



## Sundram Fasteners Limited

Email: [investorshelpdesk@sfl.co.in](mailto:investorshelpdesk@sfl.co.in)

REGISTERED & CORPORATE OFFICE  
98-A, VII FLOOR  
DR. RADHAKRISHNAN SALAI,  
MYLAPORE, CHENNAI - 600 004, INDIA  
TELEPHONE: +91 - 44 - 28478500  
FAX : +91 - 44 - 28478508 / 28478510  
PAN : AAACS8779D  
CIN : L35999TN1962PLC004943  
WEBSITE : [www.sundram.com](http://www.sundram.com)

August 30, 2017

**National Stock Exchange of India Limited (NSE)**

*Scrip Code - SUNDRMFAST*  
Exchange Plaza, 5<sup>th</sup> Floor,  
Plot No. C/1, G Block, Bandra-Kurla Complex,  
Bandra (East), Mumbai - 400 051

By NEAPS

**BSE Limited**

*Scrip Code - 500403*  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort, Mumbai - 400 001

By Listing Centre

Dear Sir / Madam,

**Annual Report for the Financial Year 2016 - 2017**  
**Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith the Annual Report of our Company for the financial year **2016 - 2017**.

Thanking you,

Yours truly,  
For SUNDRAM FASTENERS LIMITED

**R Dilip Kumar**  
Vice President – Finance & Company Secretary





**Sundram Fasteners Limited**



**Sundram Fasteners**

**ANNUAL REPORT**

for the year ended  
31st March 2017



Dear Shareholders,

It is with immense pleasure, I am writing to you on the occasion of the 50<sup>th</sup> Anniversary of Sundram Fasteners.

In a long standing family business, inheritance of companies is more a norm. One rarely gets a chance to start something new from ground up. I consider myself lucky to have been provided an opportunity to start Sundram Fasteners (SFL) from scratch. It has been all the more challenging because my area of education was in literature, a far cry from engineering. But, as they say, the young have no fear. So, in 1966 when we started SFL, I felt like a new parent full of expectations, but lacking in skill. Like being a parent for the first time, I could seek guidance, but the experience was uniquely mine.

Having started SFL as a small scale company with just eight people, the passion and commitment to make it grow healthily was the unfailing driving force. There were already well established competitors in the market. There were trials and tribulations and it was a constant struggle to make it profitable. SFL has always been and still is a people oriented company. It is the employees who nurtured it and were dedicated to make it thrive. It is this commitment which has made it the company it is today.

While SFL started as a company manufacturing high tensile fasteners, a chance meeting with Professor C.K. Prahalad made us realise that our core competency was tool making; the product was only an end result. This opened up new avenues such as cold extrusion, powder metallurgy, hot forging etc. Even in the 1980s we were keenly aware that competition would become a way of life and quality would be the pillars on which it would rest. SFL's whole hearted pursuit of quality has won many accolades, being the first company in India to get ISO 9000 certificate when it was unknown in India, as well as getting the TPM excellence award. SFL became synonymous with Quality. Contrary to the general practice of joint ventures in that era, SFL had a firm belief to make in India and went on its own independent path to create world class products. This has given the company the freedom to make decisions independently and explore foreign markets. The ever increasing exports and establishing manufacturing companies in China and the UK were a result of that freedom.

SFL today is a multi-product, multi-location company, a company which has grown from very humble beginnings. It still fiercely retains its original and ever pervasive character of being people centric. The dedicated employees, past and present, are its priceless driving force. SFL's contribution to raise their standard of living is its cherished goal, its dharma, a means to build a better India - a challenge, I am sure, it will meet competently as the future unfolds. It is indeed appropriate that, on its Golden Jubilee year, SFL records its gratitude to all the employees who have made this success possible. With the inherent culture of sharing the prosperity, SFL consciously continues to serve the community's social development needs in the best possible ways and has created a profound positive social impact.

SFL has succeeded because it stays true to its core values - acting with integrity, resolute pursuit of quality and excellence and embracing change. SFL maintains high standards in every aspect of business, from ethics to environmental and social sustainability efforts. It is the ability to adapt to change, meet customer expectations and the trust of all its stakeholders that drives SFL and keeps it young at 50 years.

On the occasion of the Golden Jubilee, I wish to convey my sincere thanks to all those who have contributed to the growth of SFL during these fifty years. With your continued support I am certain that SFL will scale new heights, carrying with it the value systems that have made its first fifty years great.

I look forward to meeting you at the forthcoming annual general meeting.



SURESH KRISHNA  
Chairman and Managing Director

# Sundram Fasteners Limited

## BOARD OF DIRECTORS

Sri SURESH KRISHNA  
*Chairman & Managing Director*

Ms ARATHI KRISHNA  
*Joint Managing Director*

Ms ARUNDATHI KRISHNA  
*Deputy Managing Director*

*Non-Executive Directors*

Sri K RAMESH

Ms PREETHI KRISHNA (w.e.f. 5<sup>th</sup> July, 2017)

*Independent Directors*

Sri V NARAYANAN

Sri R SRINIVASAN

Sri R RAMAKRISHNAN

Sri C V KARTHIK NARAYANAN

Sri M RAGHUPATHY IAS (Retd.)

Sri B MUTHURAMAN

## CHIEF FINANCIAL OFFICER

Sri S MEENAKSHISUNDARAM

## VICE PRESIDENT - FINANCE & COMPANY SECRETARY

Sri R DILIP KUMAR

## REGISTERED OFFICE

98A, VII Floor, Dr Radhakrishnan Salai,  
Mylapore, Chennai 600 004

## FACTORIES (In India)

Tamil Nadu: Padi, Hosur, Aviyur, Mittamandagapet,  
Velappanchavadi, Gummidipoondi,  
SEZ - Mahindra World City

Puducherry: Korkadu

Andhra Pradesh: Bonthapally

Uttarakhand: Rudrapur

## FACTORIES (In India - through subsidiaries)

Tamil Nadu : Ambattur, Hosur

## FACTORIES (Outside India - through subsidiaries)

Sundram Fasteners (Zhejiang) Limited, China  
Cramlington Precision Forge Limited,  
United Kingdom

## BANKERS

State Bank of Mysore

Standard Chartered Bank

HDFC Bank Ltd.

ICICI Bank Ltd.

Canara Bank

The Hongkong and Shanghai Banking  
Corporation Ltd.

## STATUTORY AUDITORS

M/s SUNDARAM & SRINIVASAN  
Chartered Accountants,  
No. 4, C P Ramaswamy Road,  
Alwarpet, Chennai - 600 018

## SECRETARIAL AUDITORS

M/s S KRISHNAMURTHY & CO.,  
Company Secretaries,  
"Shreshtam", Old No. 17, New No. 16,  
Pattammal Street, Mandaveli,  
Chennai - 600 028.

## COST AUDITOR

Sri P RAJU IYER, 17, (Old No. 8),  
Hasthinapuram Main Road,  
Nehru Nagar, Chromepet, Chennai - 600 044.

## INTEGRATED REGISTRY MANAGEMENT SERVICES

**PRIVATE LIMITED (Registrar & Transfer Agent)**  
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  
E-Mail : srirams@integratedindia.in

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# Sundram Fasteners Limited

## FINANCIAL HIGHLIGHTS

₹ lakhs

Particulars	2016-17*	2015-16*	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
<b>Operating results</b>										
Revenue from Operations #	2,93,437	2,60,061	2,38,577	2,02,228	2,06,942	2,14,664	1,81,072	1,33,386	1,26,219	1,20,592
Total Revenue #	2,94,757	2,63,519	2,40,912	2,07,100	2,09,572	2,16,471	1,81,508	1,33,903	1,26,748	1,20,963
EBIDT	56,044	41,891	35,679	30,484	28,363	31,315	23,446	17,275	16,562	15,443
Interest	4,370	6,047	8,139	5,858	8,135	9,220	3,567	1,742	10,104	1,574
EBDT	51,674	35,844	27,540	24,626	20,228	22,095	19,879	15,533	6,458	13,869
Depreciation	8,977	9,174	8,832	7,637	7,162	6,361	5,454	4,748	4,223	3,423
EBIT	47,067	32,717	26,847	22,847	21,202	24,954	17,992	12,527	12,339	12,020
Profit Before Tax	42,460	22,109	17,708	15,989	13,066	15,734	14,425	10,785	2,235	10,446
Tax	10,912	710	4,176	3,900	3,688	4,475	3,882	3,283	494	3,499
Profit After Tax	31,548	21,399	13,532	12,089	9,506	11,260	10,543	7,502	1,741	6,947
<b>Financial status</b>										
Net fixed assets	96,746	86,489	80,980	80,300	72,904	71,288	63,956	57,978	56,798	51,944
Investments	32,058	30,855	11,695	12,316	13,202	14,263	14,237	14,239	14,245	13,325
Net current assets	71,957	49,038	76,865	59,157	71,863	69,596	60,896	40,726	45,888	39,365
Share capital	2,101	2,101	2,101	2,101	2,101	2,101	2,101	2,101	2,101	2,101
Reserves and surplus	1,29,205	1,01,697	83,795	75,463	67,328	61,245	53,394	45,914	40,621	40,110
Net worth	1,31,306	1,03,798	85,896	77,564	69,429	63,346	55,495	48,015	42,723	42,211
Loan funds	62,616	57,214	75,057	65,108	79,505	82,870	74,961	56,791	66,738	55,507
Deferred tax liability	6,839	5,370	8,587	9,101	9,034	8,931	8,633	8,137	7,470	6,915
Total capital employed	2,00,761	1,66,382	1,69,540	1,51,773	1,57,968	1,55,147	1,39,089	1,12,943	1,16,931	1,04,633
<b>Performance parameters - %</b>										
EBIDT to Revenue from Operations	19.1	16.1	15.0	15.1	13.7	14.6	12.9	13.0	13.1	12.8
EBIT to Revenue from Operations	16.0	12.6	11.3	11.3	10.2	11.6	9.9	9.4	9.8	10.0
PBT to Revenue from Operations	14.5	8.5	7.4	7.9	6.3	7.3	8.0	8.1	1.8	8.7
EBIDT/Average capital employed [ROCE]	30.5	24.9	22.2	19.7	18.1	21.3	18.6	15.0	15.0	16.1
EBIT / Average capital employed	25.6	19.5	16.7	14.8	13.5	17.0	14.3	10.9	11.1	12.5
PAT/Average net worth	26.8	22.6	16.6	16.4	14.3	18.9	20.4	16.6	4.1	17.4
EPS - ₹	15.01	10.18	6.44	5.75	4.52	5.36	5.02	3.57	0.83	3.31
Dividend per share-₹	**1.70	**3.05	1.75	1.70	1.40	1.40	1.25	0.90	0.50	0.90
Dividend payout ratio	**11.32	**29.95	27.17	29.55	30.95	26.13	24.91	25.21	60.36	27.26
Book value per share-₹	62.50	49.40	40.88	36.91	33.04	30.15	26.41	22.85	20.33	20.09
Market value per share-₹	386.00	170.80	174.50	62.80	40.50	55.35	51.05	51.60	14.85	32.35

Note : 1 Lakh = ₹ 1,00,000 Ten Lakhs = One Million Ten Millions = One Crore

\* Financials for these years are as per Ind AS

\*\* Dividend paid during the financial year has been considered to comply with Ind AS

# Revenue from Operations and Total Revenue are net of excise duty

## REPORT OF THE BOARD OF DIRECTORS

The Directors are pleased to present the Fifty Fourth Annual Report together with the audited financial statements for the year ended 31<sup>st</sup> March 2017.

### FINANCIAL HIGHLIGHTS (STANDALONE)

	2016-17	2015-16
Revenue from Operations	315,863.55	280,903.26
Other Income	1,320.14	3,458.30
<b>Total Revenue</b>	<b>317,183.69</b>	<b>284,361.56</b>
Total Expenditure	261,140.09	242,470.69
Gross Profit before interest, depreciation and taxes	56,043.60	41,890.87
Less: Interest	3,030.85	2,002.47
Exchange Losses / (Gains)	1,338.65	4,044.86
Depreciation	8,976.99	9,174.19
Profit before Exceptional items and taxes	42,697.11	26,669.35
Exceptional items	(236.94)	(4,559.96)
<b>Profit Before Tax</b>	<b>42,460.17</b>	<b>22,109.39</b>
Less: Provision for tax	10,912.23	709.89
<b>Profit after Tax</b>	<b>31,547.94</b>	<b>21,399.50</b>
Add: Balance brought forward	19,828.12	20,813.09
Balance available for appropriation	51,376.06	42,212.59
<b>Appropriations</b>		
Interim Dividends	3,572.19	6,408.92
Tax on Interim Dividends	721.83	975.55
Transfer to General Reserve	25,000.00	15,000.00
Balance carried forward	22,082.04	19,828.12
	<b>51,376.06</b>	<b>42,212.59</b>

### TRANSFER TO RESERVES

The Company has transferred ₹ 25,000 lakhs to general reserves.

### DIVIDEND

The Board had earlier during the year, declared first interim dividend of ₹ 1.70/- per equity share (170%) of face of ₹ 1 each absorbing a sum of ₹ 35.72 crores for the financial year 2016-2017 and the same was paid on 18<sup>th</sup> November, 2016. The Board is pleased to recommend a final dividend of ₹ 2.80 per equity share (280%) of face value of ₹ 1 each absorbing a sum of ₹ 58.84 crores which, together with the interim dividend, aggregates to a total dividend of ₹ 4.50 per equity share for 2016-2017.



# Sundram Fasteners Limited

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## CONSOLIDATED FINANCIAL STATEMENTS

The audited Consolidated Financial Statements of the Company also form part of the Annual Report.

Pursuant to the provisions of Section 136 of the Companies Act, 2013, the Company has placed separate audited accounts of its subsidiaries on its website [www.sundram.com](http://www.sundram.com). The Company will make available the audited annual accounts and associated information of its subsidiaries, upon request by any of its shareholders.

## DIRECTORS

Ms Arundathi Krishna, Deputy Managing Director (DIN: 00270935) of the Company is liable to retire by rotation at the ensuing Annual General Meeting (AGM), and being eligible, offers herself for re-appointment. Necessary resolution for her re-appointment is being placed for approval of the members at the AGM. The board, therefore, recommends her re-appointment as a Director of the Company. A brief resume of her and other relevant information have been furnished in the notice convening the AGM.

Sri Venu Srinivasan, Non-Executive Non-Independent Director, has resigned from the Board, effective 8<sup>th</sup> August, 2016.

## STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS UNDER SUB-SECTION (7) OF SECTION 149

All the independent directors have submitted a declaration pursuant to Section 149(7) of the Companies Act, 2013 stating that they meet the criteria of independence as stipulated in Section 149(6).

## EXTRACT OF ANNUAL RETURN

An extract of annual return in Form MGT-9 is annexed as **Annexure – I** and forms part of this report.

## BOARD MEETINGS

The Company, in consultation with the Directors, prepares and circulates a tentative annual calendar for the meetings of the Board and its 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 31<sup>st</sup> March, 2017, which were on 20<sup>th</sup> May, 2016, 9<sup>th</sup> August, 2016, 2<sup>nd</sup> November, 2016 and 2<sup>nd</sup> February, 2017.

## COMMITTEES OF THE BOARD

The Board of Directors has the following Committees:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Corporate Social Responsibility Committee
4. Stakeholders' Relationship Committee
5. Finance Committee
6. Strategy Committee

The details of the Committees along with their composition, number of meetings and attendance at the meetings are provided in the Corporate Governance section of this Report.



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## **DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors confirm that:

- a) in the preparation of annual accounts, the applicable accounting standards had been followed and there were no material departures.
- b) they had selected appropriate accounting policies and applied them consistently, and made 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 the year ended 31<sup>st</sup> March 2017.
- c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) they had prepared the annual accounts on a going concern basis.
- e) they had laid down the internal financial controls to be followed by the company and such internal financial controls are adequate and are operating effectively.
- f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

## **NOMINATION AND REMUNERATION POLICY**

### **(I) Criteria for Determining Qualifications, Positive Attributes & Independence of Director**

#### **1. Qualifications of Independent Director:**

An independent director shall be a person of eminence, standing and knowledge with significant achievements in business, professions and/or public service or professional practice and desirable to have industry experience in which the company operates. An Independent director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, operations or other disciplines related to the company's business.

#### **2. Positive attributes of Independent Directors:**

Nomination and Remuneration Committee shall take into account the following positive attributes while recommending the appointment of independent director.

- a) To demonstrate integrity, credibility, trustworthiness, ability to handle conflict constructively, and the willingness to address issues proactively.
  - b) Continuously update their knowledge and skills with the latest developments in the automobile industry, market conditions and applicable legal provisions.
  - c) Ability and willingness to devote sufficient time and attention to the Company's business and discharge their responsibilities.
  - d) Ability to bring an independent judgment to the Board's deliberations especially on issues of strategy, performance, risk management, key appointments and standards of conduct.
  - e) Ability to develop a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company.
  - f) To act within their authority, assist in protecting the legitimate interests of the Company, its shareholders and employees
  - g) Assist the company in implementing the best corporate governance practices.
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### 3. Independence of Independent Directors:

An Independent director should meet the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, concerning independence of directors as may be specified from time to time.

## (II) Remuneration Policy for Directors, Key Managerial Personnel and other employees

### A. NON-EXECUTIVE DIRECTORS

#### *Sitting Fees*

Non-executive Directors will be entitled to sitting fees for attending meetings of the Board and its Committees as may be decided by the Board from time to time within the limits prescribed under the Act. The sitting fees presently paid to the Non-Executive Director is ₹ 50,000/- per meeting of the Board and ₹ 20,000/- per meeting of any Committee of the Board or separate meeting of independent directors thereof.

#### *Reimbursement of expenses*

Non-executive Directors will be entitled to reimbursement of expenses incurred in connection with attending the Board meetings, Board Committee meetings, meeting of independent directors, general meetings and in relation to the business of the Company towards hotel accommodation, travelling and other out-of-pocket expenses.

### B. MANAGING DIRECTOR, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

The following will be the guiding factors with respect to remuneration to Managing Director(s), Key Managerial Personnel and other employees.

- a) The objective of the policy is directed towards having a compensation philosophy and structure that will reward and retain talent.
- b) The Remuneration to Managing Director shall take into account the Company's overall performance, Managing Directors' contribution for the same and trends in the industry in general, in a manner, which will ensure and support a high performance culture.
- c) As the company does not have any stock options, such instruments do not form part of his remuneration package.
- d) The remuneration and commission to be paid to the Managing Director shall be in accordance with the percentage / limits / conditions laid down in the Companies Act, 2013.
- e) Remuneration to Key Managerial Personnel and Senior Management personnel will have a balance between fixed and incentive pay reflecting both short and long term performance objectives appropriate to the working of the Company and its goals and objectives. Such remuneration will generally comprise of fixed pay, performance pay, perquisites, provision of car and other work related benefits, Directors & Officers' Liability Insurance Policy (D&O Policy)
- f) The Remuneration to the key managerial personnel and other employees will be such as to ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

### POLICY ON BOARD DIVERSITY

Pursuant to requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Nomination and Remuneration Committee (NRC) has framed a Policy on Board diversity appropriate to the business requirements of the Company, which *inter-alia* specifies optimum combination of Executive Directors,

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Non -Executive Directors and Independent Directors, the recommendatory requirement for each of the directors to possess functional diversity and role of NRC to ensure that the Policy on Board diversity is considered while recommending the appointment of new directors on the Board of the Company.

#### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

Particulars of loans given, investments made, guarantees given and securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilised by the recipient are provided in the standalone financial statement (Please refer to Note No.38 to the standalone financial statement).

#### **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES (REFERRED TO IN SUB-SECTION (1) OF SECTION 188 OF THE COMPANIES ACT, 2013)**

All transactions with related parties were on arm's length basis and in the ordinary course of business. There was no material related party contract during the year. Form AOC-2 as required under Section 134 (3)(h) is enclosed as **Annexure - II** to this report.

#### **MATERIAL CHANGES AND COMMITMENTS**

There were no material changes and commitments, affecting the financial position of the Company, which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

Information with respect to conservation of energy, technology absorption, foreign exchange earnings and outgo pursuant to Section 134 of the Act read with Companies (Accounts) Rules, 2014 enclosed as **Annexure - III**.

#### **RISK MANAGEMENT**

The Company faces diverse risks in terms of slowdown in economy, input prices, reputation, interest rates, foreign exchange, information systems, etc. The auto component industry has been operating in a challenging environment due to uncertainties and demand fluctuations in the economy in general and in particular automotive industry. The Company manages its risks in the following manner:-

- a) exercising prudence while incurring capital expenditure or outlays on new projects
- b) entering into long term contracts with customers to underwrite the capacities created
- c) determination of product prices after engineering studies
- d) adoption of a diversified business model in terms of products, market segments, geography and customers to ensure that Company is able to withstand any instability in the entire business eco-system
- e) judicious approach to proportionate sourcing of inputs from indigenous and overseas markets in order to take advantage of commodity prices and exchange rate movements
- f) analysing credit risks through market feedbacks
- g) management of interest rate risks through a combination of loan products, tenor of financing and currency denomination
- h) monitoring, reviewing and hedging foreign exchange risks in accordance with the risk management policy

# **Sundram Fasteners Limited**

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All the above mentioned risks are managed through continuous review of business parameters on a regular basis by the management. Insurable risks are analysed and insurance policies are taken to protect the company's interests. The Board of Directors are also informed periodically of the risks and concerns. Corrective actions and mitigation measures are taken as and when needed.

## **CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY AND IMPLEMENTATION**

The Company has undertaken activities as per the CSR Policy (available on the Company's website <http://www.sundram.com/investors.php> and the Annual report on CSR activities is enclosed vide **Annexure - IV** forming part of this report.

## **BOARD EVALUATION**

The Nomination and Remuneration Committee (NRC) has laid down the criteria for performance evaluation of independent directors and other directors, Board of Directors and Committees of the Board of Directors. The criteria for performance evaluation cover the areas relevant to their functioning as independent directors or other directors, member of Board or Committees of the Board.

Evaluation of all Board members is done by the Board, NRC and Independent Directors on an annual basis with specific focus on the performance and effective functioning of the Board and individual directors. During the year, the Board adopted a formal mechanism for evaluating its performance and as well as that of its Committees and individual directors, including the Chairman of the Board. The exercise was carried out through an evaluation process covering various aspects of the Boards' functioning such as composition of the Board and committees, frequency of meetings, administration of meeting, flow of information to the board, experience and competencies, performance of specific duties and obligations, disclosure of information to stakeholders, etc. Separate exercise was carried out to evaluate the performance of individual directors including the Chairman who were evaluated on parameters such as attendance, contribution at the meetings and independent judgement. The directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company.

## **PERFORMANCE AND FINANCIAL POSITION OF EACH OF THE SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE**

Report on the performance and financial position of each of the subsidiaries of the Company is given along with Financial Statement in Form AOC-1 (Please refer page no. 134).

## **CHANGE IN THE NATURE OF BUSINESS**

There was no change in the nature of business of the Company during the financial year.

## **NAMES OF COMPANIES WHICH HAVE BECOME OR CEASED TO BE COMPANY'S SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE YEAR**

TVS Infotech Limited (TVSi), a subsidiary of Sundram Fasteners Limited (SFL), has acquired 90% of the equity share capital of Blisslogix Technology Solutions Private Limited (BTS) on April 11, 2016. In view of the above, the name of the Company – BTS has been changed to TVS Next Private Limited. With this acquisition, TVS Next Private Limited has become a subsidiary of TVSi and a step down subsidiary of SFL.

The Company, by way of subscription to rights offer, has subscribed to 30,50,885 equity shares of TVS Infotech Limited (TVSi), a subsidiary, on April 11, 2016. With this acquisition, Sundram Fasteners Limited has 54.61% equity stake in TVSi and it has thus become a direct subsidiary of the Company.

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In view of the cessation of Company's Joint Venture with Bleistahl Produktions GmbH & Co. KG, Germany (Bleistahl) through its subsidiary company, Sundram Precision Components Limited (SPCL), the Company has acquired 16,80,000 equity shares (24%) of ₹ 10/- each from Bleistahl, in the share capital of SPCL, on 27<sup>th</sup> March, 2017. With this acquisition, our Company has 100% equity stake in SPCL (prior to acquisition, the Company was holding 76%) and SPCL has thus become a *wholly owned* subsidiary of the Company.

Except for the details given above, no other company has become or ceased from being Company's subsidiary, joint venture or associate company during the financial year.

### **PUBLIC DEPOSITS**

During the year, the Company has not accepted any deposits, within the meaning of Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014. No amount on account of principal or interest on deposits from public was outstanding as on Balance Sheet date.

### **REGULATORY / COURT ORDERS**

No significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status of the Company and its future operations.

### **INTERNAL FINANCIAL CONTROLS OF THE COMPANY**

The Company maintains all its financial records in Systems, Applications and Products (SAP) System and all financial transaction flow and approvals are routed through SAP. The Company's Internal Audit team reviews the effective functioning of internal financial controls, ensuring adequacy with respect to financial statements and verify whether the financial transaction flow in the organisation is being done based on the approved policies of the Company. During every quarter, internal auditor presents the internal audit report and management comments on the internal audit observations to the Audit Committee. Further, the Board of Directors of the Company have adopted various policies like Related Party Transactions Policy, Whistle Blower Policy, Material Subsidiary Policy for ensuring the orderly and efficient conduct of its business for safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and timely preparation of reliable financial information.

### **APPOINTMENT AND REMUNERATION OF KEY MANAGERIAL PERSONNEL**

The statement of particulars of Appointment and Remuneration of Key Managerial Personnel as per Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed vide **Annexure V** forming part of this report.

### **STATEMENT ON EMPLOYEES REMUNERATION**

Pursuant to Section 136 (1) of the Companies Act, 2013, the report of the Board of Directors is being sent to all the shareholders of the Company excluding the statement prescribed under Rule 5 of the Companies (Appointment and Remuneration) Rules, 2014. The statement is available for inspection by the shareholders at the Registered Office of the Company during business hours.

### **SECRETARIAL AUDITORS**

The Board of Directors has appointed M/s. S Krishnamurthy & Co., Company Secretaries, Chennai as the Secretarial Auditor of the Company for the financial year 2017-2018. Necessary consent has been received from them to act as Secretarial Auditors.

# Sundram Fasteners Limited

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## SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013, the Board of Directors had appointed M/s. S Krishnamurthy & Co., Company Secretaries, Chennai as the Secretarial Auditor of the Company for the financial year 2016-2017. Secretarial Audit Report issued by Sri K Sriram, Practising Company Secretary (CP No.2215), Partner, M/s. S Krishnamurthy & Co., Company Secretaries, Chennai in Form MR-3 is enclosed in **Annexure VI** forming part of this report and does not contain any qualification.

## STATUTORY AUDITORS

Pursuant to Section 139 of the Companies Act, 2013, M/s Sundaram & Srinivasan, Chartered Accountants, Chennai were appointed as Statutory Auditors of the Company at the 51<sup>st</sup> Annual General Meeting held on 22<sup>nd</sup> September, 2014 for a consecutive period of three years, upto the conclusion of the 54<sup>th</sup> Annual General Meeting.

In terms of *third proviso* under Section 139(2) of the Companies Act, 2013, the tenure of the incumbent Auditors ceases upon the conclusion of ensuing Annual General Meeting.

The Board of Directors place on record their sincere appreciation of the valuable services rendered by M/s Sundaram & Srinivasan, Chartered Accountants, Chennai since inception of the Company as statutory auditors of the Company.

The Board of Directors have recommended the appointment of B S R & Co. LLP, Chartered Accountants, Chennai as the statutory auditors of the Company, for a term of five consecutive years, till the conclusion of the Annual General Meeting of the Company for the financial year 2021-2022. The Company has received consent from B S R & Co. LLP, Chartered Accountants, Chennai to serve as statutory auditors of the Company, if they are so appointed.

They have also furnished necessary certificate required under the Companies Act, 2013 conveying their eligibility for appointment.

A brief profile of the auditor is given below:-

B S R & Co. ('the firm') was constituted on 27<sup>th</sup> March, 1990 having firm registration no. as 101248W. It was converted into limited liability partnership i.e. B S R & Co. LLP on 14<sup>th</sup> October, 2013 thereby having a new firm registration no. 101248W / W-100022. The registered office of the firm is at 5<sup>th</sup> Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai, Maharashtra - 400 011 .

B S R & Co. LLP is a member entity of B S R & Associates, a network registered with the Institute of Chartered Accountants of India. The other entities which are part of the B S R & Associates include B S R & Associates LLP, B S R & Company, B S R and Co, B S R and Associates, B S R and Company, B S R R & Co, B S S R & Co and B B S R & Co.

B S R & Co. LLP is registered in Mumbai, Gurgaon, Bangalore, Kolkata, Hyderabad, Pune, Chennai, Chandigarh, Ahmedabad, Vadodara, Noida, Jaipur and Kochi.

## COST AUDITOR

In terms of Section 148 of the Companies Act, 2013 (the Act) read with Companies (Cost records and audits) Rules, 2014, as amended, the Board of Directors had appointed Sri P Raju Iyer, Practising Cost Accountant (Membership No.6987) as Cost Auditor for the financial year 2017-2018. The audit committee recommended his appointment and remuneration subject to the compliance of all the requirements as stipulated under the Act and circulars issued thereunder.

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## **DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has adopted the *SFL's Policy on Sexual Harassment of Women at the Workplace* in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) of the Company has been constituted to redress complaints regarding sexual harassment. One complaint was received and resolved during the year 2016.

