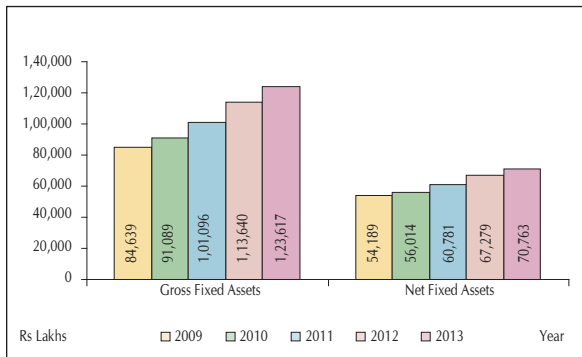
## Total Revenue



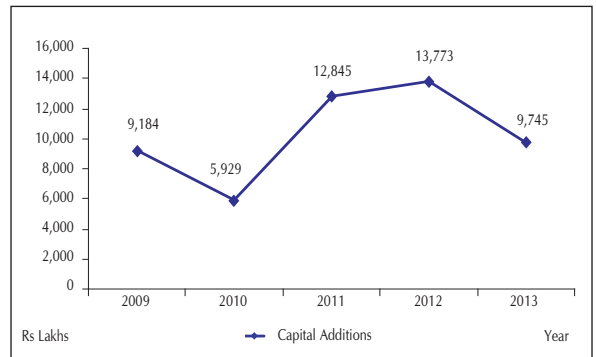
## Export Sales and Revenue from Operations



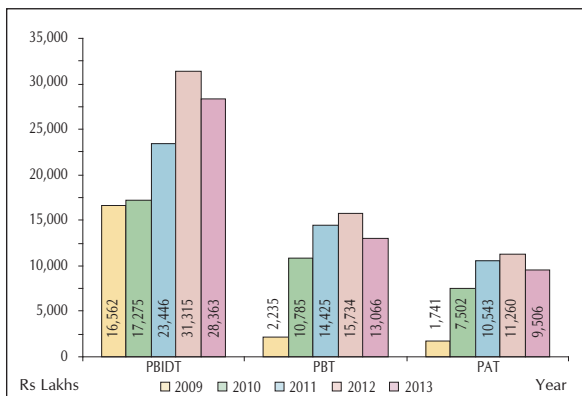
## Gross and Net Block of Fixed Assets



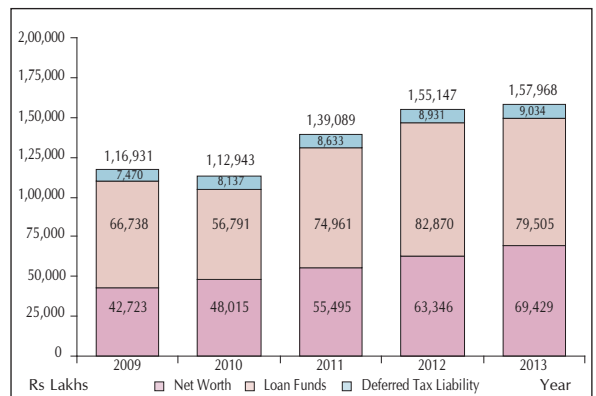
## Capital Expenditure



## Profits



## Funds Employed





# Sundram Fasteners Limited

REGISTERED & CORPORATE OFFICE  
9B-A, VII FLOOR  
DR. RADHAKRISHNAN SALAI,  
MYLAPORE, CHENNAI 600 004, INDIA  
TELEPHONE : +91 - 44 - 28478500  
FAX : +91 - 44 - 28478508 / 28478510  
PAN : AAACS8779D

## FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

1	Name of the Company	Sundram Fasteners Limited
2	Annual financial statements for the year ended	31 <sup>st</sup> March 2013
3	Type of Audit observation	Unqualified
4	Frequency of observation	Not applicable

**Suresh Krishna**  
Chairman & Managing Director

**R Srinivasan**  
Chairman – Audit Committee

For Sundaram & Srinivasan  
Chartered Accountants  
Regn No.004207S

**V G Jaganathan**  
Executive Director & Secretary

**M Balasubramaniam**  
Partner  
Regn No.F7945

Date: 17<sup>th</sup> July 2013

24/7/13



Intertek