## **WHISTLE BLOWER POLICY / VIGIL MECHANISM**

The Company has a Vigil Mechanism through a Whistle Blower Policy. The policy enables stakeholders, including individual employees and their representative bodies, to freely communicate their concerns about illegal or unethical practices, if any, reporting of concerns by directors and employees about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy or any other genuine concerns or grievances. It also provides for adequate safeguards against victimisation of employees and directors who avail of the vigil mechanism and also provide for direct access to the Chairman of the audit committee. No communication from any employee of the company under the whistle blower policy was received during the year.

## **INDUSTRIAL RELATIONS**

Industrial relations continued to remain congenial during the year. The Directors thank the employees for their contribution to the progress of the Company during the year under review.

## **ACKNOWLEDGMENT**

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

On behalf of the Board

Chennai  
24<sup>th</sup> May, 2017

**SURESH KRISHNA**  
Chairman and Managing Director



# Sundram Fasteners Limited

## ANNEXURES TO THE REPORT OF THE BOARD OF DIRECTORS

Annexure - I

### FORM NO. MGT - 9

#### EXTRACT OF ANNUAL RETURN

as on the financial year ended 31<sup>st</sup> March, 2017

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS

CIN	L35999TN1962PLC004943
Registration Date	10th December, 1962
Name of the Company	SUNDRAM FASTENERS LIMITED
Category / Sub-Category of the Company	Public Limited Company
Address of the Registered Office and contact details	98-A, VII Floor, Dr Radhakrishnan Salai Mylapore, Chennai - 600 004 Phone No. +91 - 44 - 28478500, Fax No. +91 - 44 - 28478510 Email: investorshelpdesk@sfl.co.in
Whether listed company	Yes. Listed in BSE Limited and National Stock Exchange of India Limited.
Name, Address and Contact details of the Registrar and Transfer Agent, if any.	Mr. Suresh Babu, Director Mr. Sriram, Deputy General Manager Integrated Registry Management Services Private Limited Kences Towers, 2 <sup>nd</sup> Floor, No.1, Ramakrishna Street, North Usman Road, T.Nagar, Chennai - 600 017 Telephone: +91 - 44 - 28140801-803 Email : srirams@integratedindia.in

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

S. No.	Name and description of main products / services	NIC Code of the Product / service	% of total turnover of the company
1	Manufacture of other fabricated metal products – Metal fasteners	2599	37%
2	Manufacture of motor vehicle parts and accessories	2930	47%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and address of the Company	CIN / GLN	Holding / Subsidiary	% of shares held	Applicable Section
1	Sundram Fasteners Investments Ltd 98A, VII Floor, Dr.Radhakrishnan Salai, Mylapore, Chennai-600 004	U65991TN1992PLC022618	Domestic Subsidiary	100%	2(87)
2	TVS Upasana Limited (formerly Upasana Engineering Limited) 98A, VII Floor, Dr.Radhakrishnan Salai, Mylapore, Chennai-600 004	U65991TN1992PLC022619	Domestic Subsidiary	100%	2(87)

## ANNEXURES TO THE REPORT OF THE BOARD OF DIRECTORS (Contd.)

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES (Contd.)

S. No.	Name and address of the Company	CIN / GLN	Holding / Subsidiary	% of shares held	Applicable Section
3	Sundram Non-Conventional Energy Systems Ltd 98A, VII Floor, Dr.Radhakrishnan Salai, Mylapore, Chennai-600 004	U40108TN1994PLC029132	Domestic Subsidiary	52.94%	2(87)
4	Sundram Precision Components Limited 98A, Dr.Radhakrishnan Salai, Mylapore, Chennai-600 004	U29130TN2004PLC054482	Domestic Subsidiary*	100%	2(87)
5	TVS Infotech Ltd 98A, VII Floor, Dr.Radhakrishnan Salai, Mylapore, Chennai-600 004	U72300TN1994PLC029467	Subsidiary	Self: 54.61% Held through subsidiary: 11.69%	2(87)
6	TVS Next Private Limited (formerly Blisslogix Technology Solutions Private Limited) 98A, VII Floor, Dr. Radhakrishnan Salai, Mylapore, Chennai-600 004	U72200TN2008PTC067744	Step down Subsidiary effective 11 <sup>th</sup> April, 2016	66.30%	2(87) (ii)
7	TVS Infotech Inc 7512, East Independence Blvd, Suite 102 Charlotte, NC 28227	–	Step down Subsidiary	66.30%	2(87) (ii)
8	Cramlington Precision Forge Ltd Unit 8, Atley Way, North Nelson Industrial Estate, Cramlington, Northumberland, United Kingdom, NE23 1WA	–	Step down Subsidiary effective 31 <sup>st</sup> March, 2016	100%	2(87) (ii)
9	Sundram Fasteners (Zhejiang) Ltd No.1, Sundram Road, Wuyuan Town, Haiyan County, Jiaxing City, Zhejiang Province, China - 314300.	–	Step down Subsidiary effective 31 <sup>st</sup> March, 2016	100%	2(87) (ii)
10	Sundram International Inc 801, W.Big Beaver Road, Troy, Michigan, United States of America	–	Foreign Subsidiary	100%	2(87)
11	Sundram International Limited Central Square, South Orchard Street, New Castle Upon Tyne, England – NE1 3XX, United Kingdom	–	Foreign Subsidiary	100%	2(87)

\* Wholly owned subsidiary effective, March 27, 2017.

# Sundram Fasteners Limited

## ANNEXURES TO THE REPORT OF THE BOARD OF DIRECTORS (Contd.)

### IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

#### (i) Categorywise shareholding

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A. Promoters</b>									
<b>1. Indian</b>									
a) Individuals / HUF (Nominees of Bodies Corporate)	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.									
d) Bodies Corporate	104085280	-	104085280	49.53	104085280	-	104085280	49.53	Nil
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A)(1)</b>	<b>104085280</b>	<b>-</b>	<b>104085280</b>	<b>49.53</b>	<b>104085280</b>	<b>-</b>	<b>104085280</b>	<b>49.53</b>	<b>Nil</b>
<b>2. Foreign</b>									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>Nil</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>Nil</b>
<b>Total shareholding (A) = (A)(1) + (A)(2)</b>	<b>104085280</b>	<b>-</b>	<b>104085280</b>	<b>49.53</b>	<b>104085280</b>	<b>-</b>	<b>104085280</b>	<b>49.53</b>	<b>Nil</b>
<b>B. Public Shareholding</b>									
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	28091252	1500	28092752	13.37	24397687	1500	24399187	11.61	(1.76)
b) Banks / FI	2867153	2866	2870019	1.37	2878755	2866	2881621	1.37	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	10156376	-	10156376	4.83	9222586	-	9222586	4.39	(0.44)
g) FIs	3374097	-	3374097	1.61	6953104	-	6953104	3.31	1.70
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (Specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1)</b>	<b>44488878</b>	<b>4366</b>	<b>44493244</b>	<b>21.18</b>	<b>43452132</b>	<b>4366</b>	<b>43456498</b>	<b>20.68</b>	<b>0.50</b>

## ANNEXURES TO THE REPORT OF THE BOARD OF DIRECTORS (Contd.)

### (i) Categorywise shareholding (Contd.)

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
2. Non-Institutions	–	–	–	–	–	–	–	–	–
a) Bodies Corp.- Indian & Overseas	7564189	147278	7711467	3.67	7582065	147278	7729343	3.68	0.01
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	38443523	4336323	42779846	20.36	39205116	4092091	43297207	20.61	0.25
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	8106267	–	8106267	3.86	7834772	–	7834772	3.73	(0.13)
c) Others*	2952266	–	2952266	1.40	3725270	–	3725270	1.77	0.37
<b>Sub-Total (B)(2)</b>	<b>57066245</b>	<b>4483601</b>	<b>61549846</b>	<b>29.29</b>	<b>58347223</b>	<b>4239369</b>	<b>62586592</b>	<b>29.79</b>	<b>0.50</b>
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>101555123</b>	<b>4487967</b>	<b>106043090</b>	<b>50.47</b>	<b>101799355</b>	<b>4243735</b>	<b>106043090</b>	<b>50.47</b>	<b>Nil</b>
C. Shares held by Custodian for GDRs and ADRs	–	–	–	–	–	–	–	–	–
<b>Grand Total = A+B+C</b>	<b>205640403</b>	<b>4487967</b>	<b>210128370</b>	<b>100.00</b>	<b>205884635</b>	<b>4243735</b>	<b>210128370</b>	<b>100.00</b>	<b>Nil</b>
<b>*Others</b>									
Clearing Member	128581	–	128581	0.07	103306	–	103306	0.05	(0.02)
Corporate CM / TM – Client Margin A/c	20870	–	20870	0.00	104315	–	104315	0.05	0.05
Corporate CM / TM – Client Beneficiary A/c	41527	–	41527	0.02	186275	–	186275	0.09	0.07
Limited Liability Partnership	51781	–	51781	0.02	19631	–	19631	0.01	(0.01)
Foreign Port Folio Investor – Corporate - 1*	3134	–	3134	0.00	76288	–	76288	0.04	0.04
Foreign Port Folio Investor – Corporate - 2*	2703373	–	2703373	1.29	3233005	–	3233005	1.53	0.24
Trust	3000	–	3000	0.00	2450	–	2450	0.00	0.00
<b>Total</b>	<b>2952266</b>	<b>–</b>	<b>2952266</b>	<b>1.40</b>	<b>3725270</b>	<b>–</b>	<b>3725270</b>	<b>1.77</b>	<b>0.37</b>

\* All Dividend payments were made to the bank accounts in India

### (ii) Shareholding of Promoters

S. No.	Shareholders' Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change during the year
		No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	
1	T.V. Sundram Iyengar & Sons Private Limited	53312000	25.37	0.00	53312000	25.37	0.00	Nil
2	Southern Roadways Limited	50773280	24.16	0.00	50773280	24.16	0.00	Nil
	<b>Total</b>	<b>104085280</b>	<b>49.53</b>	<b>0.00</b>	<b>104085280</b>	<b>49.53</b>	<b>0.00</b>	<b>Nil</b>

### (iii) Change in Promoters' Shareholding (please specify, if there is no change)

There has been no change in the Promoters' shareholding during the year.

# Sundram Fasteners Limited

## ANNEXURES TO THE REPORT OF THE BOARD OF DIRECTORS (Contd.)

### (iv) Shareholding pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	NAME & PAN	Shareholding		Increase / Decrease in Shareholding (transfer)		Cumulative Shareholding during the year (01-04-2016 to 31-03-2017)	
		No. of Shares at the beginning (01-04-2016) / end of the year (31-03-2017)	% of total Shares of the Company	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	HDFC TRUSTEE CO LTD A/C HDFC MID CAP OPPORTUNITIES FUND PAN :AAATH1809A						
	Opening Balance as on 01-04-2016	18914297	9.00				
	23-09-2016			-15000	-0.01	18899297	8.99
	18-11-2016			10000	0.01	18909297	9.00
	24-03-2017			-13000	-0.01	18896297	8.99
	Closing Balance as on 31-03-2017					18896297	8.99
2	AMANSA HOLDINGS PRIVATE LIMITED PAN :AAKCA7237L						
	Opening Balance as on 09-12-2016	1782563	0.85				
	23-12-2016			1880104	0.90	3662667	1.74
	30-12-2016			376310	0.18	4038977	1.92
	06-01-2017			91125	0.04	4130102	1.97
	13-01-2017			240889	0.12	4370991	2.08
	20-01-2017			44210	0.02	4415201	2.10
	27-01-2017			8988	0.00	4424189	2.11
	03-02-2017			294812	0.14	4719001	2.25
	10-02-2017			103569	0.05	4822570	2.30
	17-02-2017			95291	0.05	4917861	2.34
	24-02-2017			42098	0.02	4959959	2.36
	03-03-2017			96496	0.05	5056455	2.41
	10-03-2017			513794	0.25	5570249	2.65
	17-03-2017			50988	0.02	5621237	2.68
	24-03-2017			233614	0.11	5854851	2.79
	Closing Balance as on 31-03-2017					5854851	2.79
3	GOVINDLAL M PARIKH PAN :AAEPP1312J						
	Opening Balance as on 01-04-2016	4081002	1.94				
	03-06-2016			11834	0.01	4092836	1.95
	29-07-2016			100000	0.05	4192836	2.00
	05-08-2016			50000	0.02	4242836	2.02
	25-11-2016			70000	0.03	4312836	2.05
	30-12-2016			8517	0.00	4321353	2.06
	24-03-2017			394960	0.19	4716313	2.24
	31-03-2017			249071	0.12	4965384	2.36
	Closing Balance as on 31-03-2017					4965384	2.36

**ANNEXURES TO THE REPORT OF THE BOARD OF DIRECTORS (Contd.)**

Sl. No.	NAME & PAN	Shareholding		Increase / Decrease in Shareholding (transfer)		Cumulative Shareholding during the year (01-04-2016 to 31-03-2017)	
		No. of Shares at the beginning (01-04-2016) / end of the year (31-03-2017)	% of total Shares of the Company	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
4	GENERAL INSURANCE CORPORATION OF INDIA						
	PAN :AAACG0615N						
	Opening Balance as on 01-04-2016	4125556	1.96				
				0	0.00		
	Closing Balance as on 31-03-2017					4125556	1.96
5	THE NEW INDIA ASSURANCE COMPANY LIMITED						
	PAN :AAACN4165C						
	Opening Balance as on 01-04-2016	4194616	2.00				
	09-09-2016			-15000	-0.01	4179616	1.99
	16-09-2016			-67074	-0.03	4112542	1.96
	23-09-2016			-68111	-0.03	4044431	1.93
	30-09-2016			-49815	-0.02	3994616	1.90
	07-10-2016			-7560	0.00	3987056	1.90
	14-10-2016			-35753	-0.02	3951303	1.88
	21-10-2016			-125935	-0.06	3825368	1.82
	28-10-2016			-30752	-0.02	3794616	1.81
	04-11-2016			-51000	-0.02	3743616	1.78
	11-11-2016			-52616	-0.03	3691000	1.76
	03-03-2017			-90000	-0.04	3601000	1.71
	10-03-2017			-90171	-0.04	3510829	1.67
	17-03-2017			-69829	-0.03	3441000	1.64
	Closing Balance as on 31-03-2017					3441000	1.64
6	LIFE INSURANCE CORPORATION OF INDIA						
	PAN :AAACL0582H						
	Opening Balance as on 01-04-2016	2833820	1.35				
				0	0.00		
	Closing Balance as on 31-03-2017					2833820	1.35

# Sundram Fasteners Limited

## ANNEXURES TO THE REPORT OF THE BOARD OF DIRECTORS (Contd.)

Sl. No.	NAME & PAN	Shareholding		Increase / Decrease in Shareholding (transfer)		Cumulative Shareholding during the year (01-04-2016 to 31-03-2017)	
		No. of Shares at the beginning (01-04-2016) / end of the year (31-03-2017)	% of total Shares of the Company	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
7	UTI TRANSPORTATION AND LOGISTICS FUND						
	PAN :AAATU1088L						
	Opening Balance as on 01-04-2016	2100000	1.00				
	28-10-2016			-18000	-0.01	2082000	0.99
	25-11-2016			-27000	-0.01	2055000	0.98
	Closing Balance as on 31-03-2017					2055000	0.98
8	GOVERNMENT PENSION FUND GLOBAL						
	PAN :AACCN1454E						
	Opening Balance as on 01-04-2016	1830000	0.87				
	26-08-2016			-30000	-0.01	1800000	0.86
	14-10-2016			-18000	-0.01	1782000	0.85
	18-11-2016			-11000	-0.01	1771000	0.84
	13-01-2017			-31000	-0.02	1740000	0.83
	24-03-2017			-20000	-0.01	1720000	0.82
	Closing Balance as on 31-03-2017					1720000	0.82
9	BAJAJ ALLIANZ LIFE INSURANCE COMPANY LTD.						
	PAN :AADCA1701E						
	Opening Balance as on 01-04-2016	2286243	1.09				
	08-04-2016			100711	0.05	2386954	1.14
	15-04-2016			-13573	-0.01	2373381	1.13
	29-04-2016			30000	0.01	2403381	1.14
	06-05-2016			40000	0.02	2443381	1.16
	03-06-2016			10000	0.01	2453381	1.17
	10-06-2016			-15000	-0.01	2438381	1.16
	17-06-2016			-323229	-0.15	2115152	1.01
	30-06-2016			-1884	0.00	2113268	1.01
	15-07-2016			38000	0.02	2151268	1.02
	05-08-2016			-56000	-0.03	2095268	1.00
	19-08-2016			-56000	-0.03	2039268	0.97
	07-10-2016			22500	0.01	2061768	0.98
	18-11-2016			-50000	-0.02	2011768	0.96
	09-12-2016			-200000	-0.10	1811768	0.86
	23-12-2016			-400000	-0.19	1411768	0.67
	30-12-2016			-200000	-0.10	1211768	0.58
	31-03-2017			21000	0.01	1232768	0.59
	Closing Balance as on 31-03-2017					1232768	0.59



## ANNEXURES TO THE REPORT OF THE BOARD OF DIRECTORS (Contd.)

Sl. No.	NAME & PAN	Shareholding		Increase / Decrease in Shareholding (transfer)		Cumulative Shareholding during the year (01-04-2016 to 31-03-2017)	
		No. of Shares at the beginning (01-04-2016) / end of the year (31-03-2017)	% of total Shares of the Company	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
10	L AND T MUTUAL FUND TRUSTEE LTD-L AND T EQUITY						
	PAN :AAATC4460E						
	Opening Balance as on 01-04-2016	2332762	1.11				
	22-04-2016			25000	0.01	2357762	1.12
	08-07-2016			30000	0.01	2387762	1.14
	29-07-2016			-158000	-0.08	2229762	1.06
	05-08-2016			-99	0.00	2229663	1.06
	12-08-2016			-100000	-0.05	2129663	1.01
	19-08-2016			65878	0.03	2195541	1.05
	26-08-2016			8122	0.00	2203663	1.05
	07-10-2016			20000	0.01	2223663	1.06
	21-10-2016			21000	0.01	2244663	1.07
	28-10-2016			25000	0.01	2269663	1.08
	09-12-2016			-700000	-0.33	1569663	0.75
	23-12-2016			-400000	-0.19	1169663	0.56
	13-01-2017			125518	0.06	1295181	0.62
	10-03-2017			-100000	-0.05	1195181	0.57
	Closing Balance as on 31-03-2017					1195181	0.57

### (v) Shareholding of Directors and Key Managerial Personnel:

S. No.	For Each of the Directors and KMP	Name of the Director / KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	At the beginning and at the end of the year	Sri Suresh Krishna, Chairman and Managing Director	36,040	0.0171	36,040	0.0171
2		Ms Arathi Krishna, Joint Managing Director	47,040	0.0223	47,040	0.0223
3		Ms Arundathi Krishna, Deputy Managing Director	51,840	0.0247	51,840	0.0247
4		Sri K Ramesh, Director	4,000	0.0019	4,000	0.0019
5		Sri V Narayanan, Director	1,200	0.0005	1,200	0.0005
6		Sri R Srinivasan*, Director	9,200	0.0044	9,200	0.0044
7		Sri R Ramakrishnan, Director	6,400	0.0030	6,400	0.0030
8		Sri C V Karthik Narayanan, Director	-	-	-	-
9		Sri M Raghupathy, Director	-	-	-	-
10		Sri B Muthuraman, Director	-	-	-	-
11		Sri S Meenakshisundaram, Chief Financial Officer	-	-	-	-
12		Sri R Dilip Kumar, Vice President – Finance & Company Secretary	2,000	0.0000	2,000	0.0000

\* Joint holder

There has been no increase / decrease in shareholding during the year for any of the above mentioned persons.

# Sundram Fasteners Limited

## ANNEXURES TO THE REPORT OF THE BOARD OF DIRECTORS (Contd.)

### V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (as on 31st March, 2017) (₹ Lakhs)

S. No.	Particulars	Secured Loans	Unsecured Loans	Deposits	Total Indebtedness
1	Indebtedness at the beginning of the financial year				
	i) Principal amount	25,049.60	32,164.48	–	57,214.08
	ii) Interest due but not paid	–	–	–	–
	iii) Interest accrued but not due	55.07	97.51	–	152.58
	<b>Total of (i) + (ii) + (iii)</b>	<b>25,104.67</b>	<b>32,261.99</b>	<b>–</b>	<b>57,366.66</b>
2	Change in indebtedness during the financial year*				
	- Addition	8,867.29	43,215.62	–	52,082.91
	- Reduction	8,689.16	37,991.62	–	46,680.78
	<b>Net Change</b>	<b>178.13</b>	<b>5,224.00</b>	<b>–</b>	<b>5,402.13</b>
3	Indebtedness at the end of the financial year				
	i) Principal amount	25,227.73	37,388.48	–	62,616.21
	ii) Interest due but not paid	–	–	–	–
	iii) Interest accrued but not due	45.42	191.13	–	236.55
	<b>Total of (i) + (ii) + (iii)</b>	<b>25,273.15</b>	<b>37,579.61</b>	<b>–</b>	<b>62,852.76</b>

\* Principal amount only

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

#### a. Remuneration to Managing Director / Whole time Directors and / or Manager

(₹ Lakhs)

S. No.	Particulars of Remuneration	Name of CMD / MD(s)			Total Amount
		Sri Suresh Krishna, (Chairman and Managing Director)	Ms Arathi Krishna, (Joint Managing Director)	Ms Arundathi Krishna, (Deputy Managing Director)	
1	Gross salary-				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	96.00	48.00	42.00	<b>186.00</b>
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	24.79	80.42	74.31	<b>179.52</b>
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–	–	–	–
2	Stock Option	–	–	–	–
3	Sweat Equity	–	–	–	–
4	Commission - as % of profit	865.00	985.00	900.00	<b>2,750.00</b>
	<b>Total - (a)</b>	<b>985.79</b>	<b>1,113.42</b>	<b>1,016.31</b>	<b>3,115.52</b>
	*7.34% of the Net profits computed under Section 198 of the Companies Act, 2013.				
	Ceiling as per the Act – <b>10% of the Net profit</b>				<b>4,245.80</b>

## ANNEXURES TO THE REPORT OF THE BOARD OF DIRECTORS (Contd.)

### b. Remuneration to other Directors for attending Board / Committee Meetings

(₹ Lakhs)

Category	Remuneration (Sitting fees)
<b>(1) Independent Directors</b>	
Sri V Narayanan	2.30
Sri R Srinivasan	3.40
Sri R Ramakrishnan	4.00
Sri C V Karthik Narayanan	1.90
Sri M Raghupathy	2.20
Sri B Muthuraman	1.90
<b>TOTAL (1)</b>	<b>15.70</b>
<b>(2) Non-Executive Directors</b>	
Sri K Ramesh	1.00
Sri Venu Srinivasan*	-
<b>TOTAL (2)</b>	<b>1.00</b>
<b>TOTAL (b)=(1) + (2)</b>	<b>16.70</b>
<b>Total Managerial Remuneration (a) + (b)</b>	<b>3,132.22</b>
<b>Overall Ceiling as per the Act</b>	11% of Net Profit plus Sitting fees. However, no Commission or other remuneration paid during the year.

\* Sri Venu Srinivasan resigned from the Board, effective, August 8, 2016 and no sitting fee was paid to him during financial year 2016-17.

### c. Remuneration to Key Managerial Personnel other than Managing Director / Whole time Directors and / or Manager

(₹ Lakhs)

S. No.	Particulars of Remuneration	Sri S Meenakshisundaram Chief Financial Officer	Sri R Dilip Kumar Vice President - Finance & Company Secretary
1	Gross salary-		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	91.37	46.41
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.06	0.61
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission - as % of profit - others, specify	-	-
5	Others : Provident Fund Superannuation Contribution	- -	1.35 1.72
	<b>Total</b>	<b>91.43</b>	<b>50.09</b>

## VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

During the year ended March 31, 2017, no penalties were levied or punishment / compounding fee imposed by the Regional Director, Ministry of Corporate Affairs / Court on the Company / Directors / officers in default.

On behalf of the Board

Chennai  
May 24, 2017

**SURESH KRISHNA**  
Chairman and Managing Director

# Sundram Fasteners Limited

## ANNEXURES TO THE REPORT OF THE BOARD OF DIRECTORS (Contd.)

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Annexure - II

### Form No. AOC - 2

*[Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]*

#### **Form for disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms-length transactions under third proviso thereto**

1. Details of contracts or arrangements or transactions not at arm's length basis  
All contracts arrangements / transactions with related parties were on arms' length basis and were in the ordinary course of business.
2. Details of material contracts or arrangement or transactions at arm's length basis  
There was no material related party contract or arrangement or transaction during the year.

Chennai  
May 24, 2017

On behalf of the Board  
**SURESH KRISHNA**  
Chairman and Managing Director

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Annexure - III

#### **The conservation of energy, technology absorption, foreign exchange earnings and outgo pursuant to the provisions of section 134(3) (m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014:**

##### **CONSERVATION OF ENERGY**

###### **1. Conservation of Electrical Power:**

- The company has taken specific initiatives towards conservation of both thermal and electrical energy, usage of alternate / renewable energy.
- Wind energy usage has gone up by 96%, from 434 lakhs units in FY 2015-16 to 850 lakhs units in FY 2016-17. This has resulted in the company to realize a savings of about 4.3% in FY 2016-17. In addition, wind being a renewable power source has resulted in a reduction of emission of Green House Gases to an equivalent of 77,000 MT CO<sub>2</sub>.
- Procurement of alternative power through Group Captive Power (GCP) sources has resulted in a savings of about 3.7% for the FY 2016-17. Consumption has gone up from 407 lakhs units in FY2015-16 to 587 lakhs units in FY 2016-17, which represents a 42% increase. The share of GCP increased from 23% in FY2015-16 to 30% in FY 2016-17 out of the total power consumed.

## ANNEXURES TO THE REPORT OF THE BOARD OF DIRECTORS (Contd.)

- All manufacturing units continue to maintain power factor towards unity.
- Your company also focused on energy savings through various energy saving projects as follows:
  - 1 Installation of Energy efficient LED lamps / Induction lamps in place of metal halide lamps, tube lights.
  - 2 Furnaces reinsulated with low heat loss refractories.
  - 3 Introduction of bus coupler arrangement in transformers, resulting to reduction of loss of power.
  - 4 Power factor improved by introducing additional capacitor banks
  - 5 Idling of motors in forging, secondary machines, fume exhaust equipment and pumps avoided by interlock mechanism.
  - 6 Heat pump technology introduced in place of electrical heaters in furnace pre-cleaning / post-cleaning areas.
  - 7 Optimisation of air compressor loads by reducing losses and commonising pipelines.
  - 8 Improvement in boiler efficiency by calibrating air fuel ratio based on stack analysis
  - 9 Increasing sealed quench furnaces throughput by reducing cycle time
  - 10 Introduction of energy efficient cooling towers

### 2. Wealth from Waste:

Your company also focused on creating "Wealth from Waste". Food and Canteen wastes which were let to naturally decompose, are now utilized for production of bio gas. Two of the manufacturing locations have set up bio gas plants where the food and canteen waste is anaerobically digested and the bio gas thus produced is used in kitchen. This bio gas fuel is an alternate to fossil fuel like Liquefied Petroleum Gas (LPG). The company was able to reduce the LPG consumption by 6.5 MT per year. This bio gas initiative will be horizontally deployed in other units.

### TECHNOLOGY ABSORPTION

(i)	The efforts made towards technology absorption	<ol style="list-style-type: none"> <li>1. FEA and modeling software AMC are utilized for upgradations and deriving benefits therefrom.</li> <li>2. Development of light weight fasteners.</li> <li>3. Ultrasonic cleaning machine introduced to supply contamination free parts.</li> <li>4. Heat treated bars procured for production of studs of length greater than 150mm.</li> <li>5. Change of process for higher size nuts - Hot forging route adopted from Cold forging route.</li> <li>6. Development of new pre-alloyed medium hardenable alloy iron powder with nickel and lead.</li> <li>7. Development of high compressibility hybrid alloy iron powder variant for manufacture of sintered parts along with development of high density sintered rotors.</li> <li>8. Development of low speed synchro hubs, sintered aluminium gerotors, rotors for variable displacement oil pumps.</li> </ol>
(ii)	The benefits like product improvement, cost reduction, product development or import substitution;	<p>Manufacturing lead time, cost reduction through elimination / change in process as mentioned above in point nos. 4,5,6,7,8.</p> <p>Import substitution – Ultrasonic machine procured in India</p>

# Sundram Fasteners Limited

## ANNEXURES TO THE REPORT OF THE BOARD OF DIRECTORS (Contd.)

(iii)	Imported Technology	The Company had entered into a technical collaboration agreement during the year 2008 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.						
	a) Details of technology imported							
	b) The year of import							
	c) Whether the technology been fully absorbed							
	d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and							
(iv)	Expenditure on Research and Development	<table> <tr> <td>Capital Expenditure</td> <td>: ₹ 248.46 lakhs</td> </tr> <tr> <td>Revenue Expenditure</td> <td>: ₹ 1,296.37 lakhs</td> </tr> <tr> <td>Total Research &amp; Development Expenditure (Net of revenue)</td> <td>₹ <u>1,544.83 lakhs</u></td> </tr> </table>	Capital Expenditure	: ₹ 248.46 lakhs	Revenue Expenditure	: ₹ 1,296.37 lakhs	Total Research & Development Expenditure (Net of revenue)	₹ <u>1,544.83 lakhs</u>
Capital Expenditure	: ₹ 248.46 lakhs							
Revenue Expenditure	: ₹ 1,296.37 lakhs							
Total Research & Development Expenditure (Net of revenue)	₹ <u>1,544.83 lakhs</u>							

### FOREIGN EXCHANGE EARNINGS AND OUTGO

The total foreign exchange earned and used are as under:

Foreign exchange earned (₹ in lakhs)	1,05,201.36
Foreign exchange used (₹ in lakhs)	31,992.38

The Company continues to be a Net Foreign Exchange earner for the twentieth year in succession.

### Annexure - IV

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2016-2017

### 1. Brief Outline of the company's CSR Policy

The Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013 and the same is placed on the Company's website. Our corporate social responsibility policy can be accessed at <http://www.sundram.com/investors.php>

#### Our social responsibility initiatives

SFL (the Company) believes that being socially responsible, delivering profitable growth and meeting expectations of our stakeholders is fundamental to preserve the strong reputation of the TVS brand. In May 2014, SFL announced its new corporate social responsibility policy to create new opportunities for the society by leveraging our resources and working in partnership with specialist organisations, bringing a long-term positive impact not just around the community surrounding our operations but also in remote villages. In line with new CSR policy, the company focused on two key socially relevant themes- "education and healthcare" during the year 2016-2017 and is firmly progressing to create a lasting impact on the society in which it operates and thereby aiding the development of the community.

#### Educational initiatives

##### Our School:

The Company founded an English medium higher secondary co-educational school in Aviyur Village in Virudhunagar district of Tamil Nadu 23 years ago to provide high quality education with modern facilities to children. The School is run under the auspices of Krishna Educational Society. The Company bears the entire cost of running the school. The project focuses on providing quality education to 492 students from

## ANNEXURES TO THE REPORT OF THE BOARD OF DIRECTORS (Contd.)

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8 villages near Krishnapuram plant through Sundram Matriculation Higher Secondary School. The students are encouraged to participate in extracurricular activities as well as their focus on studies. The students have been representing the school in various state level competitions and have brought laurels to the school. Meritorious students of class X and class XII are awarded full scholarships to support their higher secondary education and undergraduate education under the auspices of 'Ambujam Krishna Scholarship' - a scholarship grant in memory of the mother of our Chairman and Managing Director.

### *Primary education and higher education - Partnering for positive impact:*

In addition to deploying our own resources, the company has worked along with specialist organisations to expand its footprint in support of a project on primary education and higher education. In 30 villages across Thiruvanamalai, Madurai and Krishnagiri district of Tamil Nadu, the Company supports innovative after school classes for 1200 children studying in class I to VIII who are from the economically deprived families. The project aims to ensure every child achieves basic competencies in Language, Math and Science.

With a view to support higher education of indigent students, the Company extended support to 10 meritorious students from Chennai for their undergraduate education, which otherwise they may not be able to afford which will deter them from completing their educational qualification.

During the year 2016-2017, the Company's CSR initiative in education benefitted 1692 students across Tamil Nadu.

### *Support to the underprivileged and marginalized sections of the society:*

With a duty of care and concern for the marginalized groups, especially women under distress affected by homelessness and poverty, the Company has decided to extend continuous support for special courses on social work in psychology and social entrepreneurship for students interested in a career in mental health by forging partnerships with specialist institutions. The company feels that it is critical to aid young people interested in such career to ensure sustainable support to this section of people who are not only vulnerable but also marginalised from mainstream society. With our support, we expect to bridge the human resource gap by training mental health professionals and provide perspectives and skills in mental health. Additionally, the Banyan Academy of Leadership in Mental health (BALM) has initiated a long-term partnership with SFL to co-anchor the "Center for Research and Social Action in Mental Health" – a center focused on transforming mental health care services in India. The center aims for development of evidence and building a robust knowledge base to inform policy on unique cultural ecology of marginalised populations and justice-oriented initiatives to address their mental health priorities by building practice based evidence.

### **Healthcare and nutritional support**

Rural development is an important contributor to the progress of the country. There are widespread inadequacies and inequalities in the rural areas and it is necessary to properly identify and assess development needs and initiatives required for the community that will address their needs consistently and effectively, ensuring a balanced growth. In this context, the company has identified rural health as an important factor in the rural development. The company offers free of cost medical facilities to villages near its Krishnapuram plant (Aviyur, Virudhunagar district near the outskirts of Madurai) thereby benefitting about 2500 families through the programme. The medical centre has a dual role of providing medical care and educating people through training programmes on various health related issues. The Company provides regular medical facilities especially to women and children. The Centre treats about 50 – 70 patients every day and medical facilities include maternity services, nutritional supplementation, immunization, family planning, children's health and geriatric health. Health education programmes are conducted every month covering topics such as personal hygiene, food, and nutrition, antenatal and neonatal care, family planning, HIV awareness, women's health, and cancer.



# Sundram Fasteners Limited

## ANNEXURES TO THE REPORT OF THE BOARD OF DIRECTORS (Contd.)

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With a threefold objective of ensuring balanced nutrition and better education for children and creating employment opportunities for women on a regular basis, the Company in partnership with an organisation having rural development as its primary focus has supported the project of production and supply of nurtiblend (a nutritional supplement) for 972 students in various schools in Thandalam village, Tamil Nadu. The nurtiblend is distributed free of cost to all school students in the village to meet their daily nutritional requirement, so that the adequate health condition aids to their focus and development in education. The project also ensures that women in the village have a sustained monthly income by working in the factory of the partner organisation producing the nurtiblend.

### **Other social development initiatives by employees of the Company**

SFL has made significant impact in the community in which it operates and the efforts of the employees who volunteer their time and effort on various CSR initiatives has had a multiplier effect on this impact. The Company encourages its employees to serve the disadvantaged and make a difference by volunteering at least one working day per year towards a social cause of their choice. They may participate in programmes initiated by the Company or programmes initiated in association with other organisations or NGOs.

The employees have strongly supported the CSR volunteering movement initiated in the year 2013 and made SFL's CSR motto "SFL and You can make a difference" a reality. In the year, 2016-2017 more than 75% of employees volunteered in various CSR initiatives.

Employee volunteering primarily focuses on improvement in three key areas - supporting education of children and youth, creating awareness about health and preventive measures for healthy living and promoting sustainable environment. Some of the initiatives taken up in other areas during the year are awareness campaigns on road safety, Swach Bharat Abhiyaan (Clean India Initiative), donations in kind for the needy etc.

In the area of Education, employees participated in -

1. counselling sessions for high school students
2. group discussion and personal interview skills workshop for students preparing for job placements
3. providing after school classes for government school students in Mathematics & English
4. conducting engagement activities at government schools to motivate children to continue their education
5. reading to blind girl students and scribing for blind students during their exams.

Employees also participated in fundraisers for the cause of education by sponsoring our employee's participation in marathons and sports leagues.

Health and Well-being programmes included initiatives like awareness campaigns on prevention of heart diseases, prevention of dengue, personal hygiene, women's health, down syndrome, and thalassemia. Employees were able to participate in awareness campaigns that address global health issues like Dengue, Swine Flu, Breast and Liver Cancer. They also assist during free medical camps organized by the Company.

SFL extends its commitment towards environment and preservation of environment through employee driven campaigns. Employees were involved in drives to promote kitchen gardens by donating seeds to village women and educating them on the process. They participate in tree plantation drives regularly and conduct awareness campaign on pollution due to crackers. Employees have strongly supported the Chennai coastal cleanup drives and participated in initiatives safe guarding the Olive Ridley turtles during its nesting period on the coasts of Chennai.

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SFL's employee payroll giving programme has been active since the year 2009. In the year 2016-2017, the participation level in the programme reached an all-time high with more than 1000 employees contributing back to the society. Institutions working in the area of Education, Children, and Health receive more than 74% of the total share of donations made by employees through this programme.

The Company will continue to strive towards its commitment to be socially responsible and provide avenues to make employees volunteering efforts meaningful and impactful.

## 2. Composition of CSR Committee

Sri Suresh Krishna, Chairman and Managing Director is the Chairman of the Committee. Ms Arathi Krishna, Joint Managing Director, Ms Arundathi Krishna, Deputy Managing Director and Sri R Ramakrishnan, Independent Director are members of the committee.

## 3. Average net profits

Average net profits of the Company for the last three financial years is ₹ 20,123.96 lakhs.

## 4. Prescribed CSR expenditure (two per cent of the amount specified above)

Prescribed CSR expenditure is ₹ 402.48 lakhs

## 5. Details of CSR spent during the financial year 2016-2017

Total amount to be spent for the financial year 2016-2017	₹ 402.48 lakhs
Amount unspent	₹ 84.76 lakhs
Manner in which the amount spent during the financial year	As indicated in the annexure

## 6. Reasons for not spending 2% of the average net profits of the last three financial years

In view of new large projects contemplated which require more financial resources, the remaining amount of ₹ 84.76 Lakhs has not been spent during the financial year 2016-17.

## 7. CSR Responsibility Statement

We hereby confirm that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

ARUNDATHI KRISHNA  
Deputy Managing Director

ARATHI KRISHNA  
Joint Managing Director

SURESH KRISHNA  
Chairman and Managing Director  
(Chairman-CSR Committee)

R RAMAKRISHNAN  
Director

# Sundram Fasteners Limited

## ANNEXURES TO THE REPORT OF THE BOARD OF DIRECTORS (Contd.)

Annexure							
₹ Lakhs							
(1) S. No.	(2) CSR project or activity identified	(3) Sector in which the project is covered	(4) Project or Programs 1. Local area or other 2. Specify the state and district where projects or programs was undertaken	(5) Amount outlay (budget) project or programwise	(6) Amount spent on projects or programs Sub heads: 1. Direct expenditure on projects or programs 2. Over heads	(7) Cumulative expenditure up to the reporting period	(8) Amount spent: Direct or through implementing agency
1	High quality education for children from poorest families through after school classes	Education	1. Various villages 2. Tamil Nadu, Thiruvanamalai District, Krishnagiri District and Virudhunagar District	18.45	18.45		18.45 In association with Eureka Child Foundation
2	Scholarship for bright but marginalized children for their higher studies	Education	1. Chennai, 2. Tamil Nadu	11.20	11.20		11.20 In association with Sugun Thomas Foundation
3	Sundram Matriculation Higher Secondary School	Education	1. Other 2. Tamil Nadu; Virudhunagar District	106.00	106.00	172.28	106.00 Under the CSR arm of the company - Krishna Educational Society
4	Construction of Compound Wall at Sundram Matriculation School, Krishnapuram	Education	1. Other 2. Located around the Company's Krishnapuram factory	36.63	36.63		36.63 Expenditure incurred by the Company for the construction of School compound wall
5	Supply of nutritious jaggery to the students of village Govt. Schools	Healthcare	1. Thandalam village 2. Tamil Nadu, Kancheepuram District	17.49	17.49		17.49 In association with Sri Annapoorani Public Charitable Trust
6	Chair for Social Work and Psychology & Chair for Social Entrepreneurship at the Institute of Mental Health, Social Sciences and Transdisciplinary Research (IMHST)	Mental Health Education	1. Chennai, 2. Tamil Nadu	102.95	102.95	145.44	102.95 In association with BALM - Banyan Academy of Leadership in Mental Health
7	Holistic treatment of paediatric cancer	Healthcare	1. Chennai, 2. Tamil Nadu	25.00	25.00		25.00 In association with Ray of Light Foundation
	<b>Total</b>			<b>317.72</b>	<b>317.72</b>	<b>317.72</b>	<b>317.72</b>

## ANNEXURES TO THE REPORT OF THE BOARD OF DIRECTORS (Contd.)

Annexure V

### Statement of particulars as per Rule 5 of Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014

- (i) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year and the percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year :

S. No.	Name of the Directors	Designation	Ratio (times)	Percentage increase in remuneration
1	Sri Suresh Krishna	Chairman and Managing Director	191.50	158.71%
2	Ms Arathi Krishna	Joint Managing Director	217.04	122.66%
3	Ms Arundathi Krishna	Deputy Managing Director	198.00	131.62%
4	Sri K Ramesh*	Director	0.19	-
5	Sri Venu Srinivasan**	Director	-	-
6	Sri V Narayanan*	Director	0.44	-52.08%
7	Sri R Srinivasan*	Director	0.65	-27.66%
8	Sri R Ramakrishnan*	Director	0.77	-32.20%
9	Sri C V Karthik Narayanan*	Director	0.37	-53.66%
10	Sri M Raghupathy*	Director	0.42	-40.54%
11	Sri B Muthuraman*	Director	0.37	-55.81%
12	Sri S Meenakshisundaram	Chief Financial Officer	N.A.	4.85%
13	Sri R Dilip Kumar	Vice President – Finance & Company Secretary	N.A.	10.40%

\* Sitting fees were paid for attending Board /Committee meetings. Decrease in sitting fee is attributable to more number of meetings held during the financial year 2015-16.

\*\* Resigned from the Board, effective, August 8, 2016.

- (ii) The percentage increase in the median remuneration of employees in the financial year:11.39%

- (iii) The number of permanent employees on the rolls of Company as on 31<sup>st</sup> March, 2017: 3,195

- (iv) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

Relationship between average increase in remuneration and company performance - The Profit before Tax for the financial year ended 31<sup>st</sup> March, 2017 increased by 92.05% whereas the average increase in remuneration was 7.43%. The average increase in median remuneration was in line with the performance of the Company.

- (v) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

# Sundram Fasteners Limited

## ANNEXURES TO THE REPORT OF THE BOARD OF DIRECTORS (Contd.)

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Annexure VI

### Form No. MR-3

#### Secretarial Audit Report for the financial year ended 31st March 2017

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To, the Members of  
**Sundram Fasteners Limited,**  
CIN: L35999TN1962PLC004943  
98-A, VII Floor, Dr. Radhakrishnan Salai, Mylapore  
Chennai - 600 004

We have conducted a Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **SUNDRAM FASTENERS LIMITED** (hereinafter called "the Company") during the financial year from **1st April, 2016 to 31st March, 2017** ("the year"/ "audit period"/ "period under review").

We conducted the Secretarial Audit in a manner that provided us a reasonable basis for evaluating the Company's corporate conducts/statutory compliances and expressing our opinion thereon.

We are issuing this report based on:

- (i). Our verification of the books, papers, minute books and other records maintained by the Company and furnished to us, forms/ returns filed and compliance related action taken by the Company during the year as well as after 31st March, 2017 but before the issue of this audit report;
- (ii) Our observations during our visits to the registered office and some of the factories of the Company;
- (iii) Compliance certificates confirming compliance with all laws applicable to the Company given by the key managerial personnel / senior managerial personnel of the Company and taken on record by the Audit Committee/ Board of Directors; and
- (iv) Representations made, documents shown and information provided by the Company, its officers, agents and authorised representatives during our conduct of the Secretarial Audit.

We hereby report that, in our opinion, **during the audit period covering the financial year ended on 31st March 2017** the Company has, **to the extent, in the manner and subject to the reporting made hereinafter:**

- (i) Complied with the statutory provisions listed hereunder; and
- (ii) Board processes and compliance mechanism in place

The members are requested to read this report along with our letter of even date annexed to this report as **Annexure – A.**

#### 1. Compliance with specific statutory provisions

##### We further report that:

1.1 We have examined the books, papers, minute books and other records maintained by the Company and the forms, returns, reports, disclosures and information filed or disseminated during the year according to the applicable provisions/ clauses of:

- (i) The Companies Act, 2013 and the rules made thereunder (*the Act*).
- (ii) The Companies Act, 1956 and the rules made thereunder.

## ANNEXURES TO THE REPORT OF THE BOARD OF DIRECTORS (Contd.)

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- (iii) The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder.
- (iv) The Depositories Act, 1996 and the regulations and bye-laws framed thereunder.
- (v) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and External Commercial Borrowings (*FEMA*).
- (vi) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ("*SEBI Regulations*"):-
  - (a) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Act and dealing with client;
  - (b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (c) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (d) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (e) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (vii) The following laws that are specifically applicable to the Company (*Specific laws*):
  - (a) The Special Economic Zones Act, 2005 and the rules made thereunder (for the units located in a Special Economic Zone); and
  - (b) Export Oriented Unit Scheme (for the Company's units having letters of approval under the Scheme).
- (viii) The listing agreements entered into by the Company with the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) (*Agreements*).
- (ix) Secretarial Standards (*SS-1*) on "Meetings of the Board of Directors" and Secretarial Standards (*SS-2*) on "General Meetings" issued by The Institute of Company Secretaries of India (*Standards*)

During the period under review, and also considering the compliance related action taken by the Company after 31<sup>st</sup> March, 2017 but before the issue of this report, the Company has, to the best of our knowledge and belief and based on the records, information, explanations and representations furnished to us:

- (i) **Complied with** the applicable provisions/ clauses of the Acts, Rules, SEBI Regulations and Agreements mentioned under sub-paragraphs (i) to (iv), (vi) and (viii) of paragraph 1.1 above; and
- (ii) **Generally complied with** applicable provisions of FEMA, Specific laws and Standards mentioned under sub-paragraphs (v), (vii) and (ix) above.

1.2 We are informed that, during/ in respect of the year, the Company was not required to comply with the following laws/ rules/ regulations and consequently was not required to maintain any books, papers, minute books or other records or file any forms/ returns under:

- (i) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment;
- (ii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (iii) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (iv) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (v) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

# Sundram Fasteners Limited

## ANNEXURES TO THE REPORT OF THE BOARD OF DIRECTORS (Contd.)

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### 2. Board processes:

#### We further report that:

- 2.1 The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Women Directors.
- 2.2 The processes with respect to re-appointment of the retiring director at the annual general meeting held on 19<sup>th</sup> August 2016 and the resignation of a Non-Executive Non-Independent Director during the year were carried out in compliance with the provisions of the Act. There was no other change in composition of the Board of Directors during the year.
- 2.3 Adequate notice was given to all the directors to enable them to plan their schedule for the Board meetings.
- 2.4 Notice of Board meetings were sent at least seven days in advance.
- 2.5 Agenda and detailed notes on agenda were sent at least seven days before the Board meetings with the exception of the following items, which were either circulated separately or at the meetings and consent of the Board for so circulating them was duly obtained as required under the Secretarial Standards:
  - (i) Supplementary agenda notes and annexures in respect of unpublished price sensitive information such as audited accounts/ results, unaudited financial results and connected papers; and
  - (ii) Additional subjects/ information/ presentations and supplementary notes.
- 2.6 A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings.
- 2.7 We note from the minutes that, at the Board meetings held during the year,:
  - (i) Majority decisions were carried through; and
  - (ii) No dissenting views were expressed by any Board member on any of the subject matters discussed, that were required to be captured and recorded as part of the minutes.

### 3 Compliance mechanism

#### We further report that:

- 3.1 There are reasonably adequate systems and processes in the Company, commensurate with its size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

### 4 Specific events / actions

#### We further report that:

- 4.1 During the audit period, there were no specific events and actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations and standards.

**For S Krishnamurthy & Co.,  
Company Secretaries**

**K Sriram  
Partner**

Membership No: **F6312**

Certificate of Practice No: **2215**

**Date:** 24<sup>th</sup> May, 2017

**Place:** Chennai



## ANNEXURES TO THE REPORT OF THE BOARD OF DIRECTORS (Contd.)

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### Annexure – A to Secretarial Audit Report of even date

To the Members of  
**Sundram Fasteners Limited,**  
CIN: L35999TN1962PLC004943  
98-A, VII Floor, Dr. Radhakrishnan Salai, Mylapore  
Chennai - 600004

**Our Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31<sup>st</sup> March, 2017 is to be read along with this letter.**

1. The Company's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.
2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, we have also considered compliance related action taken by the Company after 31<sup>st</sup> March, 2017 but before the issue of this audit report.
4. We have considered compliance related actions taken by the Company based on independent legal/professional opinion obtained as being in compliance with law.
5. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We also examined the compliance procedures followed by the Company on a test basis. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
6. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
7. We have obtained the Management's representation about compliance of laws, rules and regulations and happening of events, wherever required.
8. Our Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For S Krishnamurthy & Co.,  
Company Secretaries**

**K Sriram  
Partner**

Membership No: **F6312**

Certificate of Practice No: **2215**

**Date:** 24<sup>th</sup> May, 2017

**Place:** Chennai

# Sundram Fasteners Limited

## MANAGEMENT DISCUSSION AND ANALYSIS – 2016-17

### Business Overview

The Gross Domestic Product (GDP) registered a decline in growth rate to 6.5% in 2016-17 as against 7.6% in 2015-16. The fiscal year 2016-17 was permeated by the uncertainty in the global economy, erratic fluctuations in global crude oil price, exchange rate, and high interest rate with lower consumption, current account deficit, short term impact of demonetisation and higher inflation rate and thus it was a challenging year for business.

The estimated growth rate of the industrial sector is at a moderate rate of 5.2% in 2016-17 from 7.4% last fiscal. However, owing to improved monetary and fiscal policy of the Government, the Indian economy has registered highest growth rate among G-20 countries clearly indicating India as the fastest growing economy. Key benchmark indices extending gains with continued mopping up of stocks by mutual funds portrays the optimism towards higher growth.

The initiative to move to a cashless economy through demonetisation and embracing of banking and digital payments is expected to curtail financial impropriety and also boost transparency and efficiency in conduct of business. The long-term benefit of demonetisation may include greater digitalisation of economy, and increase flow of economic savings, all of which could contribute to higher GDP growth and better tax revenues for the Government. Further, the quantitative easing by increase in allocation for the rural infrastructure sector in the budget 2017-18 may boost consumption.

During the fiscal year 2016-17, the automotive industry in India witnessed a growth of 5.41% over the previous year. The commercial vehicle industry (CV) ended a challenging fiscal year 2016-17 with a growth of 3%, which was quite subdued in comparison to the 11.5% growth witnessed in the previous year. The falling demand in the after-market, uncertainty relating to the taxation on CV industry, the imminent GST regime are some of the key factors, which contributed to the slow-down. The demonetisation during November 2016 hit the domestic CV volumes, further affecting the logistics sector which heavily depends on cash transaction.

The following table depicts the production trend of various segments in the automotive industry :

Category		Production		
		April - March		
Segment / Sub-segment		2016-17	2015-16	% Change
<b>I</b>	<b>Passenger Vehicles (PVs)</b>			
	Passenger Cars	27,04,600	25,65,970	5.40
	Utility Vehicles (UVs)	9,06,750	7,17,809	26.32
	Vans	1,80,190	1,81,266	-0.59
	<b>Total Passenger Vehicles (PVs)</b>	<b>37,91,540</b>	<b>34,65,045</b>	<b>9.42</b>
<b>II</b>	<b>Commercial Vehicles (CVs)</b>			
	<b>M&amp;HCVs</b>			
	Passenger Carriers	49,568	54,217	-8.57
	Goods Carriers	2,93,165	2,87,070	2.12
	<b>Total M&amp;HCVs</b>	<b>3,42,733</b>	<b>3,41,287</b>	<b>0.42</b>
	<b>LCVs</b>			
	Passenger Carriers	50,652	50,645	0.01
	Goods Carriers	4,16,901	3,94,760	5.61
	<b>Total LCVs</b>	<b>4,67,553</b>	<b>4,45,405</b>	<b>4.97</b>
	<b>Total Commercial Vehicles</b>	<b>8,10,286</b>	<b>7,86,692</b>	<b>3.00</b>

Category		Production		
Segment / Sub-segment		April - March		
		2016-17	2015-16	% Change
<b>III</b>	<b>Three Wheelers</b>			
	Passenger Carrier	6,70,978	8,34,253	-19.57
	Goods Carrier	1,12,171	99,851	12.34
	<b>Total Three Wheelers</b>	<b>7,83,149</b>	<b>9,34,104</b>	<b>-16.16</b>
<b>IV</b>	<b>Two wheelers</b>			
	Scooter / Scooterette	59,26,379	52,76,138	12.32
	Motor cycles / Step-Throughs	1,30,84,074	1,28,16,203	2.09
	Mopeds	9,19,032	7,37,886	24.55
	<b>Total Two wheelers</b>	<b>1,99,29,485</b>	<b>1,88,30,227</b>	<b>5.84</b>
<b>V</b>	<b>Others – Quadripeds</b>	<b>1,584</b>	<b>531</b>	<b>198.31</b>
	<b>Grand Total of All Categories</b>	<b>2,53,16,044</b>	<b>2,40,16,599</b>	<b>5.41</b>

Source: Society of Indian Automobile manufacturers

### Domestic Sales

Domestic sales (net of excise duty) of the company increased by 11.58% to ₹ 1,837.89 Crores from ₹ 1,647.13 Crores due to the increase in sales of passenger vehicles, utility vehicles and two wheelers. Automotive component industry is heavily dependent on commercial vehicle segment for high volume sales and profits. Increase in production of light commercial vehicles and passenger vehicles resulted in improved domestic sales. The Company's efforts to diversify customer base resulted in development of products for wind turbines and hot forged products.

### Export Sales

Export sales of the company increased by 14.97% to ₹ 1,044.11 Crores from ₹ 908.12 Crores. It is noteworthy to mention that the export sales of the Company has crossed ₹ 1,000 Crores milestone during the year.

The company's continued investments for manufacturing of new products are expected to result in further improvement in near future.

### Financial Performance

Costs remained within control during the year. Raw material prices were stable during the year. Manpower costs increased due to increase in dearness allowance and a general hike in salaries granted to retain talent in a competitive environment. Power availability remained firm throughout the year and costs remained within control throughout the year, due to the measures taken by the Company over the years to use alternative sources of power such as wind power.

During the year, PBIDT (Profit before interest, foreign exchange fluctuation, depreciation, exceptional income and tax) was at ₹ 560.44 Crores as against ₹ 418.90 Crores in the previous year. The operating margin has improved due to favorable product mix and specific cost reduction measures initiated by the Company.

The Company made sizable investments in creation of capacities for new products and additional capacities for manufacture of existing products to meet projected demand from domestic and international customers. Financing costs amounted to ₹ 43.70 Crores (₹ 60.47 Crores). The Company has reduced the finance cost through a combination of competitive sourcing of funds and prudent working capital management.

Depreciation was at ₹ 89.77 Crores (₹ 91.74 Crores)

## Sundram Fasteners Limited

Profit before tax was higher at ₹ 424.60 Crores (₹ 221.09 Crores). Investment Allowance admissible under Sec. 32AC of the Income Tax Act and higher proportion of profits earned from SEZ units resulted in lower effective tax rate. After providing for deferred tax, the Company achieved an all-time record profit of ₹ 315.47 Crores (₹ 213.99 Crores).

### Abridged Profit and loss statement

#### Summary of operating results

₹ in Lakhs

Particulars	2016-17	2015-16
Net revenue from operations	3,15,863.55	2,80,903.26
Other Income	1,320.14	3,458.30
Total Income	3,17,183.69	2,84,361.56
Total expenditure	2,61,140.09	2,42,470.69
Profit before interest, depreciation and tax (PBIDT)	56,043.60	41,890.87
Finance Cost	4,369.50	6,047.33
Depreciation/Amortization	8,976.99	9,174.19
Profit before tax (PBT) and before Exceptional item	42,697.11	26,669.35
Exceptional items	(236.94)	(4,559.96)
Profit before tax (PBT)	42,460.17	22,109.39
Current tax	10,136.58	864.23
Deferred tax	775.65	(154.34)
Profit after tax (PAT)	31,547.94	21,399.50

### Key Ratios

	2016-17	2015-16
PBIDT / Total Revenue	17.7%	14.7%
Raw Material / Total Revenue	35.8%	37.8%
Operating expenses/Total Revenue	46.6%	47.4%
PBIT / Total Revenue	14.8%	11.5%
PBT / Total Revenue	13.4%	7.8%
PAT / Total Revenue	9.9%	7.5%
ROCE (Avg.Capital Employed)	30.4%	25.0%
RONW (Avg.Net Worth)	26.8%	22.1%

### Subsidiaries/Consolidated Results

The performance of subsidiaries and the consolidated results are available in the financial statements.

#### Subsidiaries

₹ in Crores

Particulars	2016-17	2015-16
Sales & Other Income	42,869.93	77,605.36
Cash Profit	3,805.78	1,210.32
Net Profit	2,347.02	(1,255.03)

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## **Capacities and Capital Expenditure**

During the year, the Company has incurred ₹ 200.44 Crores towards capital expenditure on existing and new projects. Capital investments were incurred to dovetail production plans to those of key customers.

## **Research and Development**

The Company continues to provide thrust to the development of new products for existing customers and new customers. The Company's R&D efforts are primarily focussed on new processes in line with technological advancements. High Priority areas for R&D includes projects involving regulatory compliances, cost reduction, import substitution, safety in manufacture and use of products and new technologies. The Company's R&D facilities have been granted recognition by the Department of Scientific and Industrial Research (DSIR), making the Company eligible for weighted deduction under Section 35 (2AB) of the Income Tax Act. The Company incurred capital expenditure of ₹ 2.48 Crores besides incurring revenue expenditure of ₹ 12.95 Crores during the financial year.

## **Quality Systems, Total Productivity Maintenance (TPM) and Total Quality Management (TQM)**

During the year 2016-17 the company has stepped up the TQM activities at the corporate, divisional and plant levels. TQM Policy Deployment activities were strengthened in all departments and sections of all the divisions in order to properly deploy and achieve the objectives and targets. Besides initiating periodic review of policies of various departments, Daily Work Management activities were strengthened in the shop floor of all the plants with special focus on meeting the policy deployment targets. TQM was also extended to areas like marketing, design and development, human resources and finance. As a knowledge sharing and knowledge management initiative, the new steps adopted, experiences and results were shared between the divisions and plants to facilitate horizontal deployment.

The Company considers its sub-contractors as business partners and hence necessary support was extended to them to implement TQM measures.

The Company has adopted Total Productivity Maintenance (TPM) techniques for over twenty years and it has become a way of life in all the factories. This has helped the employees to continuously improve production, reduce costs, improve quality, reduce wastage, reduce fatigue and improve employee morale.

TQM and TPM activities are subject to review and audit periodically at the highest level.

## **Human Resources, Industrial Relations, Learning and Development**

Human Resources have played a key role in the Company's growth since inception. The Company recognises the contribution and the criticality of its Human Resources. HR processes in the Company are aligned to make employees feel that they are part of SFL family.

The well calibrated mentoring program, which was initiated ten years ago as a process of inducting new employees into the SFL way of working, has been made more inclusive by extending the same to first time managers, and to any other employee, who feels the need for a mentor. Mentoring is seen as a key initiative towards leadership development.

Communication being the vital link connecting the employees, especially for our company, which has manufacturing plants in multiple locations, the Company's in house journal "Sundara Inaipu" besides being an avenue for management to engage with its employees and their family members, also extends as a platform for knowledge sharing on the learnings across multiple plants. Such engagement and knowledge sharing mechanisms creates an atmosphere of bonhomie among employees themselves and also with the management. Among the other welfare measures extended by the company to its employees, the Company also imparts free practical

# Sundram Fasteners Limited

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training in computers and soft skills to the children of employees. With an objective to support their higher education, the Company also offers scholarship grants. Such initiatives and support has enabled the employees' children to launch themselves on a better career path.

## **The company continues to maintain its blemishless industrial relations record of not losing even a single day due to industrial strife, since its inception in 1966.**

The Company focuses on the development of skill and competencies of all its employees, believes in encouraging team work and total employee involvement and strives to provide a happy work environment to employees, while remaining socially responsible.

The Company considers Learning and Education as a critical feature in building the talent architecture of the Company and gives significant thrust to it. The Organisation aims at developing each and every employee to their fullest potential in alignment to the departmental and organisational goals. Towards this, competency based, role based training programs are conducted every year, covering all employees across the company. In line with the changing times, SFL has embraced contemporary training methodology.

## **Health, Safety and Environment**

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

All major factories have obtained certification for conformance to ISO 14001 standards. Our manufacturing facilities at Krishnapuram and Hosur have won Greenco Rating Award from the Confederation of Indian Industry, which re-emphasizes the efforts of the Company to continue to adopt energy efficient practices. Water conservation, usage of renewable energy, waste management and reduction in use of hazardous chemicals are the prime focus areas in all our manufacturing processes.

## **Internal Control Systems**

The ERP system used in the company is an integrated system, which aligns transactions of all major functions i.e. manufacturing, sourcing and procurement, sales and marketing, costing and finance. The ERP system ensures that the transactions are carried out in a seamless manner within the frame work of the checks and controls built into the system. Adequacy and relevance of checks and controls are evaluated periodically by the internal audit function. The systems and controls are benchmarked with the industry norms and improved by adopting the best practices.

The management and the Audit Committee reviews the internal controls and suggests improvements required, which are implemented.

The existing controls provide adequate assurance to the management for all transactions covering operations, inventory, fixed assets, financial records and compliance to statutory requirements.

## **Subsidiaries**

Details of investments and operating performance of subsidiaries are given in the Directors Report.

## **Prospects, Risks and concerns**

With the Government's aim being to raise the contribution of manufacturing sector from current 17% to 25% by the year 2022 as indicated in the manufacturing policy, auto component sector is expected to be a major contributor. With the BS-IV emission norms effective from 1<sup>st</sup> April, 2017 and various other innovations happening

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in the global automotive industry, India could emerge as a key innovation and knowledge hub for many global auto majors. However, such rapid changes and adoption of new technology to move towards more green content in the vehicles could also pose various challenges besides new opportunities. The impending implementation of the Goods and Services Tax (GST) [the biggest tax reform in India] from July 2017, is widely expected to add fillip to the economic growth. With various new initiatives by the Government towards ease of doing business, creating avenues for more investments through business enabling policy changes, India is expected to maintain its growth phase and is expected to grow faster than most other major economies. As per International Monetary Fund, India is likely to have a 7.61% GDP growth rate in the year 2017.

With the poor monsoon and drought engulfing most of the Indian States in the current fiscal year, the government appears to be addressing various problems faced by the economy to sustain the growth momentum in the economy. The rupee rebound against US dollar with sharp appreciation is a cause of concern. The Federal Reserve forecast for US growth of around 2% for the next few years exudes bleak optimism. Adverse events surrounding the global economy such as Brexit, negative interest rates in European Union and Japan, slowing of China's manufacturing sectors are of concern to our India's growth.

**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.*

# Sundram Fasteners Limited

## BUSINESS RESPONSIBILITY REPORT FOR THE FINANCIAL YEAR 2016-17

### Section A: General Information about the Company

1. Corporate Identity Number (CIN) of the Company : L35999TN1962PLC004943
2. Name of the Company : Sundram Fasteners Limited
3. Registered address : 98A, VII Floor, Dr Radhakrishnan Salai, Mylapore, Chennai 600 004
4. Website : www.sundram.com
5. E-mail id : investorshelpdesk@sfl.co.in
6. Financial Year reported : 2016-17
7. Sector(s) that the Company is engaged in (industrial activity code-wise)  
As per National Industrial Classification – 2008:

Section	Division	Description
C - Manufacturing	25	Manufacture of fabricated metal products, except machinery and equipment – Metal Fasteners
G – Manufacture of motor vehicles, trailers and semi-trailers	29	Manufacture of motor vehicles, trailers and semi-trailers –Parts and accessories for motor vehicles

8. List three key products / services that the Company manufactures / provides (as in balance sheet)
  - i. High Tensile Fasteners
  - ii. Pump Assemblies, Engine and Transmission Components
  - iii. Powder metal parts
9. Total number of locations where business activity is undertaken by the Company
  - i. Number of international locations (details of major 5) : 2
  - ii. Number of national locations : 10
10. Markets served by the Company – Local / State / National / International:  
Local / State / National / International

### Section B: Financial Details of the Company (as on 31-03-2017)

1. Paid up capital : ₹ 21.01 Crores
2. Total turnover : ₹ 3158.64 Crores
3. Total profit after taxes : ₹ 315.48 Crores
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)  
The Company's total spending on CSR for FY 2016-17 is 1.58% of the average profit after taxes in the previous three financial years.
5. List of activities in which expenditure in 4 above has been incurred:-
  - i. Education
  - ii. Healthcare



### Section C: Other Details

1. Does the Company have any Subsidiary Company/ Companies?  
Yes. The Company has 6 Domestic Subsidiaries and 5 Overseas Subsidiaries.
2. Do the Subsidiary Company / Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).  
Business Responsibility initiatives of the Parent Company are generally followed by its manufacturing subsidiaries to the extent possible.
3. Do any other entity / entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity / entities? [Less than 30%, 30-60%, More than 60%]  
No.

### Section D: BR Information

1. Details of Directors responsible for BR
  - a. Details of the Director / Director responsible for implementation of the BR policy / policies

DIN Number	Name	Designation
00517456	Ms Arathi Krishna	Joint Managing Director

- b. Details of the BR Head

S No	Particulars	Details
1	DIN Number	00517456
2	Name	Ms Arathi Krishna
3	Designation	Joint Managing Director
4	Telephone Number	044-28478500
5	E-Mail ID	jmd@sfl.co.in

2. Principle wise BR Policy / Policies (Reply – Y/N)

- a. Details of compliance (Reply in Y/N)

S No	Questions	Business Ethics	Product Responsibility	Wellbeing of Employees	Stakeholder Engagement	Human Rights	Environment	Public Policy	CSR	Customer Relations
1	Do you have a policy / policies for	Y	Y	Y	Y	Y	Y	N	Y	N
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	-
3	Does the policy conform to any national /international standards? If yes, specify?*	Y	Y	Y	Y	Y	Y	-	Y	-

# Sundram Fasteners Limited

S No	Questions	Business Ethics	Product Responsibility	Wellbeing of Employees	Stakeholder Engagement	Human Rights	Environment	Public Policy	CSR	Customer Relations
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/owner/CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	-	Y	-
5	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	-	Y	-
6	Indicate the link for the policy to be viewed online?	**	**	**	**	**	**	-	**	-
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	-
8	Does the company have in-house structure to implement the policy / policies	Y	Y	Y	Y	Y	Y	-	Y	-
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	-	Y	-
10	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	N	N	N	N	N	Y	-	Y <sup>#</sup>	-

\* The policy with respect to Product Responsibility are in line with international standards and practices such as ISO/TS 16949 – 2009 and ISO 14001:2004 standards. The policy with respect to Environment are in line with ISO 14001 standards. The policy with respect to business ethics, wellbeing of employees and CSR meets the national regulatory requirements, such as Corporate Laws, Environmental Laws and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

\*\* [www.sundram.com/investor.php](http://www.sundram.com/investor.php)

<sup>#</sup> As a part of Secretarial Audit by the Secretarial Auditor.

b. If answer to S. No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

S No	Questions	Business Ethics	Product Responsibility	Wellbeing of Employees	Stakeholder Engagement	Human Rights	Environment	Public Policy	CSR	Customer Relations
1	The company has not understood the Principles	-	-	-	-	-	-	-	-	-
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3	The company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6	Any other reason	-	-	-	*	*	*	*	-	*

\* Considering the nature of Company's business, these principles have limited applicability. The Company complies with Regulations governing its operations and has taken initiatives to promote inclusive growth and environmental sustainability.

3. Governance related to BR

a. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

The Company assesses the BR Report / performance annually.

b. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Yes. The Business Responsibility Report is available on the website under the following web link: <http://www.sundram.com/investor.php>

### Section E: Principle wise performance

**Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.**

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes / No. Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

Yes. The Code of Business Conduct and Ethics policy covers only the Company.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

From	Received during the year 2016-17	Resolved during the year 2016-17
Shareholders	2	2

# Sundram Fasteners Limited

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## Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

The Company is expanding and strengthening its position in the domestic and export markets, balancing commercial ambitions with environmental concern. The Company is environmentally conscious and is committed in creating, maintaining and ensuring a safe and clean environment. The Company ensures to make processes and businesses more environment friendly by adopting appropriate green initiatives and practices.

Three products or services whose design has incorporated social or environmental concerns, risks and opportunities:-

- i. Quill Gear
- ii. Shift Fork
- iii. Fasteners and other parts

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

- i. Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain?
- ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Quill Gear:

Profile which was earlier manufactured through forging route is now manufactured through powder metallurgy route. Cold forging route involved removal of materials to achieve the final shape and hence, waste of material. Since production through powder metallurgy involves "Zero loss "of material, material is conserved.

Shift Fork:

While the functional location of the component required alloyed iron powder for high strength and wear resistance, the non-functional portion required unalloyed powder. Technology was developed with mixes of powder (alloyed iron and unalloyed iron powder) and the component was produced, thus saving alloy material.

Fasteners and other parts:

Chrome free coatings (zinc flake coatings) are developed for fasteners which eliminate use of hazardous metals like chromium. Earlier the parts were zinc plated with either trivalent chrome or hexavalent chrome passivation.

Since the corrosion resistance of zinc flake coatings are much higher than zinc plated components, the life cycle has also much improved and replacements are fewer. Thus, sustainability is improved.

3. Does the company have procedures in place for sustainable sourcing (including transportation)?
  - i. If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

The Company, certified under TS 16949 and Engineering and Managements Systems (EMS), the Company has procedures in place for sustainable reporting. Some of the initiatives are given hereunder:-

- 
- a. Constantly encourages the use of biodegradable /reusable materials for packing and storing of materials.
  - b. Materials like oils, lubes, steel etc. are conserved and mainly focused to reduce loss and wastage and to maximize utilisation of materials.
  - c. Vehicles are permitted inside the factory, only if they comply with the pollution control norms
  - d. Specifically focussed on the storage, handling and disposal of hazardous chemicals
  - e. Specialised agencies are employed to treat the chemical wastes.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Yes. The steps taken by the Company to improve the capacity and capability of local and small vendors are given hereunder:-

- i. Indigenization / localisation plans are given top priorities
  - ii. 100% indigenization achieved in raw materials and consumables buying
  - iii. Vendors contributing for the indigenization are awarded and encouraged
  - iv. Top priority of buying is given to the domestic sources for raw materials and consumables.
  - v. Extend technical and financial support to the local small vendors and sub-contractors
  - vi. Total Quality Management (TQM) training was extended to sub-contractors to support them to manufacture and supply good high quality products to us.
  - vii. A strong sub-contractors base has been created at various locations to support the manufacturing plants.
  - viii. Suppliers / Vendor meets and surveys are conducted, to receive feedback and to improve their processes and output
  - ix. Motivated with awards / certificates
5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as < 5%, 5-10%, > 10%). Also, provide details thereof, in about 50 words or so.

Yes. The Company have a mechanism to recycle products and waste. The recycling / re-usage of tools and consumables, maximizing the life of oils, lubes are part of manufacturing process on a routine basis. Since, most of the products manufactured by the Company are made out of steel, re-usage / recycling is done by melting and the scrap generated from products / processes are given as inputs to the steel melting plants.

### **Principle 3: Businesses should promote the wellbeing of all employees**

1. Please indicate the Total number of employees  
3,195
2. Please indicate the Total number of employees hired on temporary / contractual / casual basis.  
5,104

# Sundram Fasteners Limited

3. Please indicate the Number of permanent women employees.  
87
4. Please indicate the Number of permanent employees with disabilities  
4
5. Do you have an employee association that is recognized by management.  
Yes.
6. What percentage of your permanent employees is members of this recognized employee association?  
1,251 (39%)
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

S. No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour / forced labour / involuntary labour	-	-
2	Sexual harassment	1*	-
3	Discriminatory employment	-	-

\* Calendar year 2016

8. What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year?

S. No.	Category	% of safety & skill up-gradation training in the last year
1	Permanent Employees	100%
2	Permanent Women Employees	
3	Casual / Temporary / Contractual Employees	
4	Employees with Disabilities	

**Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.**

1. Has the company mapped its internal and external stakeholders? Yes/No  
Yes. The Company has mapped its internal and external stakeholders. It uses both formal and informal mechanisms to engage with various stakeholders to understand their concerns and expectations. Individual departments within the organisation have roles and responsibilities identified and defined to engage with various stakeholders.
2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.  
Yes.
3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.  
Please refer Page Nos. 24 to 28 (Annual Report on CSR Activities).

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**Principle 5: Businesses should respect and promote human rights**

1. Does the policy of the company on human rights cover only the company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

The Company does not have a stated Human Rights Policy. However, the Company's Code of Conduct for Affirmative Action forming part of 'Code of Business Conduct and Ethics' and 'SFL's Policy on Sexual Harassment of Women at Workplace' covers the aspects of ensuring human rights of men / women.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

Nil

**Principle 6: Business should respect, protect, and make efforts to restore the environment**

1. Does the policy related to Principle 6 cover only the company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others.

The company over the years has inculcated sustainable business practices through well-defined processes. The company encourages employees as well as other stakeholders to actively participate in protecting / restoring environment. Best practices are shared to all stakeholders as a part of horizontal deployment. The policy covers only the Company.

2. Does the company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

Yes. The company has a well evolved structure for environmental conservation. The company has been focusing on reducing its emissions from its operations which impact the environment. All the units /plants have a vast area under green belt with natural flora and fauna. Water conservation is a key theme addressed by the top management with focus on Reduce / Recycle and Reduce concepts.

- 3 Does the company identify and assess potential environmental risks? Y / N

All the units of the company identify and assess potential environmental risks as a part of the ISO 14000 Environmental Management Systems (EMS) standard. Periodical review is done by top management on the steps taken to mitigate the potential risks identified.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

The company has been in the fore front of utilising renewable energy for its units situated in Tamil Nadu, generating green power and feeding to its units through grid. Over the years, the share of wind energy has increased and in the year 2016-17, the share of renewable wind energy amounting to 43% of total consumption of all its units in India. This has resulted in a reduction equivalent to 76,896 MT of CO<sub>2</sub> during 2016-17.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y / N. If yes, please give hyperlink for web page etc.

The company has a continues focus on energy conservation. Targets in terms of sourcing mix and cost are set every year and action plans are drawn. Plans versus actual achievements are reviewed by the management and the audit committee on a quarterly basis. Energy conservation measures include energy savings, use of alternate sources of energy i.e. wind power, bio gas.

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Apart from maximising renewable energy usage, energy conservation projects like:

1. Use of Energy Efficient LED lightings in all factory bays
  2. Optimising / eliminating / resizing cooling tower pumps
  3. Optimising loading of air compressors and thus reducing their running time
  4. Installation of Variable Frequency Drives for various applications
  5. Installation of High Volume Low speed fans (HVLS) in shop floor in place of high power consuming man coolers. Various units of the company have installed Bio Gas plant, which produce Methane gas and this gas is used in kitchen. Canteen food and vegetable wastes are not dumped on land but are used to produce gas which replaces fossil fuels like LPG.
6. Are the Emissions / Waste generated by the company within the permissible limits given by CPCB / SPCB for the financial year being reported?

All the units of the company are in compliance with the prescribed norms of Central Pollution Control Board (CPCB) / State Pollution Control Board (SPCB) for Air Emissions, Effluent discharge, hazardous solid and liquid disposals.

7. Number of show cause / legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

Nil

## **Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

Yes.

- a. Automotive Component Manufacturers Association of India
  - b. Madras Chamber of Commerce & Industry
  - c. The Confederation of Indian Industry
2. Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes / No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security).

Yes. Representations have been made to Chambers of Commerce and industry bodies on various matters for the improvement of regulatory policies.

## **Principle 8: Businesses should support inclusive growth and equitable development**

1. Does the company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes details thereof.

Please refer Page Nos. 24 to 28 (Annual Report on CSR Activities).

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2. Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organization?

CSR initiatives are undertaken both by the Company with its own resources as well as working in partnership with specialist organisations, NGOs. Please refer Page Nos. 24 to 28 (Annual Report on CSR Activities).

3. Have you done any impact assessment of your initiative?

Yes, we do impact assessment through field visits for most of our projects. Our factories also undergo Greenco certification assessment that assess and analyse the environmental impact of the company's activities or operations.

8. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.

Please refer Page Nos. 24 to 28 (Annual Report on CSR Activities).

9. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Please refer Page Nos. 24 to 28 (Annual Report on CSR Activities).

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner**

1. What percentage of customer complaints / consumer cases are pending as on the end of financial year.

Nil.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks (additional information)

Yes. As specified under Legal Metrology Act, 2009, Rules made thereunder and other applicable laws.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

No.

4. Did your company carry out any consumer survey / consumer satisfaction trends?

No.

### **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 31<sup>st</sup> March, 2017, as stipulated in Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said Listing Regulations. 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 the said Listing Regulations.

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**  
Chartered Accountants  
Regn. No. 004207S

**M BALASUBRAMANIAM**  
Partner  
Membership No. F7945

Chennai  
24<sup>th</sup> May, 2017

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### **ANNUAL REPORT DISCLOSURES AS SPECIFIED UNDER REGULATION 34 AND SCHEDULE V OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

#### **A. Related Party Disclosures**

The necessary disclosures as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations, 2015) are provided in the financial statements in Note No.38.

#### **B. Management Discussion and Analysis**

Management Discussion and analysis is provided in the Annual Report.

Necessary disclosures relating to disclosure of accounting treatment as prescribed in the Accounting Standards (Ind AS) are provided in the financial statements.

#### **C. Corporate Governance Report**

##### **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.

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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, society and other stakeholders.

## 2. Board of Directors

### *Composition of the Board*

The Board has ten Directors, with Executive and Non-Executive Directors. The Chairman and Managing Director, Joint Managing Director and Deputy Managing Director hold Executive positions. There are seven Non-Executive Directors, of whom six are independent. The Non-Executive Directors, use independent judgment in the Board deliberations and decisions.

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

The Company has no pecuniary relationship / transaction with any of the Non-Executive Directors other than those disclosed elsewhere in this Annual Report.

### *Directors' attendance record and directorships, committee meetings held during the year under review*

Name and Category of the Director	DIN	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	00046919	4	Yes	4	–	1
Ms Arathi Krishna Joint Managing Director	00517456	4	Yes	1	–	1
Ms Arundathi Krishna Deputy Managing Director	00270935	4	Yes	2	–	1
Sri K Ramesh Non-Executive Director	00556922	2	Yes	6	–	–
Sri Venu Srinivasan <sup>§</sup> Non-Executive Director	00051523	2	Yes	6	–	–
Sri V Narayanan Independent Non-Executive Director	00081673	3	Yes	2	2	1
Sri R Srinivasan Independent Non-Executive Director	00043658	4	Yes	7	4	3
Sri R Ramakrishnan Independent Non-Executive Director	00236673	4	Yes	3	3	1
Sri C V Karthik Narayanan Independent Non-Executive Director	00255676	3	Yes	1	–	–
Sri M Raghupathy IAS (Retd.) Independent Non-Executive Director	00012997	4	Yes	2	–	1
Sri B.Muthuraman Independent Non-Executive Director	00004757	3	Yes	2	1	1

Chairman and Managing Director, Joint Managing Director & Deputy Managing Director are related inter-se. Sri K Ramesh, Director is related to the Chairman and Managing Director.

<sup>@</sup> Excludes private, foreign companies and companies registered under Section 8 of the Companies Act, 2013.

<sup>#</sup> Includes only the membership of Audit and Stakeholders' Relationship Committees.

<sup>§</sup> Resigned from the Board, effective, August 8, 2016.

## Sundram Fasteners Limited

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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 Regulation 26 of the SEBI Listing Regulations, 2015, across all companies in which they are directors. None of the Independent Directors are whole-time directors of any listed entity.

### *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 31<sup>st</sup> March 2017, which were held on 20<sup>th</sup> May 2016, 9<sup>th</sup> August 2016, 2<sup>nd</sup> November, 2016 and 2<sup>nd</sup> February, 2017. The maximum interval between any two meetings was not more than 100 days.

### *Disclosure on relationships between directors inter se*

Sri Suresh Krishna, Chairman and Managing Director is the father of Ms Arathi Krishna, Joint Managing Director and Ms Arundathi Krishna, Deputy Managing Director. He is also the brother of Sri K Ramesh, Director.

### *Number of shares held by Directors in the Company as at 31st March, 2017*

Name of the Director	Number of Equity Shares	% holding
Sri Suresh Krishna	36,040	0.0171
Ms Arathi Krishna	47,040	0.0223
Ms Arundathi Krishna	51,840	0.0247
Sri K Ramesh	4,000	0.0019
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	–	–
Sri B Muthuraman	–	–

*The Company has not issued any convertible instruments*

### *Familiarisation programme*

Senior management personnel of the Company appraise to the Board Members on a periodical basis, about the industry in which the company operates, business model, operations of the Company, plans, strategy, risks matrix, new initiatives, etc. and seek their opinions and suggestions on the same. Also, the Directors are briefed on their specific roles, rights, responsibilities and duties that may arise during the meeting and also through various instances including regulatory and legislative updates from time to time. Any new Director who joins the Board is presented with a brief background of the Company, its operations, customers, products, segmentation, and technological developments.

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They are also informed on the following important policies of the Company:-

- The Code of Conduct for Directors and Senior Management Personnel and the Code of Conduct under SEBI (Prohibition of Insider Trading) Regulations, 2015
- Policy on related party transactions, Policy on remuneration, Policy on material events as per Regulation 30 of the SEBI Listing Regulations, 2015
- Policy on material subsidiaries
- Whistle blower policy
- Corporate Social Responsibility policy; and
- Dividend Distribution Policy

Factory visits to various plant locations are organised for the Directors to enable them to have insights and understanding of the manufacturing process, business model and operations of the Company.

Details about the familiarisation programme can be accessed at: <http://www.sundram.com/investors.php>

#### *Compliance Reports*

The Board of Directors review the compliance reports on applicable laws to the Company during every quarterly meeting.

#### *Succession Plans*

The Company has plans in place for orderly succession for appointment to the Board and senior management and the Board is satisfied of such plans.

#### *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. The Code of Conduct has incorporated the duties of independent directors as laid down under the Companies Act, 2013. A declaration signed by the Chairman and Managing Director to this effect is as follows :

24<sup>th</sup> May, 2017

**To the members of Sundram Fasteners Limited**

**DECLARATION TO THE MEMBERS PURSUANT TO SCHEDULE V OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

I, Suresh Krishna, Chairman and Managing Director, hereby declare that all Board members and senior management personnel have affirmed compliance with the Code of Business Conduct and Ethics formulated by the Company for the financial year ended 31<sup>st</sup> March, 2017.

**SURESH KRISHNA**

Chairman and Managing Director

#### *Information and Compliance Certificate to the Board*

All information as required under Regulation 17 of the SEBI Listing Regulations, 2015, 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 circulated 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.

The Chairman and Managing Director and the Chief Financial Officer have provided compliance certificate to the Board of Directors as specified under Part B of Schedule II of the SEBI Listing Regulations, 2015.

The Company has laid down the procedures to inform the Board of Directors about the risk assessment and minimization procedures. The Board of Directors continuously advises the management on framing and implementing risk management plans and monitors the same.

#### *Prevention of Insider Trading*

The Company has framed the Code of Conduct to regulate, monitor and report trading by employees and other connected persons and the Code of Practices and Procedures for fair disclosure of unpublished price sensitive information for Prevention of Insider Trading based on SEBI (Prohibition of Insider Trading) Regulations, 2015. The *Code of Conduct to regulate, monitor and report trading by employees and other connected persons* is applicable to all the Board members / officers / designated persons. The Code ensures the prevention of dealing in shares by persons having access to unpublished price sensitive information.

### **3. Audit Committee**

#### *Brief description of terms of reference*

The Terms of Reference / Role of Audit Committee cover the matters specified for Audit Committees under Regulation 18 and Part C of Schedule II of the SEBI Listing Regulations, 2015 as well as in Section 177 of the Companies Act, 2013 which includes, *among other things*, the following:-

- Oversight of the listed entity's financial reporting process.
- Recommendation for appointment, remuneration and terms of appointment of auditors.
- Reviewing, with the management, the annual financial statements and auditor's report.
- Scrutiny of inter-corporate loans and investments.
- Internal financial controls and risk management systems.
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems and reviewing the adequacy of internal audit function.
- Management discussion and analysis of financial condition and results of operations.
- Reviewing the statement of significant related party transactions.

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 reviews deviations, if any.

#### *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.

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#### *Meetings and the attendance record of Committee Members*

The Audit Committee met four times during the year on 20<sup>th</sup> May 2016, 9<sup>th</sup> August 2016, 02<sup>nd</sup> November, 2016 and 02<sup>nd</sup> February, 2017. The attendance of each Member of the Committee is given below:

<b>Name of the Director</b>	<b>No. of meetings attended</b>
Sri R Srinivasan	4
Sri V Narayanan	3
Sri R.Ramakrishnan	4

Sri Suresh Krishna, Chairman and Managing Director, Ms Arathi Krishna, Joint Managing Director and Ms Arundathi Krishna, Deputy Managing Director are permanent invitees. Sri R Dilip Kumar, Vice President – Finance & Company Secretary, acts as Secretary of the Committee.

Sri S Meenakshisundaram, Chief Financial Officer and Sri V V S Ramakrishnan, 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 19<sup>th</sup> August, 2016.

All information as required under Part C of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are being made available to the Committee.

#### **4. Nomination and Remuneration Committee (NRC)**

##### *Brief description of terms of reference*

The NRC at its meeting held on 4<sup>th</sup> February, 2015 has approved the Remuneration policy incorporating the decisions taken earlier in the meeting. The scope of the said policy and terms of the reference of NRC is as per Section 178 of the Companies Act, 2013 and Part C of Schedule II of the SEBI Listing Regulations, 2015, which includes the following matters:-

- The criteria which a person should possess to be considered eligible for appointment as an Independent Director, Director or senior managerial personnel.
- Evaluation criteria for performance evaluation of independent directors.
- The criteria for determining qualifications, positive attributes and independence of a director.
- Remuneration for the directors.
- Remuneration for the key managerial personnel (i.e. Managing Director, Whole-time Director, Manager, CEO, CFO and Company Secretary); and
- Remuneration of senior management personnel and other employees.

The NRC recommends the remuneration of the Executive Directors viz. Chairman and Managing Director, Joint Managing Director and Deputy Managing Director, 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.

## *Composition of Nomination and Remuneration Committee (NRC)*

The NRC consists of Sri Suresh Krishna, Chairman and Managing Director, Sri V Narayanan, Sri R Srinivasan, and Sri C V Karthik Narayanan, non-executive independent Directors with Sri V Narayanan as the Chairman of the Committee.

## *Meetings and attendance record of Committee Members*

The Committee met once during the financial year on 20<sup>th</sup> May, 2016. Except Sri V Narayanan, the remaining members attended the meeting. The Chairman of the Committee was present during the AGM held on 19<sup>th</sup> August, 2016.

## *Performance Evaluation*

The Nomination and Remuneration Committee lays down the criteria for performance evaluation of independent directors and other directors, Board of Directors and Committees of the Board of Directors. The criteria for performance evaluation encompass the following areas relevant to their functioning as independent directors or other directors, member of Board or Committees of the Board.

- Composition of the Board and committees.
- Frequency of meetings and administration of meeting.
- Attendance to the Board and Committee meetings, and active participation thereof.
- Flow of information to the board.
- Experience and competencies, performance of specific duties and obligations, disclosure of information to stakeholders.
- How their performance is reflected in the overall engagement of the Board and its Committees with the Company.

The Board of Directors carry out the performance evaluation of independent directors and the director who is subject to evaluation does not participate during his evaluation.

## *Policy on Board Diversity*

The NRC also approved the Policy on Board diversity appropriate to the business requirements of the Company covering the following-

- Optimum combination of Executive Directors, Non-Executive Directors and Independent Directors.
- The recommendatory requirement for each of the directors to possess functional diversity.
- Role of nomination and remuneration committee to ensure that the Policy on Board diversity is considered while recommending the appointment of new directors on the Board of the company.
- Review of the policy at such intervals including the assessment of the effectiveness of the policy.



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## 5. Remuneration to Directors for the year ended 31<sup>st</sup> March, 2017

₹ in Lakhs

Name of the Director	Sitting Fee	Salaries and Allowances	Perquisites	Company's Contribution to Provident Fund and Superannuation Fund	Commission and Performance Linked Incentive	Total
Sri. Suresh Krishna	N.A.	96.00	24.79	10.00	865.00	995.79
Ms. Arathi Krishna	N.A.	48.00	80.42	15.21	985.00	1,128.63
Ms. Arundathi Krishna	N.A.	42.00	74.31	13.30	900.00	1,029.61
Sri. K. Ramesh	1.00	N.A.	N.A.	N.A.	N.A.	1.00
Sri. V.Narayanan	2.30	N.A.	N.A.	N.A.	N.A.	2.30
Sri. R. Srinivasan	3.40	N.A.	N.A.	N.A.	N.A.	3.40
Sri. R.Ramakrishnan	4.00	N.A.	N.A.	N.A.	N.A.	4.00
Sri. C .V. Karthik Narayanan	1.90	N.A.	N.A.	N.A.	N.A.	1.90
Sri. M Raghupathy	2.20	N.A.	N.A.	N.A.	N.A.	2.20
Sri B Muthuraman	1.90	N.A.	N.A.	N.A.	N.A.	1.90

The sitting fees paid to non-executive directors and independent directors are within the limit prescribed under the Companies Act, 2013. Sitting fee indicated above also includes payment for Board-level committee meetings and independent directors meetings. The Company does not have any stock option scheme. Other than above mentioned fees, no other remuneration is paid to non-executive directors.

## 6. Corporate Social Responsibility Committee (CSRC)

Composition of Corporate Social Responsibility (CSR) Committee

The 'Corporate Social Responsibility Committee' comprises of Sri Suresh Krishna, Chairman and Managing Director, who is the Chairman of the Committee, Ms Arathi Krishna, Ms Arundathi Krishna and Sri R Ramakrishnan as members. Sri R Dilip Kumar, Vice President – Finance & Company Secretary, acts as Secretary of the Committee.

# Sundram Fasteners Limited

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Meetings and attendance record of Committee Members

The Committee met once during the year on 31<sup>st</sup> October, 2016 during the financial year ended 31<sup>st</sup> March, 2017. All the members attended the meeting.

The Corporate Social Responsibility Committee recommends to the Board Corporate Social Responsibility Policy and the CSR initiatives and it also monitors implementation of the activities undertaken as per the policy.

## 7. Stakeholders' Relationship Committee

Composition of Stakeholders' Relationship Committee

The 'Stakeholders' Relationship Committee' comprises of Sri R Ramakrishnan, non-executive director as the Chairman of the Committee. Sri Suresh Krishna and Ms Arathi Krishna are Members of the Committee. Sri Venu Srinivasan, non-executive non-independent Director was a member of the Committee, till 8<sup>th</sup> August, 2016 (resigned from the Board). Ms Arathi Krishna, Joint Managing Director was nominated as a member of the Committee in place of Sri Venu Srinivasan, effective, 8<sup>th</sup> August, 2016. Sri R Dilip Kumar, Vice President – Finance & Company Secretary, acts as Secretary of the Committee.

The Committee deals *inter alia* with redressal of investors/shareholders complaints relating to transfer of shares, non-receipt of annual report and non-receipt of declared dividends.

Meetings and attendance record of Committee Members

The Committee met four times during the year on 20<sup>th</sup> May, 2016, 9<sup>th</sup> August, 2016, 2<sup>nd</sup> November, 2016 and 2<sup>nd</sup> February, 2017. All the members attended the meeting.

During the year, 2 complaints were received from shareholders / investors and other agencies, all of which have been resolved to the satisfaction of the shareholders. There are no pending complaints as at 31<sup>st</sup> March, 2017.

## 8. Finance Committee

Composition of Finance Committee of the Board

The Finance Committee consists of Sri Suresh Krishna, Chairman and Managing Director, Ms Arathi Krishna, Joint Managing Director and Ms Arundathi Krishna, Deputy Managing Director with Sri Suresh Krishna as its Chairman. Sri R Dilip Kumar, Vice-President – Finance & Company Secretary, acts as Secretary of the Committee.

Meetings and the attendance record of Committee Members

The Finance Committee met four times during the year on 20<sup>th</sup> April, 2016, 2<sup>nd</sup> September, 2016, 25<sup>th</sup> November, 2016 and 27<sup>th</sup> January, 2017. The attendance of each Member of the Committee is given below:

Name of the Director	No. of meetings attended
Sri Suresh Krishna	4
Ms Arathi Krishna	4
Ms Arundathi Krishna	4

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The terms of reference of Finance Committee includes approval of borrowings, banking related matters, granting authorisation to executives to sign documents on behalf of the Company for statutory requirements.

## **9. Strategy Committee**

### *Composition of Strategy Committee of the Board*

The Strategy Committee consists of Sri Suresh Krishna, Chairman and Managing Director, Ms Arathi Krishna, Joint Managing Director, Ms Arundathi Krishna, Deputy Managing Director, Sri R Srinivasan and Sri B Muthuraman, non-executive Directors, with Sri B Muthuraman as its Chairman. Sri R Dilip Kumar, Vice-President – Finance & Company Secretary, acts as Secretary of the Committee.

### *Meetings and the attendance record of Committee Members*

The Strategy Committee met once during the year on 2<sup>nd</sup> February, 2017. All the members attended the meeting.

## **10. Risk Management Committee**

The Company is not required to constitute a Risk Management Committee, as the Company would fall outside the purview of the provisions of Regulation 21(5) of the SEBI Listing Regulations, 2015.

## **11. Related Party Transactions**

The Company has formulated Related Party Transactions Policy. All related party transactions are carried out in line with Related Party Transaction (RPT) Policy and as per the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. All RPTs are approved by the Audit Committee. The Audit Committee has laid down the criteria for granting omnibus approvals in line with the RPT Policy. During the year under review, the requirement to approve shareholders' approval for RPT did not arise.

Prior approval of the Audit Committee is obtained for related party transactions. Where the related party transactions cannot be foreseen, omnibus approval of the Audit Committee is obtained. The Audit Committee has lay down the criteria for granting the omnibus approval, which has been duly approved by the Board pursuant to the Companies (Meetings of Board and its Powers) Second Amendment Rules, 2015. The Audit Committee and the Board are presented with the details of related party transactions on a quarterly basis.

### *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 Audit Committee 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.

## **12. Corporate governance requirements with respect to subsidiary of the company and compliance thereto**

None of the Company's subsidiary is a material subsidiary during the year under review. The Audit Committee reviews the financial statements including the investments made by the unlisted subsidiary

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companies. The minutes of the board of directors of the unlisted subsidiary companies are provided to the Board of Directors of the Company as a part of the board meeting agenda notes.

### 13. Independent Directors and compliance of their obligations

All the independent directors have fulfilled their obligations as specified under Regulation 25 of the SEBI Listing Regulations, 2015.

#### *Separate Meeting of Independent Directors*

As stipulated by the Code of Independent Directors under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of the Independent Directors of the Company was held on 2<sup>nd</sup> February, 2017 to review the frequency and procedures for conducting the separate meetings of the Independent Directors, to review the performance of Non-independent Directors (including the Chairman and Managing Director) and the Board as whole, taking into account the views of executive and non-executive directors. The Independent Directors also reviewed the quality, content and timeliness of the flow of information between the Management and the Board and its Committees, which is necessary to effectively and reasonably perform and discharge their duties.

#### *Attendance of the Independent Directors present at the meeting*

Sri V Narayanan, Sri R Srinivasan, Sri R Ramakrishnan, Sri C V Karthik Narayanan, Sri M Ragupathy and Sri B Muthuraman are the Independent Directors of the Company as on 31<sup>st</sup> March, 2017. All the Independent Directors attended the meeting.

### 14. Compliance of obligations under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Directors and Senior management have complied with the obligations specified under Regulation 26 of the SEBI Listing Regulations, 2015 relating to the limit of the committees on which a Director may serve in all public limited companies, affirmation of compliance with the code of conduct, disclosures relating to all material, financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the company at large.

### 15. General Meetings

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

Year	Location	Date	Time
2016	The Music Academy T T Krishnamachari Auditorium (Main Hall) New No. 168, T T K Road, Royapettah Chennai – 600 014	19-08-2016	10.00 am
2015		21-08-2015	10.00 am
2014		22-09-2014	10.00 am

During the above mentioned 3 years the following Special Resolutions were passed in the AGM held on 22<sup>nd</sup> September, 2014:-

1. Adoption of new set of regulations in the Articles of Association of the Company
2. Borrowing money up to ₹ 1,000 Crores under Section 180(1)(c) of the Companies Act, 2013 (the Act).
3. To sell, mortgage and / or create charge under Section 180(1)(a) of the Act.

The details of Special Resolutions which were passed through postal ballot during the year under review and voting pattern thereon is as follows:-

Postal Ballot No.	Particulars of Special Resolution	Date of Passing of the Resolution	Voting Pattern	
			Votes cast in favour	Votes cast against
2	Revision in remuneration payable to Sri Suresh Krishna, Chairman and Managing Director	28 <sup>th</sup> September, 2015	1,50,291,944 99.93%	99,838 0.07%
	Re-appointment of Sri Suresh Krishna as Chairman and Managing Director	28 <sup>th</sup> September, 2015	1,47,549,957 98.12%	28,29,502 1.88%
3	Issue of non-convertible debentures on private placement basis	1 <sup>st</sup> March, 2016	1,45,551,472 99.59%	5,98,932 0.41%

As on date of this report, there is no proposal to pass any special resolution through Postal Ballot.

#### *Procedure for Postal Ballot*

The Postal Ballot has been carried out as per the procedure stipulated under the Companies (Management and Administration) Rules, 2014. During the process of Postal Ballot, shareholders are provided the remote e-voting facility pursuant to Regulation 44 of the SEBI Listing Regulations, 2015 and the said rules.

## **16. Means of Communication**

- The quarterly, half yearly and annual results are published in widely circulating national and local dailies such as Business Line, Business Standard, The Hindu, The Financial Express, The Economic Times (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) and also in the websites of BSE Limited and National Stock Exchange of India Limited. The Company's website also displays official press releases and other disclosures submitted to stock exchanges.
- The Company has not made any presentation to institutional investors or to analysts.

# Sundram Fasteners Limited

## 17. General Shareholder Information

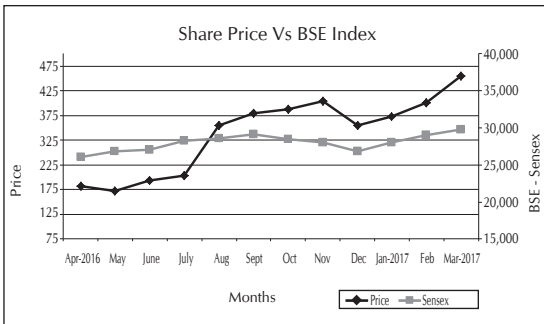
a	Annual General Meeting Date, Time and Venue	Thursday, 24 <sup>th</sup> August, 2017, 10.00 a.m. The Music Academy - T T Krishnamachari Auditorium (Main Hall), 168, TTK Road, Royapettah, Chennai 600 014
b	Financial calendar	April 2017 to March 2018 <ul style="list-style-type: none"><li>• First Quarter Results – on or before 15<sup>th</sup> August, 2017</li><li>• Second Quarter/Half-yearly Results – on or before 15<sup>th</sup> November, 2017</li><li>• Third Quarter Results – on or before 15<sup>th</sup> February, 2018</li><li>• Annual Results for the year ending 31<sup>st</sup> March 2018 - on or before 30<sup>th</sup> May, 2018</li></ul>
c	Dividend Payment date for dividends declared / recommended during FY 2016-2017 Interim Dividend Final Dividend	Paid on 18 <sup>th</sup> November, 2016 Payable on 29 <sup>th</sup> August, 2017
d	Name and address of Stock Exchange(s) at which company's shares are listed	The Equity Shares of the Company are listed on the following Stock Exchanges:  BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001  National Stock Exchange of India Limited (NSE) Exchange Plaza, 5th Floor, Plot No.C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051  The Company has paid the annual listing fees due to the Stock Exchanges for the financial year 2017 - 18.
e	Stock Code	Code: 500 403 – BSE Ltd (BSE) SUNDRMFAST – National Stock Exchange of India Ltd (NSE)

f	Market Price Data – High, Low during each month in last financial year
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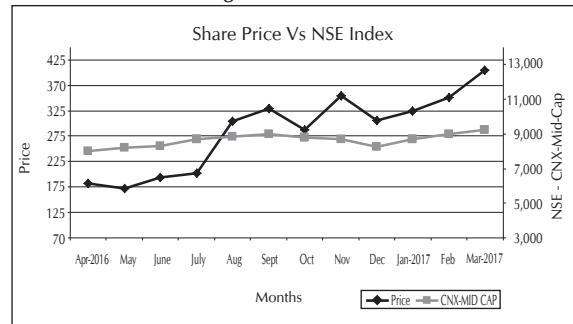
Month	BSE Limited				National Stock Exchange of India Ltd.			
	Price - ₹		Index - Sensex		Price - ₹		Index - Nifty	
	High	Low	High	Low	High	Low	High	Low
Apr, 2016	182.00	160.00	26100.54	24523.20	182.35	160.60	7992.00	7516.85
May, 2016	172.95	156.95	26837.20	25057.93	172.75	156.80	8213.60	7678.35
June, 2016	193.90	157.60	27105.41	25911.33	193.80	157.00	8308.15	7927.05
July, 2016	203.40	183.45	28240.20	27034.14	203.00	182.00	8674.70	8287.55
August, 2016	304.50	174.00	28532.25	27627.97	304.00	186.25	8819.20	8518.15
September, 2016	329.90	277.65	29077.28	27716.78	329.00	270.55	8968.70	8555.20
October, 2016	337.65	274.75	28477.65	27488.30	288.00	276.05	8806.95	8506.15
November, 2016	354.40	270.10	28029.80	25717.93	355.00	271.25	8669.60	7916.40
December, 2016	305.30	262.80	26803.76	25753.74	305.85	262.00	8274.95	7893.80
January, 2017	323.05	285.70	27980.39	26447.06	324.00	286.35	8672.70	8133.80
February, 2017	351.00	316.25	29065.31	27590.10	350.65	318.40	8982.15	8537.50
March, 2017	404.30	331.60	29824.62	28716.21	404.00	334.55	9218.40	8860.10

g	Share Performance in comparison to broad-based indices
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#### BSE Ltd.



#### National Stock Exchange of India Ltd.



h	Disclosure on suspension of trading	Not applicable
i	Registrars and Transfer Agents (acting as common agency) for all investor servicing activities relating to both electronic and physical segments)	<p>Integrated Registry Management Services Private Limited  (Formerly known as 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  E-Mail : srirams@integratedindia.in</p> <p>Investor Contacts:  Mr. Suresh Babu, Director  Mr. S. Sriram, Deputy General Manager</p>

## Sundram Fasteners Limited

j	Share Transfer System	<p>All the transfers in physical form are processed by the Company's Registrar and Share Transfer Agent, Integrated Registry Management Services Private Limited [Formerly Integrated Enterprises (India) Limited]. Share transfer / Remat requests are processed within the timelines stipulated by SEBI. Demat requests are processed within a period of 7 days from the date of receipt.</p> <p>The Company's Registrar and Share Transfer Agent, Integrated Registry Management Services Private Limited [Integrated Enterprises (India) limited], has adequate infrastructure to process the share transfers. The Board of directors has delegated the power to approve transfer of shares, transmission of shares, transposition of shares, consolidation of shares, split of shares, change of name, issue of new share certificates in lieu of old / mutilated certificates, dematerialization of shares and rematerialisation of shares ("Transactions") and rejection of the said transactions on technical grounds to the authorized officers of the Company (delegated authority). The delegated authority attends to share transfer formalities at such intervals as required. Later, Stakeholders' Relationship Committee and the Board takes on record the approved transactions.</p>			
k	Distribution of shareholding				
Number of Shares		Shareholders		No. of Shares	
		Number	%	Number	%
Up to 100		16,761	40.17	7,32,959	0.35
101 - 250		5,589	13.39	9,97,282	0.47
251 - 500		5,360	12.84	21,21,531	1.01
501 - 1000		4,513	10.82	35,44,606	1.69
1001 - 5000		7,963	19.08	1,87,27,527	8.91
5001 - 10000		893	2.14	63,63,567	3.03
10,001 and above		651	1.56	17,76,40,898	84.54
Total		41,730	100.00	21,01,28,370	100.00
Physical Mode		3,621	8.68	42,43,735	2.02
Demat Mode		38,109	91.32	20,58,84,635	97.98
<b>Total</b>		<b>41,730</b>	<b>100.00</b>	<b>21,01,28,370</b>	<b>100.00</b>

Categories of Shareholding as on 31st March, 2017		
Category	Shares	% holding
Promoter Companies	10,40,85,280	49.53
Mutual Funds	2,43,99,187	11.61
Insurance Companies, Financial Institutions & Banks	1,21,04,207	5.76
Foreign Institutional Investors (FIIs)	69,53,104	3.31
Public/Private Limited Companies	62,93,437	3.00
Resident Individuals, Non-resident Indians & Foreign Nationals	5,62,93,155	26.79
<b>Total</b>	<b>21,01,28,370</b>	<b>100.00</b>



l.	Dematerialisation of Shares and liquidity	<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 dematerialised form.</p> <p>97.98% of total equity capital (including holding of promoter companies) is held in dematerialised form with NSDL and CDSL as on 31<sup>st</sup> March 2017.</p> <p>The volume of shares traded during FY 2016-2017:-</p> <table border="1" data-bbox="614 496 1245 624"> <thead> <tr> <th>Stock Exchange</th> <th>During FY 2016-2017</th> <th>Monthly Average Volume</th> </tr> </thead> <tbody> <tr> <td>BSE</td> <td>1,38,03,711</td> <td>11,50,309.25</td> </tr> <tr> <td>NSE</td> <td>6,17,90,470</td> <td>51,49,205.80</td> </tr> </tbody> </table> <p>Thus, shares of the Company are actively traded in the BSE and NSE, and hence have good liquidity.</p>	Stock Exchange	During FY 2016-2017	Monthly Average Volume	BSE	1,38,03,711	11,50,309.25	NSE	6,17,90,470	51,49,205.80
Stock Exchange	During FY 2016-2017	Monthly Average Volume									
BSE	1,38,03,711	11,50,309.25									
NSE	6,17,90,470	51,49,205.80									
m	Outstanding GDRs / ADRs / Warrants or any convertible instruments	Not issued.									
n	Commodity Price Risk or foreign exchange risk and hedging activities	<p>As per the directive from the Board of Directors, all foreign currency loan repayments falling due within a period of one year are hedged. The export receivables are hedged based on the currency movements – USD / INR on a case to case basis.</p> <p>The Company mitigates its major raw material Steel Price risks with the select suppliers by entering into long-term supply contracts.</p>									
o	Plant Location	<p><b>Tamil Nadu</b></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><b>Puducherry (Pondicherry)</b></p> <ol style="list-style-type: none"> <li>8) Korkadu, Nettapakkam Commune, Bahur Taluk Puducherry 605 110</li> </ol> <p><b>Andhra Pradesh</b></p> <ol style="list-style-type: none"> <li>9) Bonthapally Village 502 313, Medak District</li> </ol> <p><b>Uttarakhand</b></p> <ol style="list-style-type: none"> <li>10) Pantnagar, Integrated Industrial Estate Rudrapur, Dist. Udam Singh Nagar Uttarakhand 263 153</li> </ol>									

## Sundram Fasteners Limited

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p	Address for Correspondence	Sri R Dilip Kumar Vice President - Finance & Company Secretary Sundram Fasteners Limited 98A, 7th Floor, Dr Radhakrishnan Salai Mylapore, Chennai 600 004 Telephone: +91-44-28478500 Extn. : 236 / 213 Fax: +91-44-28478510 Exclusive E-mail id for redressal of investor complaints E-mail: <a href="mailto:investorshelpdesk@sfl.co.in">investorshelpdesk@sfl.co.in</a> Website - <a href="http://www.sundram.com">www.sundram.com</a> 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> .
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### OTHER DISCLOSURES

*Materially significant related party transactions during the year ended 31<sup>st</sup> March 2017:*

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. All the related party transactions are at arm's length basis and in the ordinary course of business.

The Company's policies on Material Subsidiaries and Related Party Transactions are available on the website under the following web link: [http:// www.sundram.com/investors.php](http://www.sundram.com/investors.php)

*Details of non-compliances during last three years*

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 complied with all matters relating to the capital market and the SEBI Listing Regulations, 2015. The Company has complied with all mandatory requirements. Adoption of non-mandatory requirements is provided under Item No.19 of this report.

*Whistle Blower Policy / Vigil Mechanism*

The Company has a Vigil Mechanism through a Whistle Blower Policy. The policy enables stakeholders, including individual employees and their representative bodies, to freely communicate their concerns about illegal or unethical practices, if any. It also enables reporting of concerns by directors and employees about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy or any other genuine concerns or grievances. The policy provides for adequate safeguards against victimisation of employees and directors who avail of the vigil mechanism and also provide for direct access to the Chairperson of the Audit Committee. No personnel has approached the Audit Committee till date.

Details about the Whistle Blower Policy can be accessed at: <http://www.sundram.com/investors.php>

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*Disclosure on Commodity price risks and commodity hedging activities*

The Company mitigates its major raw material steel price risks with the select suppliers by entering into long-term supply contracts. As the Company is a Net Foreign Exchange earner, there is a natural hedge against risks associated with commodity imports.

## **18. COMPLIANCE OF CORPORATE GOVERNANCE CONDITIONS**

The Company has complied with the requirements of corporate governance report as specified in Schedule V of the SEBI Listing Regulations, 2015. The Company has submitted the quarterly compliance report on corporate governance to the stock exchanges within fifteen days from the end of the quarter for all the quarter during the financial year 2016-2017.

## **19. DISCLOSURE ON NON-MANDATORY REQUIREMENTS**

### *The Board*

The Chairman of the Company is also an Executive Director (Chairman and Managing Director). Hence, disclosure under this head does not arise.

### *Shareholder Rights – Quarterly/Half yearly/Annual results*

The quarterly / half yearly/annual results, after they are approved 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, Business Standard, The Hindu, The Financial Express, The Economic Times (English) and Makkal Kural (Tamil) newspapers.

### *Audit Qualification*

There is no audit qualification with regard to financial statements in the Auditors' Report or qualification or adverse remark in the Secretarial Audit Report for financial year 2016-2017.

### *Separate Posts of Chairman and CEO*

The posts of Chairman and Managing Director are held by the same person as permitted by the Articles of Association.

### *Reporting of Internal Auditors*

The Internal Auditor of the Company reports to the Audit Committee.

## **20. WEBSITE DISCLOSURES**

The following information is disseminated and available on the website under the following web link - **[http:// www.sundram.com/investors.php](http://www.sundram.com/investors.php)**

- Terms and conditions of appointment of independent directors;
- Composition of various committees of board of directors;
- Code of conduct of board of directors and senior management personnel;

## Sundram Fasteners Limited

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- Details of establishment of vigil mechanism/ Whistle Blower policy;
- Criteria of making payments to non-executive directors are disclosed in annual report;
- Policy on dealing with related party transactions;
- Policy for determining 'material' subsidiaries;
- Details of familiarization programmes imparted to independent directors including the number of programmes attended by independent directors (during the year and on a cumulative basis till date), number of hours spent by independent directors in such programmes (during the year and on cumulative basis till date), and other relevant details
- Dividend Distribution Policy

### 21. DISCLOSURES IN RESPECT OF DEMAT SUSPENSE ACCOUNT / UNCLAIMED SUSPENSE ACCOUNT

Particulars	Number of Shareholders	Number of Shares
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year	1831	1784150
Number of Shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year	35	35876
Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	35	35876
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year.	1796	1748274

**INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS TO THE MEMBERS OF SUNDRAM FASTENERS LIMITED, CHENNAI FOR THE YEAR ENDED 31ST MARCH 2017**

To The Members of,  
SUNDRAM FASTENERS LIMITED

**Report on the Standalone Ind AS Financial Statements**

We have audited the accompanying standalone Ind AS financial statements of SUNDRAM FASTENERS LIMITED, Chennai – 600 004 (“the company”), which comprise the Balance Sheet as at 31<sup>st</sup> March 2017, the Statement of Profit and Loss (including Other Comprehensive Income), Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management’s Responsibility for the standalone Financial Statements**

The Company’s Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including Other Comprehensive Income), Cash Flows and Changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 4 of Companies (Indian Accounting Standards) Rules, 2015.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS 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 Standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company’s preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by Company’s Directors, as well as evaluating the overall presentation of the Standalone Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations furnished to us, the aforesaid standalone Ind AS financial statements, give the information required by the Act in the manner so required and

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### **INDEPENDENT AUDITOR'S REPORT (Contd.)**

give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS;

- a) of the State of affairs (financial position) of the Company as at March 31, 2017;
- b) of the **Profit** (financial performance including Other Comprehensive Income) for the year ended on that date;
- c) of the Cash Flows for the year ended on that date; and
- d) of the Changes in Equity for the year ended on that date.

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

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure-"A", a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015.
  - e. On the basis of written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
  - f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure - "B".
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations furnished to us :
    - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer note no. 43 to the standalone Ind AS financial statements.
    - ii. The Company has long-term derivative contracts but material foreseeable losses are not expected. There are no other long term contracts.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
    - iv. The Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes from November 08, 2016 to December 30, 2016 and these are in accordance with the books of account maintained by the Company.

Chennai  
May 24, 2017

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

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## **ANNEXURE-"A" TO INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS TO THE MEMBERS OF SUNDRAM FASTENERS LIMITED, CHENNAI FOR THE YEAR ENDED 31ST MARCH 2017**

Annexure "A" referred to in our report under "Report on Other Legal and Regulatory requirements Para 1" of even date on the accounts for the year ended 31st March 2017.

1. (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) Fixed assets are physically verified by the management in accordance with a regular programme at reasonable intervals. In our opinion the interval 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 title deeds of immovable properties of the company are held in the name of the Company based on the confirmation received from the Company.
2. The inventory has been physically verified, including inventories with third parties, at reasonable intervals during the year by the management. The discrepancies between the physical stocks and the books were not material and have been properly dealt with in the books of account.
3. During the year, the company has not granted any loan to a company, firm, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. The Company has invested in Equity shares of the wholly owned subsidiary and furnished guarantee to one wholly owned subsidiary and investment in equity shares of other companies. These investments comply with provisions of Sec 186 of the Companies Act, 2013.
4. During the year, the company has not granted any loan nor provided any security. Hence reporting on whether there is compliance with provisions of section 185 of the Companies Act, 2013 on these aspects does not arise.

The company has furnished guarantees in relation to loans availed by subsidiaries amounting to Rs. 6,542.83 lakhs. This is in compliance with section 186 of the Companies Act, 2013.

5. The company has not accepted any deposit within the meaning of sections 73 to 76 of the Companies Act, 2013, during the year.
6. We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government under section 148(1) of the Companies Act, 2013 for maintenance of cost records and are of the opinion that *prima-facie*, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
7. (a) According to the records provided to us, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other statutory dues to the appropriate authorities. However, certain delays were noticed in remittance of Income Tax deducted at source, Value Added Tax / Central Sales Tax and Service Tax into Government.
- (b) According to the information and explanations furnished to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax and Cess were in arrears, as at 31<sup>st</sup> March 2017 for a period of more than six months from the date they became payable.

**Annexure "A" referred to in our report under "Report on Other Legal and Regulatory requirements Para 1" of even date on the accounts for the year ended 31st March 2017. (Contd.)**

(c) According to information and explanations furnished to us, the following are the details of the disputed dues that were not deposited with the concerned authorities:

Name of the statute	Nature of dues	Amount (₹ In lakhs)	Forum Where the dispute is pending
Central Excise Act, 1944	Excise Duty	353.50	Customs Excise and Service Tax Appellate Tribunal, Chennai
		43.35	Commissioner (Appeals), Chennai
		<b>396.85</b>	
Finance Act, 1994	Service Tax	43.10	Assistant Commissioner
		42.53	Customs Excise and Service Tax Appellate Tribunal, Chennai
		200.10	Commissioner (Appeals), Chennai
		<b>285.73</b>	
Property Tax		25.10	The Honourable High Court of Judicature at Madras
Income Tax Act, 1961	Income tax	1,425.99	Income Tax Appellate Tribunal
		2,024.34	Commissioner of Income Tax (Appeals), Chennai
		<b>3,450.33</b>	
Tamilnadu Value Added Tax Act, 2006, Telangana Value Added Tax Act, 2005 and Central Sales Tax Act, 1956	Sales Tax	256.78	Joint/Deputy/Assistant Commissioner
		1,054.71	Commissioner (Appeals)
		332.52	Sales Tax Appellate Tribunal
		<b>1,644.01</b>	
Customs Act, 1962	Customs duty	65.49	The Honourable High Court of Judicature at Madras
		69.24	Customs Excise and Service Tax Appellate Tribunal, Chennai
		<b>134.73</b>	

8. Based on our verification and according to the information and explanations furnished by the management, the company has not defaulted in repayment of dues to its banks. The company has not issued debentures and hence question of reporting delay in repayment of dues does not arise.
9. (a) The company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Hence reporting on utilization of such money does not arise.  
(b) The company has availed term loan during the year and the proceeds of the loan were applied for the purpose for which they were availed.



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**Annexure "A" referred to in our report under "Report on Other Legal and Regulatory requirements Para 1" of even date on the accounts for the year ended 31st March 2017. (Contd.)**

10. Based on the audit procedures adopted and information and explanations furnished to us by the management, no fraud on or by the company has been noticed or reported during the course of our audit.
11. In our opinion and according to the information and explanations furnished to us, managerial remuneration has been paid and provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
12. The Company is not a Nidhi company and as such this clause of the Order is not applicable.
13. (a) In our opinion and according to the information and explanations furnished to us, all transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013.  
  
(b) The details of transactions during the year have been disclosed in the Financial Statements as required by the applicable accounting standards. Refer note no. 38 to the financial statements.
14. During the year, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures under section 42 of the Companies Act, 2013.
15. In our opinion and according to the information and explanations furnished to us, the company has not entered into any non-cash transactions with directors or persons connected with them.
16. The company is not required to register under section 45-IA of the Reserve Bank of India Act, 1934.

Chennai  
May 24, 2017

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

**M BALASUBRAMANIAM**  
Partner  
Membership No. F7945

**ANNEXURE-"B" TO INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS TO THE MEMBERS OF SUNDRAM FASTENERS LIMITED, CHENNAI FOR THE YEAR ENDED 31ST MARCH 2017**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of SUNDRAM FASTENERS LIMITED, Chennai ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (hereinafter "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls, and both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that;

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- I. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
  - II. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and
  - III. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on;

- i. existing policies and procedures adopted by the Company for ensuring orderly and efficient conduct of business.
- ii. continuous adherence to Company's policies.
- iii. existing procedures in relation to safeguarding of Company's fixed assets, investments, inventories, receivables, loans and advances made and cash and bank balances.
- iv. existing system to prevent and detect fraud and errors.
- v. accuracy and completeness of Company's accounting records; and
- vi. existing capacity to prepare timely and reliable financial information.

Chennai  
May 24, 2017

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

**M BALASUBRAMANIAM**  
Partner  
Membership No. F7945

# Sundram Fasteners Limited

## BALANCE SHEET AS AT 31ST MARCH 2017

	Note	As at 31st March 2017	As at 31st March 2016	₹ lakhs As at 01st April 2015
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, plant and equipment	5	91,654.83	81,041.29	78,776.62
Capital work-in-progress	5	5,043.07	5,398.11	1,472.65
Investment property	6	48.38	49.72	51.06
Financial assets				
- Investments	7	32,058.25	30,854.77	13,097.54
- Loans	8	246.27	302.02	10,646.13
- Others	9	2,618.89	2,424.25	2,192.42
Non-current tax assets (Net)	10	2,094.67	2,412.58	2,315.10
Other non-current assets	11	3,044.65	2,181.71	2,047.30
		<u>1,36,809.01</u>	<u>1,24,664.45</u>	<u>1,10,598.82</u>
<b>Current Assets</b>				
Inventories	12	39,278.16	36,599.46	37,089.17
Financial assets				
- Investments	7	-	-	302.42
- Trade receivables	13	56,426.40	46,075.36	40,313.32
- Cash and cash equivalents	14	613.87	197.38	615.91
- Bank balance other than mentioned in cash and cash equivalents	14	234.84	275.47	171.05
- Loans	8	673.01	682.27	922.12
- Others	9	1,516.54	1,372.79	6,170.01
Other current assets	11	9,257.15	8,238.40	9,622.24
		<u>1,07,999.97</u>	<u>93,441.13</u>	<u>95,206.24</u>
<b>Total Assets</b>		<u>2,44,808.98</u>	<u>2,18,105.58</u>	<u>2,05,805.06</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share capital	15	2,101.28	2,101.28	2,101.28
Other equity		1,29,204.47	1,01,696.89	87,686.23
<b>Total equity</b>		<u>1,31,305.75</u>	<u>1,03,798.17</u>	<u>89,787.51</u>
<b>Liabilities</b>				
<b>Non-Current Liabilities</b>				
Financial liabilities				
- Borrowings	16	9,907.51	16,660.18	13,220.95
Provisions	17	411.07	412.43	337.96
Deferred tax liabilities (Net)	18	6,839.53	5,370.26	8,682.68
Non-current tax liabilities (Net)	19	910.60	138.08	302.28
		<u>18,068.71</u>	<u>22,580.95</u>	<u>22,543.87</u>
<b>Current Liabilities</b>				
Financial liabilities				
- Borrowings	16	45,529.93	37,240.90	50,071.67
- Trade payables	20	26,446.72	29,850.22	22,563.68
- Other financial liabilities	21	17,893.95	21,427.24	18,056.08
Other current liabilities	22	1,991.42	1,163.58	1,132.62
Provisions	17	3,572.50	2,044.52	1,649.63
<b>Total Current Liabilities</b>		<u>95,434.52</u>	<u>91,726.46</u>	<u>93,473.68</u>
<b>Total Equity and Liabilities</b>		<u>2,44,808.98</u>	<u>2,18,105.58</u>	<u>2,05,805.06</u>

Notes 1 to 46 form an integral part of these financial statements

As per our report of even date attached

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

**M BALASUBRAMANIAM**  
Partner  
Membership No. F7945

Place : Chennai  
Date : May 24, 2017

For and on behalf of the Board of Directors of  
**SUNDRAM FASTENERS LIMITED**

**SURESH KRISHNA**  
Chairman & Managing Director  
(DIN: 00046919)

**ARUNDATHI KRISHNA**  
Deputy Managing Director  
(DIN: 00270935)

**ARATHI KRISHNA**  
Joint Managing Director  
(DIN: 00517456)

**S MEENAKSHISUNDARAM**  
Chief Financial Officer

**R DILIP KUMAR**  
Vice President - Finance & Company Secretary

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2017

		₹ lakhs		
		Year ended	Year ended	
		31st March 2017	31st March 2016	
I	Revenue from Operations	23	3,15,863.55	2,80,903.26
II	Other Income	25	1,320.14	3,458.30
III	<b>Total Income (I + II)</b>		<u>3,17,183.69</u>	<u>2,84,361.56</u>
IV	<b>Expenses</b>			
	Cost of Materials Consumed	27	1,15,191.01	1,06,221.93
	Changes in inventories of Finished Goods and Work in Process	28	(1,714.22)	1,320.22
	Excise duty on sale of goods	-	22,426.54	20,842.45
	Employee benefits expense	29	29,639.96	25,918.44
	Finance Costs	30	4,369.50	6,047.33
	Depreciation & Impairment	31	8,976.99	9,174.19
	Other Expenses	32	95,596.80	88,167.65
	<b>Total Expenses</b>		<u>2,74,486.58</u>	<u>2,57,692.21</u>
V	<b>Profit before exceptional items and tax (III - IV)</b>		42,697.11	26,669.35
VI	Exceptional items	45	(236.94)	(4,559.96)
VII	<b>Profit Before Tax (V - VI)</b>		<u>42,460.17</u>	<u>22,109.39</u>
VIII	<b>Tax Expense</b>	33		
	a) Current tax		10,136.58	4,027.99
	b) Deferred tax		775.65	(154.34)
	c) Minimum Alternate Tax Credit		-	(3,163.76)
IX	<b>Profit for the year (VII - VIII)</b>		<u>31,547.94</u>	<u>21,399.50</u>
X	<b>Other Comprehensive Income</b>			
	<i>Items that will not be reclassified to profit or loss</i>	26		
	(i) Re-measurement gains / (losses) on defined benefit plans		(198.49)	46.13
	(ii) Income tax effect on above		(29.16)	(5.68)
	(iii) Fair value gains / (losses) on Equity instruments		481.31	(44.82)
	(iv) Income tax effect on above		-	-
	<b>Total Other Comprehensive Income</b>		<u>253.66</u>	<u>(4.37)</u>
XI	<b>Total Comprehensive Income for the year (IX + X)</b>		<u>31,801.60</u>	<u>21,395.13</u>
	<i>(Comprising Profit and Other Comprehensive Income for the year)</i>			
	<b>Earnings per equity share</b>	34		
	Basic (in ₹)		15.01	10.18
	Diluted (in ₹)		15.01	10.18
	<b>Weighted average number of equity shares used in computing earnings per equity share</b>			
	Basic		21,01,28,370	21,01,28,370
	Diluted		21,01,28,370	21,01,28,370

Notes 1 to 46 form an integral part of these financial statements

As per our report of even date attached

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

**M BALASUBRAMANIAM**  
Partner  
Membership No. F7945

Place : Chennai  
Date : May 24, 2017

For and on behalf of the Board of Directors of  
**SUNDRAM FASTENERS LIMITED**

**SURESH KRISHNA**  
Chairman & Managing Director  
(DIN: 00046919)

**ARUNDATHI KRISHNA**  
Deputy Managing Director  
(DIN: 00270935)

**ARATHI KRISHNA**  
Joint Managing Director  
(DIN: 00517456)

**S MEENAKSHISUNDARAM**  
Chief Financial Officer

**R DILIP KUMAR**

Vice President - Finance & Company Secretary

# Sundram Fasteners Limited

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 (Contd.)

### Statement of Changes in Equity for the year ended 31st March 2017

₹ lakhs

#### A. Equity Share Capital

Particulars	As at 01st April 2015	Changes in equity share capital during the year	As at 31st March 2016	Changes in equity share capital during the year	As at 31st March 2017
Equity Share Capital	2,101.28	-	2,101.28	-	2,101.28

#### B. Other Equity

Particulars	Reserves and Surplus		Items of Other Comprehensive Income		Total
	General reserve	Retained Earnings	Items that will not be reclassified to Profit and loss		
			Equity instruments	Other Items	
<b>Balance as at 01st April 2015</b>	66,447.22	20,813.09	1,704.79	(1,278.87)	<b>87,686.23</b>
Profit for the year	-	21,399.50	-	-	<b>21,399.50</b>
First interim dividend (Dividend per share - ₹ 0.85)	-	(1,786.09)	-	-	<b>(1,786.09)</b>
Tax paid thereon	-	(358.22)	-	-	<b>(358.22)</b>
Second interim dividend (Dividend per share - ₹ 1.30)	-	(2,731.67)	-	-	<b>(2,731.67)</b>
Tax paid thereon	-	(468.94)	-	-	<b>(468.94)</b>
Second interim dividend of 2014-15 paid during 2015-16 (Dividend per share - ₹ 0.90)	-	(1,891.16)	-	-	<b>(1,891.16)</b>
Tax paid thereon	-	(148.39)	-	-	<b>(148.39)</b>
Transfer from retained earnings to reserves	15,000.00	(15,000.00)	-	-	-
Re-measurement of gain/(loss) on defined benefit plans (Net of tax)	-	-	-	40.45	<b>40.45</b>
Fair value gain/(loss) of equity instruments through Other Comprehensive Income (Net of tax)	-	-	(44.82)	-	<b>(44.82)</b>
<b>Balance as at 31st March 2016</b>	<b>81,447.22</b>	<b>19,828.12</b>	<b>1,659.97</b>	<b>(1,238.42)</b>	<b>1,01,696.89</b>
Profit for the year	-	<b>31,547.94</b>	-	-	<b>31,547.94</b>
First interim dividend (Dividend per share - ₹ 1.70)	-	<b>(3,572.18)</b>	-	-	<b>(3,572.18)</b>
Tax paid thereon	-	<b>(721.84)</b>	-	-	<b>(721.84)</b>
Transfer from retained earnings to reserves	<b>25,000.00</b>	<b>(25,000.00)</b>	-	-	-
Re-measurement of gain/(loss) on defined benefit plans (Net of tax)	-	-	-	(227.65)	<b>(227.65)</b>
Fair value gain/(loss) of equity instruments through Other Comprehensive Income (Net of tax)	-	-	<b>481.31</b>	-	<b>481.31</b>
<b>Balance as at 31st March 2017</b>	<b>1,06,447.22</b>	<b>22,082.04</b>	<b>2,141.28</b>	<b>(1,466.07)</b>	<b>1,29,204.47</b>

Notes 1 to 46 form an integral part of these financial statements

As per our report of even date attached

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

**M BALASUBRAMANIAM**  
Partner  
Membership No. F7945

Place : Chennai  
Date : May 24, 2017

For and on behalf of the Board of Directors of  
**SUNDRAM FASTENERS LIMITED**

**SURESH KRISHNA**  
Chairman & Managing Director  
(DIN: 00046919)

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Vice President - Finance & Company Secretary

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

	Year ended 31st March 2017	₹ lakhs Year ended 31st March 2016
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	42,460.17	22,109.39
<i>Adjustments to reconcile net income to net cash provided by operating activities</i>		
Depreciation and amortization	8,975.22	9,165.38
Provision for diminution in investments / (write back)	236.94	(3,204.01)
Exceptional items (excluding provision write back)	-	7,763.97
Unrealised foreign exchange gain/(loss)	1,127.34	638.19
Interest expense (Net)	3,343.91	3,143.22
Dividend Income	(132.15)	(496.12)
Remeasurement of employee benefit	-	46.13
(Gain)/loss on sale of property and equipment	66.28	5.69
Financial guarantee expenses	30.66	4.35
Lease expenses of unamortised cost of lease land	10.56	9.21
(Gain)/loss on sale of Investment and Mutual Funds	(6.19)	(77.13)
<b>Operating profit before working capital changes</b>	<b>56,112.74</b>	<b>39,108.27</b>
<b>Adjustments for Changes in Working Capital:</b>		
Decrease/(Increase) in inventories	(2,678.70)	489.71
Trade and other receivables	(13,090.19)	1,441.35
Trade and other payables	(8,188.05)	9,279.56
<b>Cash from/ (used) in operating activities</b>	<b>32,155.80</b>	<b>50,318.89</b>
Direct taxes paid, net	8,640.00	4,617.69
<b>NET CASH FROM/ (USED) IN OPERATING ACTIVITIES</b>	<b>23,515.80</b>	<b>45,701.20</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of assets (including capital work-in-progress)	(19,689.11)	(15,407.37)
Proceeds from sale of fixed assets	390.45	47.51
Purchase of investments	(16,059.10)	(67,679.32)
Proceeds from sale of investments	15,106.19	66,617.93
Dividend received	132.15	496.12
Interest received	324.80	817.23
Movement in bank deposits	40.63	(104.42)
<b>NET CASH FROM/ (USED) IN INVESTING ACTIVITIES</b>	<b>(19,753.99)</b>	<b>(15,212.32)</b>

# Sundram Fasteners Limited

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

	Year ended 31st March 2017	Year ended 31st March 2016
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings (Net)	<b>8,223.93</b>	(15,216.14)
Proceeds from long-term borrowings	-	6,708.78
Repayment of long-term borrowings	<b>(3,573.15)</b>	(11,101.82)
Dividend Paid	<b>(4,294.02)</b>	(7,384.47)
Interest paid to banks and others	<b>(3,702.09)</b>	(3,913.76)
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>	<b>(3,345.32)</b>	(30,907.41)
<b>D. NET CASH FLOWS DURING THE YEAR (A + B + C)</b>	<b>416.49</b>	(418.53)
E. Cash and cash equivalents at the beginning	<b>197.38</b>	615.91
<b>F. CASH AND CASH EQUIVALENTS AT THE END (D + E)</b>	<b>613.87</b>	197.38
<b>G. CASH AND CASH EQUIVALENTS COMPRISE OF:</b>		
Cash on hand	<b>34.42</b>	27.24
Cheques on hand	<b>467.98</b>	19.83
Balances with banks in current accounts	<b>111.47</b>	150.31
<b>CASH AND CASH EQUIVALENTS AS PER NOTE 14</b>	<b>613.87</b>	197.38
<b>Notes 1 to 46 form an integral part of these financial statements</b>		

As per our report of even date attached

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

**M BALASUBRAMANIAM**  
Partner  
Membership No. F7945

Place : Chennai  
Date : May 24, 2017

For and on behalf of the Board of Directors of  
**SUNDRAM FASTENERS LIMITED**

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(DIN: 00046919)

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**S MEENAKSHISUNDARAM**  
Chief Financial Officer

**R DILIP KUMAR**  
Vice President - Finance & Company Secretary



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

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### 1. Corporate Information

Sundram Fasteners Limited ("SFL" or "the Company") is incorporated in India and its shares are publicly traded in the National Stock Exchange ('NSE') and the Bombay Stock Exchange ('BSE'), in India.

The registered office of the Company is situated at No. 98-A, VII Floor, Dr. Radhakrishnan Salai, Mylapore, Chennai 600 004.

### 2. Basis of Preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed by Ministry of Corporate Affairs under Companies (Indian Accounting Standards) Rules, 2015, provisions of the Companies Act, 2013, to the extent notified and pronouncements of the Institute of Chartered Accountants of India.

**Disclosures under Ind AS are made only in respect of material items and in respect of the items that will be useful to the users of financial statements in making economic decisions.**

The financial statements for the year ended 31st March 2017 (including comparatives) are duly adopted by the Board on May 24, 2017 for consideration and approval by shareholders.

### 3. Summary of accounting policies

#### 1) Overall considerations

The financial statements have been prepared applying the significant accounting policies and measurement bases summarized below.

#### 2) Revenue Recognition

Revenue is measured at fair value of the consideration received or receivable and net of returns, trade allowances and rebates and amounts collected on behalf of third parties. It includes excise duty but excludes Value Added Tax, Sales Tax and Service Tax.

##### i. Sale of Products:

Revenue from sale of products is recognised when significant risks and rewards of ownership pass to the customers, as per the terms of the contract and when the economic benefits associated with the transactions will flow to the Company.

##### ii. Revenue from Services:

Revenue from Services is recognised in the accounting period in which the services are rendered and when invoices are raised.

##### iii. Interest and Dividend Income:

Interest incomes are recognized using the time proportion method based on the rates implicit in the transaction. Interest income is included in other income in the statement of profit and loss.

Dividends are recognised in the Statement of Profit and Loss only when the right to receive payment is established and it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of dividend can be reliably measured.

##### iv. Rental Income

The Company also earns rental income from operating leases of its investment properties (see Note 6). Rental income is recognised in accordance with terms of lease.

# Sundram Fasteners Limited

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 (Contd.)

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### 3) Property, plant and equipment

i. Free hold land is stated at historical cost. All other items of Property, Plant and Equipment are stated at cost of acquisition/construction less accumulated depreciation/amortization and impairment, if any. Cost includes:

- a. Purchase Price
- b. Taxes and Duties
- c. Labour cost and
- d. Directly attributable overheads incurred upto the date the asset is ready for its intended use.

However, cost excludes excise duty, value added tax and service tax, to the extent credit of the duty or tax is availed of.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

ii. Component Accounting:

The component of assets are capitalized only if the life of the components vary significantly and whose cost is significant in relation to the cost of the respective asset, the life of the component in assets are determined based on technical assessment and past history of replacement of such components in the assets. The carrying amount of any component accounted for as separate asset is derecognised when replaced.

iii. Other cost:

All other repairs and maintenance cost are charged to the statement of profit and loss during the reporting period in which they are incurred.

Profit or Losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Statement of Profit and Loss within other income/(loss).

iv. Depreciation and amortization:

- a. Depreciation is recognized on a straight-line basis, over the useful life of the buildings and other equipments as prescribed under Schedule II of the Companies Act, 2013, except in respect of certain category of plant and equipments, where useful life is different from those prescribed under schedule II.
- b. Depreciation on tangible fixed assets is charged over the estimated useful life of the asset or part of the asset (after considering double/triple shifts) as evaluated on technical assessment on straight line method, in accordance with Part A of Schedule II to the Companies Act, 2013.
- c. The estimated useful life of the tangible fixed assets on technical assessment followed by the Company is furnished below:

Description	Range of Useful lives in years
Buildings	3 - 60
Plant & Equipment	10 - 30
Furniture & Fixtures	8 - 10
Office equipments	3 - 6
Vehicles	8 - 10

Material residual value estimates and estimates of useful life are assessed as required.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 (Contd.)

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- d. The residual value for all the above assets are retained at 5% of the cost. Residual values and useful lives are reviewed and adjusted, if appropriate, for each reporting period.
  - e. On tangible fixed assets added/disposed off during the year, depreciation is charged on pro-rata basis for the period for which the asset was purchased and used.
  - f. Depreciation in respect of tangible asset costing individually less than ₹ 5,000/- is provided at 100%.
- v. Ind AS Transition
- As there is no change in the functional currency as at the date of transition, the Company has elected to adopt the carrying value of Plant, property and equipment under the erstwhile GAAP as the deemed cost for the purpose of transition to Ind AS. Capital-work-in progress, plant and equipment is stated at cost less accumulated impairment losses, if any.

#### 4) Intangible assets

During the year under report the entity has not acquired any business. Thus the question of recognition of Intangible asset does not arise as per business combination standard as per Ind AS. Further, the entity does not own any other Intangible asset also.

#### 5) Impairment

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

In respect of assets whose impairment are to be assessed with reference to other related assets and such group of assets have independent cash flows (Cash Generating Units), such assets are grouped and tested for impairment.

Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of the each reporting period.

#### 6) Leases

##### i. Assets leased out

As per terms of lease agreements there is no substantial transfer of risk and reward of the property to the lessee. Accordingly such leased out assets are treated as belonging to the Company.

##### ii. Assets taken on lease

As per the terms of lease agreements there is no substantial transfer of risk and reward of the property to the Company and hence such leases are treated as operating lease.

The payments on operating lease are recognized as an expense over the lease term. Associated costs, such as maintenance and insurance, are expensed.

##### iii. Decommissioning charges in respect of properties like Plant and equipment, furniture & fixtures and office equipments presently located in land taken on lease are not provided for as it is impractical to estimate the sum that will be incurred at the time the lease comes to end which is seventy years in certain leases and hundred years in certain other leases. Further there is also likelihood of the lessor renewing the lease.

# Sundram Fasteners Limited

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

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### 7) Investment property

Investment properties are recognised initially at cost. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation.

The Company has depreciated assets based on Straight line method as per Schedule II to the Companies Act, 2013.

### 8) Financial instruments

#### 8.1 Recognition, initial measurement and derecognition:

Financial assets (other than trade receivables) and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Trade receivables are recognised at their transaction value as the same do not contain significant financing component.

The 'trade payable' is in respect of the amount due on account of goods purchased in the normal course of business. They are recognised at their transaction and services availed value as the same do not contain significant financing component.

#### 8.2 Financial Assets Classification and subsequent measurement of financial assets:

##### i. For the purpose of subsequent measurement, financial assets are classified and measured based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset at:

a. Those to be measured subsequently at fair value either through other comprehensive income (Fair Value Through Other Comprehensive Income-FVTOCI) or through profit or loss (Fair Value Through Profit and Loss-FVTPL) and;

b. Those measured at amortized cost.

##### 1. Financial assets at Amortised Cost

Includes assets that are held within a business model where the objective is to hold the financial assets to collect contractual cash flows and the contractual terms gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are measured subsequently at amortized cost using the effective interest method. The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure.

The Company also measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition

##### 2. Financial assets at Fair Value Through Other Comprehensive Income (FVTOCI)

Includes assets that are held within a business model where the objective is both collecting contractual cash flows and selling financial assets along with the contractual terms giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election to present in other comprehensive

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 (Contd.)

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income the changes in the fair value of an investment in an equity instrument that is not held for trading. This election is made on an instrument-by instrument (i.e., share-by-share) basis.

The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Company also measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The loss allowance is recognised in other comprehensive income and will not reduce the carrying amount of the financial asset in the balance sheet.

### 3. Financial assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets at FVTPL include financial assets that are designated at FVTPL upon initial recognition and financial assets that are not measured at amortised cost or at fair value through other comprehensive income. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The loss allowance in respect of FVTPL at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Company also measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The allowance shall be recognised in profit and loss.

#### **ii. Impairment of financial assets:**

All financial assets are reviewed for impairment at least at each reporting date to identify whether there is any evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

#### **iii. Derivative financial instruments and hedge accounting**

Derivative financial instruments are accounted for at FVTPL except for derivatives designated as hedging instruments in cash flow hedge relationships, which require a specific accounting treatment. To qualify for hedge accounting, the hedging relationship must meet several strict conditions with respect to documentation, probability of occurrence of the hedged transaction and hedge effectiveness.

These arrangements have been entered into to mitigate currency exchange risk arising from certain legally binding sales and purchase orders denominated in foreign currency. For the reporting periods under review, the Company has not designated any forward currency contracts as hedging instruments.

### iv. Trade receivables, contract assets and lease receivables

The Company follows 'simplified approach' for recognition of impairment loss allowance based on lifetime Expected Credit Loss at each reporting date, right from its initial recognition.

### v. Derecognition of financial assets

A financial asset is derecognised only when;

- a) The Company has transferred the rights to receive cash flows from the financial asset or
- b) The Company retains the contractual rights to receive the cash flows of the financial asset, but expects a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company examines and assesses whether it has transferred substantially all risk and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risk and rewards of ownership of the financial asset, the financial asset is derecognised, if the Company has not retained control of the financial asset. Where the company retains control of the financial asset is continued to be recognised to the extent of continuing involvement in the financial asset.

## 8.3 Financial Liabilities

### i. Classification, subsequent measurement and derecognition of financial liabilities

#### a. Classification

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or at amortised cost. The Company's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

#### b. Subsequent measurement

Financial liabilities are measured subsequently at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss.

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind-AS 109 and the amount recognised less cumulative amortisation.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

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### c. **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### 9) **Inventories**

Inventories are valued at lower of cost or net realizable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale. Cost is ascertained on weighted average basis in accordance with the method of valuation prescribed by the Institute of Chartered Accountants of India.

#### i. Raw materials

Raw materials are valued at cost of purchase net of duties (credit availed w.r.t taxes and duties) and includes all expenses incurred in bringing the materials to location of use.

#### ii. Work-in-process and Finished Goods

Work-in-process and finished goods include conversion costs in addition to the landed cost of raw materials.

#### iii. Stores and spares

Stores, spares and tools cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

### 10) **Income Taxes**

Tax expense recognized in the statement of profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates in accordance with tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method on temporary differences between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at reporting date. Deferred taxes pertaining to items recognised in other comprehensive income (OCI) are disclosed under OCI.

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future tax liability. This is assessed based on the Company's forecast of future earnings, excluding non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax liabilities are generally recognized in full, although Ind AS 12 'Income Taxes' specifies some exemptions. As a result of these exemptions the Company does not recognize deferred tax liability on temporary differences relating to goodwill, or to its investments in subsidiaries.

# Sundram Fasteners Limited

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

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### 11) Post-employment benefits and short-term employee benefits

#### i. Short term obligations:

Short term obligations are those that are expected to be settled fully within 12 months after the end of the reporting period. They are recognised up to the end of the reporting period at the amounts expected to be paid at the time of settlement.

#### ii. Other long term employee benefit obligations:

The liabilities for earned leave are not expected to be settled wholly within 12 months after end of the period in which the employees render the related service. They are, therefore, recognised and provided for at the present value of the expected future payments to be made in respect of services provided by employee upto the end of reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in Other Comprehensive Income(OCI).

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

#### iii. Post-employment obligation:

The Company operates the following post-employment schemes:

- a) Defined benefit plans such as gratuity for its eligible employees
- b) Defined contribution plan such as provident fund

#### Gratuity obligation:

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by Actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on the government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. The cost is included in employee benefit expenses in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income (net of deferred tax). They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the Statement of Profit or Loss or service cost.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 (Contd.)

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### Provident Fund:

The eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees salary. The provident fund contributions are made to an irrevocable trust set up by the Company. The Company is liable for annual contributions and any shortfall in the fund assets based on the Government specified minimum rates of return and recognises such contributions and shortfall, if any, as an expense in the year in which it is incurred.

During the year, however, there was no short fall in the fund asset or in the specified minimum rate of return.

### Bonus Payable:

The Company recognises a liability and an expense for bonus. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

## **12) Provisions and contingent liabilities**

### i. Provisions:

A Provision is recorded when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

Provisions are evaluated at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expenses.

### ii. Contingent liabilities:

Whenever there is possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) the amount of the obligation cannot be measured with sufficient reliability are considered as contingent liability. Show cause notices are not considered as Contingent Liabilities unless converted into demand.

### iii. Contingent Assets:

The Company does not recognise contingent assets. If it is virtually certain then they will be recognised as asset. These are assessed continually to ensure that the developments are appropriately disclosed in the financial statements.

## **13) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue, bonus element in a rights issue to existing shareholders,

# Sundram Fasteners Limited

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

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share split and reverse share split (consolidation of shares). For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are considered for the effects of all dilutive potential equity shares.

### 14) Cash and Cash equivalents and Cash Flow Statement

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within three months from the date of acquisition and which are readily convertible into cash and which are subject to only an insignificant risk of changes in value.

Cash flows are reported using the indirect method, whereby profit/(loss) before tax is appropriately classified for the effects of transactions of non-cash nature and any deferrals or accruals of past or future receipts or payments. In the cash flow statement, cash and cash equivalents include cash in hand, cheques on hand, balances with banks in current accounts and other short-term highly liquid investments with original maturities of three months or less.

### 15) Segment reporting

The Company is engaged in manufacture and sale of bolts and nuts, water and oil pumps, sintered products, cold extruded components, hot & warm forged parts, radiator caps and other parts which by and large have applications in Automobile Industry and thus the Company has only one reportable segment.

### 16) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred under finance costs. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to interest costs.

## 4. Significant management judgment in applying accounting policies and estimation of uncertainty

While preparing the financial statements, management has made a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

### (i) Significant management judgment

The following are significant management judgments in applying the accounting policies of the Company that have significant effect on the financial statements.

#### Recognition of deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilized. In addition, careful judgment is exercised in assessing the impact of any legal or economic limits or uncertainties in various tax issues.

### (ii) Estimation of uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is mentioned below. Actual results may be different.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

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a. Impairment of non-financial assets

In assessing impairment, management has estimated economic usefulness of the assets, the recoverable amount of each asset or cash- generating units based on expected future cash flows and use of an interest rate to discount them. Estimation of uncertainty relates to assumptions about economically future operating cash flows and the determination of a suitable discount rate.

b. Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of assets including IntangibleAssets.

c. Inventories

Management has carefully estimated the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by market-driven changes.

d. Defined benefit obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (as analysed in Note .17).

e. Fair value measurement

Management has used valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management based its assumptions on observable data as far as possible but where it not available,the management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction on the reporting date (see Note 39).

f. Current and non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

# Sundram Fasteners Limited

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

### 5 a) PROPERTY, PLANT AND EQUIPMENT

₹ lakhs

Gross block	Land - Freehold	Buildings	Plant and Equipments	Furniture and fixtures	Office Equipments	Vehicles	Total
<b>As at 01st April 2015</b>	3,971.23	16,241.18	1,24,178.67	770.87	2,479.49	412.44	1,48,053.88
Additions	7.88	651.64	10,225.09	61.89	446.99	88.42	11,481.91
Disposal	-	-	(1,978.95)	(32.81)	(154.35)	(23.78)	(2,189.89)
Other Adjustments							
- Transfer	-	69.54	(75.93)	1.64	4.75	-	-
<b>As at 31st March 2016</b>	3,979.11	16,962.36	1,32,348.88	801.59	2,776.88	477.08	1,57,345.90
Additions	-	1,817.03	17,503.31	145.42	252.74	325.65	20,044.15
Disposal	-	(6.78)	(1,626.74)	(8.91)	(135.87)	(111.90)	(1,890.20)
<b>As at 31st March 2017</b>	<b>3,979.11</b>	<b>18,772.61</b>	<b>1,48,225.45</b>	<b>938.10</b>	<b>2,893.75</b>	<b>690.83</b>	<b>1,75,499.85</b>

#### Accumulated depreciation / amortisation

<b>As at 01st April 2015</b>	-	4,288.37	62,634.27	497.32	1,652.41	204.89	69,277.26
For the year	-	482.77	7,886.06	52.49	274.82	48.79	8,744.93
Impairment for the year	-	-	427.90	-	0.02	-	427.92
Deduction on disposal	-	-	(1,939.45)	(31.57)	(151.42)	(14.25)	(2,136.69)
Other Adjustments							
- Transfer	-	9.85	(11.87)	0.15	1.87	-	-
- Impairment loss/(reversal)	-	-	(8.81)	-	-	-	(8.81)
<b>As at 31st March 2016</b>	-	4,780.99	68,988.10	518.39	1,777.70	239.43	76,304.61
For the year	-	539.42	7,994.24	54.69	310.21	59.86	8,958.42
Impairment for the year	-	-	17.23	-	-	-	17.23
Deduction on sale or discards	-	(6.08)	(1,196.81)	(8.71)	(134.98)	(86.89)	(1,433.47)
Other Adjustments							
- Impairment loss/(reversal)	-	-	(1.77)	-	-	-	(1.77)
<b>As at 31st March 2017</b>	-	<b>5,314.33</b>	<b>75,800.99</b>	<b>564.37</b>	<b>1,952.93</b>	<b>212.40</b>	<b>83,845.02</b>

#### Net block

As at 01st April 2015	3,971.23	11,952.81	61,544.40	273.55	827.08	207.55	78,776.62
As at 31st March 2016	3,979.11	12,181.37	63,360.78	283.20	999.18	237.65	81,041.29
<b>As at 31st March 2017</b>	<b>3,979.11</b>	<b>13,458.28</b>	<b>72,424.46</b>	<b>373.73</b>	<b>940.82</b>	<b>478.43</b>	<b>91,654.83</b>

### b) CAPITAL WORK-IN-PROGRESS

As at 01st April 2015	-	249.10	1,218.99	4.56	-	-	1,472.65
As at 31st March 2016	-	631.75	4,722.07	-	44.29	-	5,398.11
<b>As at 31st March 2017</b>	-	<b>667.31</b>	<b>4,198.24</b>	-	<b>177.52</b>	-	<b>5,043.07</b>

Notes:

a) Plant & Equipments includes assets leased out;

Particulars	2016-17	2015-16	2014-15
Cost	2,761.15	2,880.57	2,932.99
Accumulated depreciation	2,331.40	2,383.04	1,935.97
Written Down Value	429.75	497.53	997.02

b) Refer Note 16 for security on borrowings

c) Refer Note 43 for capital commitments

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

### 6 INVESTMENT PROPERTY

₹ lakhs

Particulars	Land	Building	Total
<b>Gross block</b>			
<b>As at 01st April 2015</b>	20.80	61.21	82.01
Additions	-	-	-
Disposals	-	-	-
<b>As at 31st March 2016</b>	20.80	61.21	82.01
Additions	-	-	-
Disposals	-	-	-
<b>As at 31st March 2017</b>	<b>20.80</b>	<b>61.21</b>	<b>82.01</b>
<b>Accumulated depreciation</b>			
<b>As at 01st April 2015</b>	-	30.95	30.95
Depreciation for the period	-	1.34	1.34
Reversal on disposal of assets	-	-	-
<b>As at 31st March 2016</b>	-	32.29	32.29
Depreciation for the period	-	1.34	1.34
Reversal on disposal of assets	-	-	-
<b>As at 31st March 2017</b>	<b>-</b>	<b>33.63</b>	<b>33.63</b>
<b>Net block</b>			
As at 01st April 2015	20.80	30.26	51.06
As at 31st March 2016	20.80	28.92	49.72
<b>As at 31st March 2017</b>	<b>20.80</b>	<b>27.58</b>	<b>48.38</b>

#### Information regarding income and expenditure of Investment property

Particulars	Year ended 31st March 2017	Year ended 31st March 2016
Rental income from the investment property	<b>11.70</b>	6.90
Direct expenses:- contribute to the rental income (including repairs and maintenance)	<b>0.60</b>	0.77
Profit before depreciation and indirect expenses	<b>11.10</b>	6.13
Less- Depreciation	<b>(1.34)</b>	(1.34)
Profit before indirect expenses	<b>9.76</b>	4.79

# Sundram Fasteners Limited

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

			₹ lakhs		
			As at 31st March 2017	As at 31st March 2016	As at 01st April 2015
<b>7 NON-CURRENT INVESTMENTS</b>					
<b>I) Fair value through Other Comprehensive Income</b>					
<b>Investments in Equity instruments</b>					
<b>(i) Quoted</b>					
a) 75,000 fully paid Equity Shares of ₹ 2 each in Housing Development Finance Corporation Ltd, Mumbai.		<b>1,126.58</b>	829.20	986.78	
b) 2,500 fully paid Equity Shares of ₹ 2 each in HDFC Bank Ltd, Mumbai.		<b>36.06</b>	26.78	25.57	
c) 20,439 fully paid Equity Shares of ₹10 each in IDBI Bank Ltd, Mumbai.		<b>15.35</b>	14.19	14.51	
Sub - Total		<b>1,177.99</b>	870.17	1,026.86	
<b>(ii) Unquoted</b>					
1,25,000 Equity Shares of ₹ 10 each in Madras Engineering Industries Private Limited, Chennai		<b>986.01</b>	812.52	700.65	
Sub - Total		<b>986.01</b>	812.52	700.65	
<b>Total of (I)</b>		<b>2,164.00</b>	1,682.69	1,727.51	
<b>II) Investments carried AT COST</b>					
<b>Investments in Equity instruments</b>					
<b>(A) Unquoted</b>					
<b>(i) Power Generation Companies*</b>					
a) 12,935 [Last year 12,935] equity shares of ₹ 10 each (Class A) and 3,24,169 [Last year 3,24,169] equity shares of ₹ 10 each (Class B) in PPS Enviro Power Pvt Ltd., Hyderabad		<b>122.97</b>	122.97	54.99	
b) 19,50,891 equity shares of ₹ 10 each in Clarion Wind Farm Pvt Ltd, Chennai [Last Year 16,09,808 Equity shares]		<b>195.09</b>	160.98	25.99	
c) 10,50,000 Equity Shares of ₹ 10 each of Class A in Beta Wind Farm Pvt. Ltd, Chennai [Last Year 5,68,478 Equity Shares]		<b>199.50</b>	108.01	164.77	
d) 11,00,000 equity shares of ₹ 10 each in Gayatri Green Power Ltd, Chennai		<b>110.00</b>	110.00	-	
e) 2,229 equity shares of ₹10 each in Suryadev Alloys and Power Pvt Ltd, Chennai		<b>3.40</b>	3.40	-	
Sub-Total		<b>630.96</b>	505.36	245.75	
* The right to sell/ transfer these shares are subject to terms and conditions of shareholder agreement.					
<b>(B) Investment in Venture Capital Fund</b>					
a) Venture Capital Fund - 168 Units of ₹ 100 each in the ICICI Emerging Sectors Fund, Bengaluru [Last year 168 Units]		<b>0.17</b>	0.17	3.63	
Sub-Total		<b>0.17</b>	0.17	3.63	

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 (Contd.)

	As at 31st March 2017	As at 31st March 2016	As at 01st April 2015
₹ lakhs			
<b>7 NON-CURRENT INVESTMENTS (Contd.)</b>			
<b>(C) Investment in subsidiaries</b>			
<b>Indian:</b>			
a) 1,18,99,674 Equity Shares of ₹10 each in TVS Upasana Ltd, Chennai (Formerly Upasana Engineering Ltd) (Last Year 1,18,99,674 No. of shares) (extent of holding -100%)	<b>1,191.70</b>	1,191.70	1,191.70
b) 70,00,000 Equity Shares of ₹ 10 each in Sundram Precision Components Ltd, Chennai (Formerly Sundram Bleistahl Limited, Chennai) (Last year 53,20,000 No. of shares) (extent of holding - 100%) (Last year - 76%)	<b>1,060.36</b>	532.00	532.00
c) 2,64,691 Equity Shares of ₹10 each fully paid up in Sundram Non-conventional Energy Systems Ltd, Chennai (Last Year 2,64,691 No. of shares) (extent of holding -52.94%)	<b>92.87</b>	92.87	92.87
d) 24,90,000 Equity Shares of ₹ 10 each in Sundram Fasteners Investments Limited, Chennai (Last Year 24,90,000 No. of shares) (extent of holding - 100%)	<b>249.00</b>	249.00	249.00
e) 1,55,50,885 Equity shares of ₹ 10 each fully paid up in TVS Infotech limited, Chennai (Last year 1,25,00,000 No. of equity shares) (extent of holding - 54.61 %) (Last year - 49.16%)	<b>1,555.09</b>	1,250.00	-
<b>Foreign:</b>			
f) 1,000 Equity shares of £ 1 each fully paid up in Sundram International Ltd, UK (extent of holding -100%)	<b>0.95</b>	0.95	-
2,500 Equity shares of £1 each allotted in Sundram International Limited, UK in pursuance of sale of subsidiaries viz., Sundram Fasteners (Zhejiang) Ltd and Cramlington Precision Forge Limited (extent of holding - 100 %)	<b>24,998.90</b>	24,998.90	-
g) 14,00,000 Equity Shares of £ 1 each fully paid up in Cramlington Precision Forge Limited, Northumberland, UK (extent of holding - 100%)	-	-	1,117.12
h) 5,00,000 6% Redeemable Preference shares of £ 1 each fully paid up in Cramlington Precision Forge Limited	-	-	406.02
i) Capital Contribution in Sundram Fasteners (Zhejiang) Limited, Zhejiang, People's Republic of China (extent of holding - 100%)	-	-	5,687.60
j) 18,215 Shares of US \$ 10 each in Sundram International Inc., Michigan, USA(extent of holding-100%)	<b>81.46</b>	81.46	81.46
<i>Less: Provision for diminution in value of investments</i>	<b>(81.46)</b>	(81.46)	(81.46)
k) Purchase price of Equity Share Capital in Peiner Umformtechnik, GmbH, Peine, Federal Republic of Germany (extent of holding - 100%)	-	-	4,791.55
<i>Less : Provision for diminution in value of investments</i>	-	-	(3,000.00)

# Sundram Fasteners Limited

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 (Contd.)

	As at 31st March 2017	As at 31st March 2016	As at 01st April 2015
			₹ lakhs
<b>7 NON-CURRENT INVESTMENTS (Contd.)</b>			
<b>(C) Investment in subsidiaries - Foreign (Contd.)</b>			
Capital Contribution in PUT Grundstücks GmbH, Peine, Federal Republic of Germany (extent of holding - 100%)	-	-	15.23
l) Capital Contribution in TVS Peiner Services, GmbH (Formerly Peiner Logistik GmbH), Peine, Federal Republic of Germany (extent of holding -100%)	-	-	15.34
m) 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 of holding - 70%)	-	-	68.00
Less : Provision for diminution in value of investments	-	-	(68.00)
Sub-Total	<u>29,148.87</u>	<u>28,315.42</u>	<u>11,098.43</u>
<b>(D) Other investments</b>			
a) 3,51,00,000 Equity shares of ₹ 1 each in Madurai Trans Carrier limited, Chennai (extent of holding -19.5%) Less: diminution in value of investments	<b>351.00</b> <b>(236.94)</b>	351.00	-
b) Capital Contribution in Windbolt, GmbH, Hohenstein- Ernstthal, Federal Republic of Germany (Ceased to be joint venture in the financial year 2014-15)	-	-	22.22
c) 35 Equity shares of ₹100 each (₹ 65 paid up) in The Adyar Property Holding Co Ltd (total value of ₹ 2,275)	-	-	-
Sub-Total	<u>114.06</u>	<u>351.00</u>	<u>22.22</u>
<b>Total of (II)</b>	<u>29,894.06</u>	<u>29,171.95</u>	<u>11,370.03</u>
<b>III) Investments carried at Cost</b>			
<b>Investments in LLP</b>			
Capital Contribution in PGSD engineering LLP, New Delhi (extent of holding - 19%) (Last year - 13%)	<b>0.19</b>	0.13	-
<b>Total of (III)</b>	<u>0.19</u>	<u>0.13</u>	<u>-</u>
<b>Total of (I + II + III)</b>	<u>32,058.25</u>	<u>30,854.77</u>	<u>13,097.54</u>
<b>Other details</b>			
<b>Quoted Investments</b>			
Market value	<b>1,177.99</b>	870.17	1,026.86
<b>Unquoted Investments</b>			
Cost	<b>29,988.21</b>	29,266.04	14,531.99
<b>Aggregate amount of impairment in value of investments</b>	<b>318.40</b>	81.46	3,149.46
<b>Current Investments</b>			
<b>1 Fair value through Statement of Profit and loss</b>			
Investment in Mutual Funds			
a) 10,24,575.212 units in Sundaram Money Fund scheme of Sundaram Asset Management Co Ltd, Chennai.	-	-	302.42
<b>Total</b>	<u>-</u>	<u>-</u>	<u>302.42</u>
All the investments are fully paid up except in Note No.7 (II) (D) c			



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 (Contd.)

₹ lakhs

Particulars	As at 31st March 2017		As at 31st March 2016		As at 01st April 2015	
	Non-current	Current	Non-current	Current	Non-current	Current
<b>8 LOANS (UNSECURED CONSIDERED GOOD UNLESS OTHERWISE STATED)</b>						
Loans and advances to Related Parties (refer note no. 38 on related party)	6.49	575.00	26.50	575.00	10,363.27	825.00
Loans to employees	239.78	98.01	275.52	107.27	282.86	97.12
	<u>246.27</u>	<u>673.01</u>	<u>302.02</u>	<u>682.27</u>	<u>10,646.13</u>	<u>922.12</u>
Dues from officers	1.35		5.00		5.00	
<b>9 OTHER FINANCIAL ASSETS (UNSECURED CONSIDERED GOOD UNLESS OTHERWISE STATED)</b>						
Security deposits*	2,618.89	-	2,424.25	-	2,192.42	-
Advances recoverable	-	1,459.30	-	1,343.14	-	5,631.79
Interest receivable	-	57.24	-	29.65	-	672.73
Less: Provision for doubtful debts	-	-	-	-	-	(136.01)
Others	-	-	-	-	-	1.5
	<u>2,618.89</u>	<u>1,516.54</u>	<u>2,424.25</u>	<u>1,372.79</u>	<u>2,192.42</u>	<u>6,170.01</u>
*Includes security deposits with bank on lien with Electricity Board in Puducherry	-	-	2.11	-	33.57	-

Particulars	As at 31st March 2017	As at 31st March 2016	As at 01st April 2015
<b>10 NON-CURRENT TAX ASSETS (NET)</b>			
Advance Income-tax (Net of provision for taxation)	2,094.67	2,412.58	2,315.10
	<u>2,094.67</u>	<u>2,412.58</u>	<u>2,315.10</u>

# Sundram Fasteners Limited

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 (Contd.)

₹ lakhs

Particulars	As at 31st March 2017		As at 31st March 2016		As at 01st April 2015	
	Non-current	Current	Non-current	Current	Non-current	Current
<b>11 OTHER ASSETS</b> (Unsecured, considered good)						
Prepaid expenses	-	713.48	-	657.43	-	588.26
Capital advances	2,188.27	-	1,313.42	-	1,415.72	-
Balance with statutory/government authorities	-	4,475.97	-	3,645.26	-	5,638.71
Advances recoverable	-	3,704.29	-	2,717.32	-	2,791.78
Advances to suppliers of inputs	-	352.85	-	1,209.18	-	576.07
Unamortised cost of leasehold land	856.38	10.56	868.29	9.21	631.58	27.42
	<u>3,044.65</u>	<u>9,257.15</u>	<u>2,181.71</u>	<u>8,238.40</u>	<u>2,047.30</u>	<u>9,622.24</u>

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
<b>12 INVENTORIES</b>			
Raw Materials and components	10,200.20	8,949.59	8,513.56
Raw Materials and components in Transit	1,337.21	1,396.23	1,317.64
Work-in-process	8,582.63	7,946.05	8,168.34
Work-in-process in Transit	0.43	57.11	20.03
Finished Goods	15,680.67	14,603.03	15,700.96
Finished Goods in Transit	-	395.24	5.57
Stores & Spares	902.72	1,021.72	937.86
Stores & Spares in Transit	-	-	35.99
Loose tools	2,574.30	2,229.86	2,386.94
Loose tools in Transit	-	0.63	2.28
	<u>39,278.16</u>	<u>36,599.46</u>	<u>37,089.17</u>

- Inventory written down Nil and Reversal of written down inventory Nil.
- In view of the varieties of the products involved, it is impractical to determine the carrying amount of inventory attributable to sales.
- Refer note 16 for security on borrowings.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

₹ lakhs

Particulars	As at 31st March 2017	As at 31st March 2016	As at 01st April 2015
<b>13 TRADE RECEIVABLES</b> (Unsecured, considered good unless otherwise stated)			
Trade receivables	56,426.40	46,075.36	40,313.32
	<u>56,426.40</u>	<u>46,075.36</u>	<u>40,313.32</u>
Doubtful	1.45	8.05	-
Less : Provision for bad and doubtful debts	(1.45)	(8.05)	-
	<u>56,426.40</u>	<u>46,075.36</u>	<u>40,313.32</u>
<b>Movements in the provision for impairment of receivables</b>			
<b>Opening Balance</b>	8.05	-	-
Amount written off (uncollectible)	-	-	-
Impairment loss	-	8.05	-
Unused amount reversed during the year	6.60	-	-
<b>Closing balance</b>	<u>1.45</u>	<u>8.05</u>	<u>-</u>
<b>14 Cash and cash equivalents</b>			
Balances with banks in current accounts	111.47	150.31	219.00
Cheques on hand	467.98	19.83	370.32
Cash on hand	34.42	27.24	26.59
	(A) <u>613.87</u>	<u>197.38</u>	<u>615.91</u>
<b>Other bank balances</b>			
Earmarked balances with banks - Dividend Warrant Accounts	234.84	275.47	171.05
	(B) <u>234.84</u>	<u>275.47</u>	<u>171.05</u>
	(A + B) <u>848.71</u>	<u>472.85</u>	<u>786.96</u>

# Sundram Fasteners Limited

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 (Contd.)

₹ lakhs

	As at 31st March 2017		As at 31st March 2016		As at 01st April 2015	
	Number	Value in Rs. Lakhs	Number	Value in Rs. Lakhs	Number	Value in Rs. Lakhs
<b>15 SHARE CAPITAL</b>						
<b>Authorised</b>						
Equity shares of ₹ 1 each	25,00,00,000	2,500.00	25,00,00,000	2,500.00	25,00,00,000	2,500.00
<b>Issued, subscribed and fully paid up</b>						
Equity shares of ₹ 1 each	21,01,28,370	2,101.28	21,01,28,370	2,101.28	21,01,28,370	2,101.28
	<u>21,01,28,370</u>	<u>2,101.28</u>	<u>21,01,28,370</u>	<u>2,101.28</u>	<u>21,01,28,370</u>	<u>2,101.28</u>

a) There were no movement in the share capital during the current and previous year.

b) Shareholders holding more than 5% of the aggregate shares in the Company

	Nos.	% holding	Nos.	% holding	Nos.	% holding
T V Sundram Iyengar & Sons Private Ltd., Madurai	5,33,12,000	25.37%	5,33,12,000	25.37%	5,33,12,000	25.37%
Southern Roadways Limited, Madurai	5,07,73,280	24.16%	5,07,73,280	24.16%	5,07,73,280	24.16%
HDFC Trustee Company Ltd., Mumbai	1,88,96,927	8.99%	1,89,14,297	9.00%	-	-
	<u>12,29,82,207</u>	<u>58.52%</u>	<u>12,29,99,577</u>	<u>58.53%</u>	<u>10,40,85,280</u>	<u>49.53%</u>

c) Rights, preferences, restrictions

### Equity shares

The Company has only one class of equity shares having a par value of ₹ 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.

d) Bonus Shares/ Buy Back/ Shares for consideration other than cash issued during the period of five years immediately preceding the financial year ended 31st March 2017:

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

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 (Contd.)

₹ lakhs

### 15 SHARE CAPITAL (Contd.)

#### e) Capital Management

The Company's capital management objectives is to ensure the adequate return to the shareholder by maintaining the optimal capital structure.

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

		As at 31st March 2017	As at 31st March 2016	As at 01st April 2015
Borrowings		62,616.21	57,214.08	74,040.72
Cash and cash equivalents		(613.87)	(197.38)	(615.91)
<b>Capital</b>	A	<b>62,002.34</b>	<b>57,016.70</b>	<b>73,424.81</b>
Total equity		1,31,305.75	1,03,798.17	89,787.51
<b>Overall financing</b>	B	<b>1,31,305.75</b>	<b>1,03,798.17</b>	<b>89,787.51</b>
<b>Gearing ratio</b>	C = (A/B)*100	<b>47.22%</b>	<b>54.93%</b>	<b>81.78%</b>

Particulars	As at 31st March 2017		As at 31st March 2016		As at 01st April 2015	
	Non-current	Current	Non-current	Current	Non-current	Current
<b>16 BORROWINGS</b>						
<b>a) Secured</b>						
Term loan from banks*	17,086.28	-	19,973.18	-	23,969.05	-
Working Capital Loans #	- 8,141.45	-	- 5,072.75	-	- 14,237.01	-
	17,086.28	8,141.45	19,973.18	5,072.75	23,969.05	14,237.01
Less: Current maturities of long term borrowings	(7,178.77)	-	(3,313.00)	-	(10,748.10)	-
	9,907.51	8,141.45	16,660.18	5,072.75	13,220.95	14,237.01
<b>b) Unsecured</b>						
Working Capital Loans	- 37,388.48	-	- 32,168.15	-	- 35,834.66	-
	- 37,388.48	-	- 32,168.15	-	- 35,834.66	-
<b>Total</b>	<b>9,907.51</b>	<b>45,529.93</b>	<b>16,660.18</b>	<b>37,240.90</b>	<b>13,220.95</b>	<b>50,071.67</b>

#### c) Maturity profile of the loans are as follows

Particulars	2017-18	2018-19
Term Loans - Secured*	7,178.77	9,907.51
<b>Total</b>	<b>7,178.77</b>	<b>9,907.51</b>

\*Secured by charge on moveable fixed assets, present and future

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

# Sundram Fasteners Limited

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 (Contd.)

		₹ lakhs					
Particulars	As at 31st March 2017		As at 31st March 2016		As at 01st April 2015		
	Non-current	Current	Non-current	Current	Non-current	Current	
<b>17 PROVISIONS</b>							
Provision for employee benefits							
Gratuity* (Also refer, note a(i) below)	-	761.32	-	302.10	-	482.30	
Compensated absences (Also refer, note a(ii) below)	411.07	61.12	412.43	134.01	337.96	163.23	
Others							
Expenses (Also refer, note b below)	-	2,750.06	-	1,608.41	-	1,004.10	
	<u>411.07</u>	<u>3,572.50</u>	<u>412.43</u>	<u>2,044.52</u>	<u>337.96</u>	<u>1,649.63</u>	

\* Includes also provision towards group terminal benefits

### a) Provision for employee benefits

#### i) Gratuity

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

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.

The Company's Gratuity plan valuation report includes employee benefits of reporting entity and its subsidiaries i) TVS Upasana Limited Chennai (formerly Upasana Engineering Limited) ii) Sundram Precision Components Limited, Chennai (Formerly Sundram Bleistahl Limited) and iii) TVS Infotech Limited, Chennai.

Particulars	As at 31st March 2017	As at 31st March 2016	As at 01st April 2015
<b>Net employee benefit expense (recognized in Employee Cost)</b>			
Current Service cost	296.95	274.86	251.28
Interest cost on benefit obligation (Net)	137.41	294.25	280.53
Expected return on plan assets	(318.26)	(308.92)	(260.43)
<b>Net benefit expense</b>	<u>116.10</u>	<u>260.19</u>	<u>271.38</u>
<b>Recognised in Other Comprehensive Income (OCI)</b>			
Change in financial assumptions	538.09		
Experience Variance	(245.82)	(29.73)	201.43
<b>Actuarial (gain)/loss</b>	<u>292.27</u>	<u>(29.73)</u>	<u>201.43</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

		₹ lakhs		
	Particulars	As at 31st March 2017	As at 31st March 2016	As at 01st April 2015
17	<b>PROVISIONS (Contd.)</b>			
	<b>Details of Provision for Gratuity</b>			
	Defined benefit obligation	4,504.18	4,095.81	3,799.56
	Fair value of plan assets	(3,909.96)	(3,866.29)	(3,307.37)
	Less: Unrecognized past service cost	-	-	-
	Less: Liability not funded	-	-	-
	<b>Plan Liability (adjusted from operating revenue/retained earning)</b>	<b>594.22</b>	<b>229.52</b>	<b>492.19</b>
	<b>Changes in present value of the defined benefit obligation are as follows:</b>			
	Defined benefit obligation at the beginning of the year	4,095.81	3,799.56	3,221.21
	Interest cost	317.42	294.25	280.53
	Current Service cost	296.95	274.86	251.28
	Benefits paid	(498.27)	(242.94)	(188.19)
	Actuarial loss / (gain) on obligation	292.27	(29.92)	234.73
	<b>Defined benefit obligation at the year end</b>	<b>4,504.18</b>	<b>4,095.81</b>	<b>3,799.56</b>
	<b>Changes in the fair value of plan assets are as follows:</b>			
	Fair value of plan assets at the beginning of the year	3,866.29	3,307.37	2,773.73
	Expected return	318.26	308.92	260.43
	Contribution by employer	234.52	493.13	448.34
	Benefits paid	(498.27)	(242.94)	(188.19)
	Actuarial (loss) / gain on obligation	-	(0.19)	13.06
	Acquisition Adjustment	(10.84)	-	-
	<b>Fair Value of Plan Assets at the year end</b>	<b>3,909.96</b>	<b>3,866.29</b>	<b>3,307.37</b>
	<b>The major categories of plan assets as a percentage of the fair value of total plan assets are as follows :</b>			
	% of Investment with insurer	100	99.95	99.95
	% of Investment in Government Bonds	-	-	-
	% of Balance with Bank	-	0.05	0.05
	<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

# Sundram Fasteners Limited

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

		₹ lakhs		
Particulars	As at 31st March 2017	As at 31st March 2016	As at 01st April 2015	
<b>17 PROVISIONS (Contd.)</b>				
<b>Principal actuarial assumptions used :</b>				
Discount rate	7.00%	7.75%	8.00%	
Salary escalation rate	5.00%	5.00%	5.00%	
Attrition rate	10.00%	10.00%	10.00%	
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.				
<b>ii) Compensated absences</b>				
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.				
The Company's Leave encashment plan valuation report includes employee benefits of reporting entity and its subsidiary Sundram Precision Components Limited, Chennai (Formerly Sundram Bleistahl Limited)				
<b><u>Recognised in the Statement of Profit and Loss:</u></b>				
Current Service cost	10.02	22.72	25.32	
Interest cost on benefit obligation	-	39.09	40.52	
	<u>10.02</u>	<u>61.81</u>	<u>65.84</u>	
<b><u>Recognised in Other Comprehensive Income (OCI)</u></b>				
Net actuarial (gain)/ loss recognised	(84.27)	(16.40)	(1.56)	
	<u>(84.27)</u>	<u>(16.40)</u>	<u>(1.56)</u>	
<b>Principal actuarial assumptions used :</b>				
Discount rate	7.00%	7.75%	7.80%	
Salary escalation rate	5.00%	4.25%	4.25%	
Attrition rate	10.00%	10.00%	10.00%	
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.				



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 (Contd.)

₹ lakhs

### 17 PROVISIONS (Contd.)

A quantitative sensitivity analysis for significant assumption as at 31st March 2017 is as shown below:

#### Gratuity plan:

#### Assumptions

	Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease
<b>31st March 2017</b>				
Sensitivity Level	1.00%	1.00%	1.00%	1.00%
	4,311.24	4,715.93	4,806.45	4,226.56
Impact on defined benefit obligation	192.94	(211.75)	(302.27)	277.62

Assumptions regarding future mortality for gratuity are based on Indian Assured Lives Mortality (2006-08)

The company is exposed to various risks as regards its obligation towards gratuity benefit and leave salary which are as follows: i) Interest Rate Risk, ii) Liquidity Risk, iii) Salary Escalation Risk, iv) Demographic Risk, v) Regulatory Risk, vi) Market Risk and vii) Investment Risk

#### b) Provision for various expenses

	As at 31st March 2017	As at 31st March 2016
Balance at the beginning of the year	1,608.41	1,004.10
Add: Created during the year	3,841.95	1,841.81
Less: Utilised during the year	(2,700.30)	(1,237.50)
Less: Reversed during the year	-	-
<b>Balance at the end of the year</b>	<b>2,750.06</b>	<b>1,608.41</b>

# Sundram Fasteners Limited

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 (Contd.)

₹ lakhs

### 18 DEFERRED TAX LIABILITY (NET)

Amount recognised in

Particulars	01st April 2015	Recognised in Other comprehensive Income (OCI)	Recognised in Statement of Profit and loss	31st March 2016
Deferred tax liability arising on account of :				
Timing difference between depreciation/ amortisation as per financials and depreciation as per tax	9,544.81	-	52.58	9,597.39
Gain / (Loss) on Foreign Exchange Fluctuation	39.39	-	(63.47)	(24.08)
Gain on fair valuation of investments	0.08	-	(0.08)	-
Effective Interest	52.36	-	6.88	59.24
<b>Deferred Tax Liability (A)</b>	<b>9,636.64</b>	<b>-</b>	<b>(4.09)</b>	<b>9,632.55</b>
Less: Deferred tax asset arising on account of :				
Provision for employee benefits	170.35	(5.68)	24.44	189.11
Others	783.61	-	125.81	909.42
<b>Deferred Tax Asset (B)</b>	<b>953.96</b>	<b>(5.68)</b>	<b>150.25</b>	<b>1,098.53</b>
<b>Others - MAT Credit (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,163.76</b>
<b>Net Deferred Tax Liability (A-B-C)</b>	<b>8,682.68</b>	<b>5.68</b>	<b>(154.34)</b>	<b>5,370.26</b>

Particulars	01st April 2016	Recognised in Other comprehensive Income (OCI)	Recognised in Statement of Profit and loss	31st March 2017
Deferred tax liability arising on account of :				
Timing difference between depreciation/ amortisation as per financials and depreciation as per tax	9,597.39	-	920.95	10,518.34
Gain / (Loss) on Foreign Exchange Fluctuation	(24.08)	-	24.08	-
Gain on fair valuation of investments	-	-	-	-
Effective Interest	59.24	-	(17.51)	41.73
<b>Deferred Tax Liability (A)</b>	<b>9,632.55</b>	<b>-</b>	<b>927.52</b>	<b>10,560.07</b>
Less: Deferred tax asset arising on account of :				
Provision for employee benefits	189.11	(29.16)	3.47	163.42
Software expenditure	-	-	51.74	51.74
Others	909.42	-	96.66	1,006.08
<b>Deferred Tax Asset (B)</b>	<b>1,098.53</b>	<b>(29.16)</b>	<b>151.87</b>	<b>1,221.24</b>
<b>Others - MAT Credit (C)</b>	<b>3,163.76</b>	<b>-</b>	<b>-</b>	<b>2,499.30</b>
<b>Net Deferred Tax Liability (A-B-C)</b>	<b>5,370.26</b>	<b>29.16</b>	<b>775.65</b>	<b>6,839.53</b>

Details of unused tax credit for which deferred tax asset not created

Particulars	Amount	Credit Expiry Date
Long Term Capital Gain	574.41	31.03.2024
Unabsorbed depreciaton	2,017.43	Not applicable

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

Particulars	₹ lakhs		
	As at 31st March 2017	As at 31st March 2016	As at 01st April 2015
<b>19 LIABILITIES FOR CURRENT TAX (NET)</b>			
Provision for taxation (Net of advance income tax )	910.60	138.08	302.28
	<u>910.60</u>	<u>138.08</u>	<u>302.28</u>
<b>20 TRADE PAYABLES</b>			
Dues to Micro, Small and Medium Enterprises (MSME)	433.35	489.70	347.73
Dues to others	26,013.37	29,360.52	22,215.95
<b>Total</b>	<u>26,446.72</u>	<u>29,850.22</u>	<u>22,563.68</u>
<b>Total outstanding dues of Micro, Small and Medium Enterprises (MSMEs)</b>			
i. The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year	433.35	489.70	347.73
ii. The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-	-
iii. The amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-	-
iv. The amount of interest accrued and remaining unpaid at the end of each accounting year and	-	-	-
v. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-	-
<b>Total</b>	<u>433.35</u>	<u>489.70</u>	<u>347.73</u>

# Sundram Fasteners Limited

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

		₹ lakhs		
Particulars	As at 31st March 2017	As at 31st March 2016	As at 01st April 2015	
<b>21 OTHER FINANCIAL LIABILITIES</b>				
<b>a. Financial liabilities at fair value through profit and loss</b>				
Derivative liabilities	1,061.79	534.89	745.68	
Financial guarantee obligation	-	9,530.09	-	
Premium on financial guarantee	36.00	11.27	6.91	
<b>b. Others</b>				
Current maturities of term loans from banks (Secured)	7,178.77	3,313.00	10,748.10	
Interest accrued but not due	236.55	152.58	155.60	
Unclaimed dividend	234.84	275.47	171.05	
Unclaimed wages & salaries	30.64	30.53	27.79	
Unclaimed bonus	5.39	5.49	4.80	
Trade deposits	526.51	400.20	213.11	
Non statutory dues	295.95	287.92	220.56	
Bonus payable	864.10	622.79	243.01	
Outstanding liabilities	7,423.41	6,263.01	5,519.47	
	<u>17,893.95</u>	<u>21,427.24</u>	<u>18,056.08</u>	
<p>The Company's financial liabilities include fair value of forward contracts entered for the purpose of hedging the borrowings from banks. The Company considers these hedging items as independent derivative instruments and are measured at fair value through profit and loss.</p>				
<b>22 OTHER CURRENT LIABILITIES</b>				
Customer advances	1,114.75	306.76	279.70	
Statutory dues	876.67	856.82	852.92	
	<u>1,991.42</u>	<u>1,163.58</u>	<u>1,132.62</u>	

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

		₹ lakhs	
Particulars	Year ended 31st March 2017	Year ended 31st March 2016	
<b>23 REVENUE FROM OPERATIONS</b>			
<b>a) Sale of Products:</b>			
Domestic (including Excise Duty)	2,05,665.15	1,85,182.74	
Export	1,04,410.93	90,812.13	
b) Rendering of services	101.62	98.73	
c) Other operating revenues (Refer Note No. 24)	5,685.85	4,809.66	
<b>Revenue from operations (Gross)</b>	<b>3,15,863.55</b>	<b>2,80,903.26</b>	
<b>24 OTHER OPERATING REVENUES</b>			
Scrap Sales [Includes excise duty of ₹ 422.51 lakhs (₹ 335.08 lakhs)]	4,743.68	4,132.11	
Lease Income	75.38	75.37	
Export Incentives	866.79	602.18	
	<b>5,685.85</b>	<b>4,809.66</b>	
<b>25 OTHER INCOME</b>			
Interest Income	324.80	817.23	
Net foreign exchange gain	-	1,882.39	
Dividends - Subsidiary Companies	79.41	461.02	
Dividends - From Others Companies	52.74	35.10	
Profit on Sale of Assets	27.58	15.49	
Profit on Sale of Investment in Mutual funds	6.19	78.54	
Miscellaneous Income	829.42	168.53	
	<b>1,320.14</b>	<b>3,458.30</b>	
<b>26 OTHER COMPREHENSIVE INCOME (OCI)</b>			
Items that will not be reclassified to profit or loss			
Re-measurement gains / (losses) on defined benefit plans	(198.49)	46.13	
Income tax effect	(29.16)	(5.68)	
Net (loss)/gain on equity securities	481.31	(44.82)	
Income tax effect	-	-	
	<b>253.66</b>	<b>(4.37)</b>	

# Sundram Fasteners Limited

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

₹ lakhs

Particulars	Year ended 31st March 2017	Year ended 31st March 2016
<b>27 COST OF RAW MATERIALS AND COMPONENTS CONSUMED</b>		
Opening stock of raw materials and components	8,949.59	8,513.56
Add : Purchases during the year	1,16,441.62	1,06,657.96
Less: Closing stock of raw materials and components	<u>10,200.20</u>	<u>8,949.59</u>
	<u>1,15,191.01</u>	<u>1,06,221.93</u>
<b>28 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROCESS</b>		
<b>A) Opening Stock:</b>		
Work-in-Process	7,946.05	8,168.34
Finished Goods	14,603.03	15,700.96
Less: Excise Duty on Finished Goods	<u>770.20</u>	<u>856.69</u>
Sub Total	<u>21,778.88</u>	<u>23,012.61</u>
<b>B) Less:</b>		
Closing Stock:		
Work-in-Process	8,582.63	7,946.05
Finished Goods	15,680.67	14,603.03
Less: Excise Duty on Finished Goods	<u>417.06</u>	<u>770.20</u>
Sub Total	<u>23,846.24</u>	<u>21,778.88</u>
Total (A- B)	<u>(2,067.36)</u>	<u>1,233.73</u>
Add/(Less): Excise Duty on opening and closing of Finished Goods (Net)	<u>353.14</u>	<u>86.49</u>
Total	<u>(1,714.22)</u>	<u>1,320.22</u>
<b>29 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and wages	25,157.54	21,826.61
Leave travel assistance	85.79	96.23
Contribution to provident and other funds*	1,674.08	1,530.50
Staff welfare expenses	<u>2,722.55</u>	<u>2,465.10</u>
	<u>29,639.96</u>	<u>25,918.44</u>

**\*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 ₹ 1,088.06 lakhs previous year ₹ 1,007.42 lakhs
  - ii) Employer's Contribution to Superannuation Fund during the year ₹ 69.37 lakhs previous year ₹ 69.32 lakhs.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

		₹ lakhs	
Particulars	Year ended 31st March 2017	Year ended 31st March 2016	
<b>30 FINANCE COSTS</b>			
Interest expenses	3,017.88	1,979.61	
Applicable net loss on foreign currency transactions and translation	1,338.65	4,044.86	
Other borrowing costs (Arrangement fee)	12.97	22.86	
	<u>4,369.50</u>	<u>6,047.33</u>	
<b>31 DEPRECIATION AND IMPAIRMENT EXPENSE</b>			
Depreciation on tangible assets	8,958.42	8,744.93	
Depreciation on Investment properties	1.34	1.34	
Impairment of tangible assets	17.23	427.92	
	<u>8,976.99</u>	<u>9,174.19</u>	
<b>32 OTHER EXPENSES</b>			
Stores and tools consumed	29,970.87	27,099.13	
Power & fuel	13,448.37	13,421.73	
Repairs and maintenance			
- Building	2,631.59	2,360.34	
- Plant & Equipment	3,199.73	2,996.60	
- Other assets	681.04	553.95	
Sub-contract expenses	26,412.11	20,637.88	
Audit fee (Refer Note No. 35)	75.46	72.34	
Net Foreign exchange loss(net off gain)	426.55	-	
Research and development Expenditure [Refer Note 36]	1,295.17	996.84	
Corporate Social Responsibility Expenditure [Refer Note 37]	281.09	173.40	
Freight & Cartage Outward	5,951.74	5,574.69	
Loss on sale of investments	-	1.41	
Loss on sale of assets	93.86	21.18	
Finance guarantee expenses	30.66	20.65	
Miscellaneous expenses	11,098.56	14,237.51	
(Under this head there is no expenditure which is in excess of 1% of revenue from operations or ₹ 10 lakhs whichever is higher)			
	<u>95,596.80</u>	<u>88,167.65</u>	

# Sundram Fasteners Limited

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

₹ lakhs

Particulars	Year ended 31st March 2017	Year ended 31st March 2016
<b>33 INCOME TAX</b>		
The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of Sundram Fasteners Limited at 34.608% and the reported tax expense in profit and loss are as follows:		
Profit before tax	42,460.17	22,109.39
i) Statutory income tax rate of 34.608% (31st March 2016: 34.608%)	14,694.62	7,651.62
<b>Tax effect of amounts which are not deductible (taxable) in calculating taxable income:</b>		
ii) Disallowances:		
a) Depreciation as per books	3,106.76	3,175.00
iii) Allowances		
a) Depreciation as per Income Tax Act, 1961	(4,019.74)	(3,648.11)
b) Other items	(4,047.29)	(3,150.50)
	<u>9,734.35</u>	<u>4,028.01</u>
<b>Tax expense comprises of:</b>		
<b>Current income tax:</b>		
Current income tax charge	9,734.35	4,028.01
Adjustments in respect of current income tax of previous year	402.23	(0.02)
Sub Total	<u>10,136.58</u>	<u>4,027.99</u>
MAT credit utilized	-	(3,163.76)
Net Current Income Tax	<u>10,136.58</u>	<u>864.23</u>
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	775.65	(154.34)
<b>Income tax expense</b>	<u>10,912.23</u>	<u>709.89</u>
<b>Income Tax on Other Comprehensive Income (OCI)</b>		
Deferred tax related to items recognised OCI during the year:		
a) Provision for employee benefits	(29.16)	(5.68)
	<u>(29.16)</u>	<u>(5.68)</u>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

		₹ lakhs	
Particulars		Year ended 31st March 2017	Year ended 31st March 2016
<b>34 EARNINGS PER EQUITY SHARE</b>			
Nominal value of equity shares (₹)		1.00	1.00
Profit attributable to equity shareholders (A)		31,547.94	21,399.50
Weighted average number of equity shares outstanding during the year (B)		21,01,28,370	21,01,28,370
<b>Basic earnings per equity share (A/B) (in ₹)</b>		<u>15.01</u>	<u>10.18</u>
Dilutive effect on profit (C)		-	-
Profit attributable to equity shareholders for computing diluted EPS (D) = (A + C)		31,547.94	21,399.50
Dilutive effect on weighted average number of equity shares outstanding during the year (E)		-	-
Weighted average number of equity shares for computing diluted EPS (F) = (B + E)		21,01,28,370	21,01,28,370
<b>Diluted earnings per equity share (D/F) (in ₹)</b>		<u>15.01</u>	<u>10.18</u>
<b>35 REMUNERATION TO AUDITORS CONSIST OF</b>			
a) As Auditors		37.50	32.50
b) Taxation Matters		6.50	6.00
c) Company Law Matters		0.01	0.01
d) Other Services		22.72	21.47
e) Reimbursement of expenses		8.73	12.36
		<u>75.46</u>	<u>72.34</u>
<b>36 DETAILS OF RESEARCH AND DEVELOPMENT EXPENDITURE*</b>			
i) Capital Expenditure		248.46	390.58
ii) Revenue Expenditure			
a) Raw Material and Components consumed		63.46	49.00
b) Salaries and Wages		763.05	606.68
c) Staff and Labour Welfare Expenses		3.54	3.50
d) Stores and Tools consumed		375.83	216.74
e) Travelling Expenses		7.48	8.29
f) Freight and Cartages		1.29	0.59
g) Sub-Contract Expenses		109.39	85.87
h) Repairs and Maintenance			
– Building		28.37	0.04
– Plant & Equipment		16.91	13.73
– Other Assets		5.57	0.24
i) Consultancy		8.98	4.28
j) Software expenses		8.26	20.82
k) Other expenses		30.96	24.78
l) Sale of products		(127.92)	(37.72)
		<u>1,295.17</u>	<u>996.84</u>
Total Research and Development Expenditures [(i) + (ii)]		<u>1,543.63</u>	<u>1,387.42</u>

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

# Sundram Fasteners Limited

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

		₹ lakhs	
Particulars		Year ended 31st March 2017	Year ended 31st March 2016
<b>37 EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY (CSR)</b>			
a) Gross amount required to be spent		<b>402.48</b>	319.81
b) Amount Spent on*:			
(i) Construction / acquisition of asset	A	<b>36.63</b>	-
(ii) On purposes other than (i) above			
a) Education		<b>135.65</b>	114.95
b) Healthcare		<b>42.49</b>	13.12
c) Mental Health Education		<b>102.95</b>	29.00
d) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art		-	16.33
	B	<b>281.09</b>	173.40
	(A) + (B)	<b>317.72</b>	173.40

\* All the amount has been spent in cash.

## 38 RELATED PARTY DISCLOSURES

### Related Parties :

#### (I) Where Control exists:

##### (A) Subsidiary Companies

##### Indian Subsidiaries

1. Sundram Fasteners Investments Ltd., Chennai,
2. TVS Upasana Ltd., Chennai (Formerly Upasana Engineering Ltd), Chennai
3. Sundram Non-Conventional Energy Systems Ltd., Chennai,
4. Sundram Precision Components Ltd., Chennai (Formerly Sundram Bleistahl Ltd)
5. TVS Infotech Ltd., Chennai
6. TVS Next Private Ltd., Chennai

##### Foreign Subsidiaries

1. Sundram International Limited, UK,
2. Sundram Fasteners (Zhejiang) Ltd., Zhejiang, Peoples Republic of China (Subsidiary of Sundram International Ltd, New Castle, United Kingdom)
3. Cramlington Precision Forge Ltd., Northumberland, United Kingdom (Subsidiary of Sundram International Ltd, New Castle, United Kingdom)
4. Sundram International Inc, Michigan, USA,
5. TVS Infotech Inc., Michigan, USA (Subsidiary of TVS Infotech Ltd, Chennai)

##### (B) Associate

1. TV Sundram Iyengar & Sons Private Ltd., Madurai and
2. Southern Roadways Ltd., Madurai

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)**

₹ lakhs

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

**(A) Key Management Personnel**

Mr Suresh Krishna,  
Ms Arathi Krishna,  
Ms Arundathi Krishna  
Mr S Meenakshisundaram\* and  
Mr R Dilip Kumar\*

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

Ms Usha Krishna  
Ms Preethi Krishna  
Mr K Ramesh

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

Upasana Finance Limited, Chennai

\* Key Management Personnel as per Companies Act, 2013.

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

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	2,832.19	0.71	-	-	-	-
	(2,740.90)	(0.98)	-	-	-	-
	(2,371.18)	(1.83)	-	-	-	-
Shares by cash	305.90	-	-	-	-	-
	(1,250.95)	-	-	-	-	-
	-	-	-	-	-	-
Value of Shares (allotted in pursuant to sale of subsidiary company's shareholdings)	-	-	-	-	-	-
	(24,998.90)	-	-	-	-	-
	-	-	-	-	-	-
Fixed Assets	-	14.58	-	-	-	-
	(8.19)	-	-	-	-	-
	-	-	-	-	-	-

# Sundram Fasteners Limited

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

₹ lakhs

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

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>Sales</b>						
Goods and Materials	1,233.32	15,305.21	-	-	-	-
	(571.54)	(16,814.09)	-	-	-	-
	(998.37)	(8,346.18)	-	-	-	-
Shares	-	-	-	-	-	-
	(7,210.73)	-	(14.20)	-	-	-
	-	-	-	-	-	-
Fixed Assets	0.10	-	-	-	-	-
	(0.58)	-	-	-	-	-
	-	-	-	-	-	-
<b>Services</b>						
Rendered	537.04	-	-	-	-	-
	(141.82)	-	-	-	-	-
	(104.49)	-	-	-	-	-
Received	1,051.53	300.60	-	-	-	40.81
	(1,295.21)	(428.46)	-	-	-	(48.19)
	(1,113.53)	(412.95)	-	-	-	(43.51)
<b>Finance</b>						
Inter Corporate Deposit Made (Net )	-	-	-	-	-	-
	(285.15)	-	-	-	-	-
	(3,016.68)	-	-	-	-	-
Interest on Inter Corporate Deposit	48.51	-	-	-	-	-
	(500.34)	-	(102.31)	-	-	-
	(244.31)	-	(157.08)	-	-	-
Dividend Received	79.41	-	-	-	-	-
	(461.02)	-	-	-	-	-
	(1,215.16)	-	-	-	-	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

₹ lakhs

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

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
Dividend Paid	-	1,769.45	-	2.29	1.34	-
	-	(3,174.60)	-	(4.12)	(2.40)	-
	-	(1,925.58)	-	(2.50)	(1.45)	-
<b>Others</b>						
Leasing inward or outward (or) hire purchase arrangements	75.32	-	-	18.00	6.20	-
	(75.32)	-	-	(19.20)	(6.20)	-
	(75.32)	-	-	(19.20)	(6.20)	-
Guarantees & Collaterals furnished or availed	6,542.83	-	-	-	-	-
	(2,314.76)	-	-	-	-	-
	(3,463.59)	-	-	-	-	-
Management contracts, Including deputation of employees	-	-	-	3,154.03	-	-
	-	-	-	(1,336.32)	-	-
	-	-	-	(1,097.72)	-	-
<b>Outstanding balances</b>						
Due to the Company	223.90	1,509.64	-	-	-	-
	(752.08)	(2,330.30)	-	-	-	-
	(9,741.11)	(1,026.19)	(1,991.52)	-	-	-
Due by the Company	589.56	29.55	-	2,750.00	-	-
	(534.87)	(24.76)	-	(1,000.00)	-	-
	(756.09)	(15.33)	-	(800.00)	-	-

(Previous year figures are in brackets - 2015-16 & 2014-15)

# Sundram Fasteners Limited

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 (Contd.)

₹ lakhs

### (IV) Transactions with related parties required to be disclosed pursuant to regulation 34 of SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015

		31st March 2017		31st March 2016	
		Closing balance	Maximum outstanding	Closing balance	Maximum outstanding
<b>Loans and advances given to Subsidiaries:</b>					
(i)	TVS Upasana Ltd, Chennai (formerly Upasana Engineering Ltd.)	575.00	575.00	575.00	825.00
(ii)	Sundram International Inc. Michigan, USA	6.49	26.50	26.50	26.50

### (V) Particulars of Loans, Guarantees and Investments under Section 186 of the Companies Act, 2013 during the financial year 2016 - 17:

Name of the Body Corporate	Nature of relationship	Nature of transaction (loan / security / acquisition / guarantee)	Amount of loan / security / acquisition / guarantee (₹ in lakhs)	Purpose for which the loan / security / acquisition / guarantee utilised by the recipient
1) Sundram Precision Components Limited, Chennai	Wholly-owned subsidiary	Acquisition	528.36	Investment in Equity Shares
2) TVS Infotech Limited, Chennai	Subsidiary	Acquisition	305.09	Investment in Equity Shares
3) Sundram International Limited, United Kingdom	Wholly-owned subsidiary	Guarantee	4,942.83	Investment in Equity Shares of SFZL, a subsidiary (Corporate Guarantee)
4) Clarion Wind Farm Private Limited, Chennai	-	Acquisition	36.41	Investment in Equity Shares - For purchase of power
5) PGSD Engineering LLP, New Delhi	-	Acquisition	0.06	Investment - For purchase of power
6) Beta Wind Farm Private Limited, Chennai	-	Acquisition	91.49	Investment in Equity Shares - For purchase of power
7) Sundaram Money Fund Scheme of Sundaram Asset Management Co Ltd., Chennai	-	Investment in Mutual Funds	15,100.00	Treasury investments
8) TVS Upasana Limited, Chennai	Wholly-owned subsidiary	Guarantee	1,000.00	For availing working capital facilities from Bank

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 (Contd.)

₹ lakhs

**39 FAIR VALUE MEASUREMENT HIERARCHY**

The company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:  
 Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities  
 Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly  
 Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

Particulars	31st March 2017			31st March 2016			01st April 2015					
	Carrying Amount	Fair Value		Carrying Amount	Fair Value		Carrying Amount	Fair Value				
		Level 1	Level 2		Level 3*	Total		Level 1	Level 2	Level 3*	Total	
<b>Financial Assets</b>												
<b>Investments</b>												
- Equity instruments & preference	29,894.06	1,177.99	986.01	32,058.06	29,171.96	870.16	812.52	30,854.64	11,370.03	1,026.86	700.65	13,097.54
- Shares in firm	0.19	-	0.19	0.19	0.13	-	-	0.13	-	-	-	-
- Mutual Funds	-	-	-	-	-	-	-	-	302.42	-	302.42	302.42
<b>Sub-Total (A)</b>	<b>29,894.25</b>	<b>1,177.99</b>	<b>986.01</b>	<b>32,058.25</b>	<b>29,172.09</b>	<b>870.16</b>	<b>812.52</b>	<b>30,854.77</b>	<b>11,370.03</b>	<b>1,026.86</b>	<b>700.65</b>	<b>13,399.96</b>
Trade receivables	56,426.40	-	-	56,426.40	46,075.36	-	-	46,075.36	40,313.32	-	-	40,313.32
Loans	919.28	-	-	919.28	984.29	-	-	984.29	11,568.25	-	-	11,568.25
Cash and Cash equivalents	848.71	-	-	848.71	472.85	-	-	472.85	786.96	-	-	786.96
<b>Sub-Total (B)</b>	<b>58,194.39</b>	<b>-</b>	<b>-</b>	<b>58,194.39</b>	<b>47,532.50</b>	<b>-</b>	<b>-</b>	<b>47,532.50</b>	<b>52,668.53</b>	<b>-</b>	<b>-</b>	<b>52,668.52</b>
<b>Other financial assets #</b>												
- Security deposits	2,618.89	-	-	2,618.89	2,424.25	-	-	2,424.25	2,192.42	-	-	2,192.42
- Advances recoverable in cash or in kind	1,459.30	-	-	1,459.30	1,343.14	-	-	1,343.14	5,631.79	-	-	5,631.79
- Interest receivable	57.24	-	-	54.24	29.65	-	-	29.65	536.72	-	-	536.72
- Others	-	-	-	-	-	-	-	-	1.50	-	-	1.50
<b>Sub-Total (C)</b>	<b>4,135.43</b>	<b>-</b>	<b>-</b>	<b>4,135.43</b>	<b>3,797.04</b>	<b>-</b>	<b>-</b>	<b>3,797.04</b>	<b>8,362.43</b>	<b>-</b>	<b>-</b>	<b>8,362.43</b>
<b>Total Financial Assets</b>	<b>92,224.07</b>	<b>1,177.99</b>	<b>986.01</b>	<b>94,388.07</b>	<b>80,501.63</b>	<b>870.16</b>	<b>812.52</b>	<b>82,184.31</b>	<b>72,400.99</b>	<b>1,026.86</b>	<b>302.42</b>	<b>74,430.92</b>
<b>Financial Liabilities</b>												
Borrowings	63,840.37	(1,224.16)	-	62,616.21	57,969.43	-	(755.35)	57,214.08	75,056.53	-	(1,015.81)	74,040.72
Derivative financial liabilities	-	1,061.79	-	1,061.79	-	-	534.89	534.89	-	-	745.68	745.68
Trade Payables	26,446.72	-	-	26,446.72	29,850.22	-	-	29,850.22	22,563.68	-	-	22,563.68
Other Financial liabilities	9,617.39	36.00	-	9,653.39	17,568.08	-	11.27	17,579.35	6,555.39	-	6.91	6,562.30
<b>Total Financial Liabilities</b>	<b>99,904.48</b>	<b>(126.37)</b>	<b>-</b>	<b>99,778.11</b>	<b>1,05,387.73</b>	<b>-</b>	<b>(209.19)</b>	<b>1,05,178.54</b>	<b>1,04,175.60</b>	<b>-</b>	<b>(263.22)</b>	<b>1,03,912.38</b>

\* Fair value based on latest financials as on the previous year ended 31st March of the investee company

# Security deposits and loans to employees included in other financial assets, not being material, have not been fair valued.

# Sundram Fasteners Limited

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

₹ lakhs

### 40 FAIR VALUE DISCLOSURE

Particulars	31st March 2017				31st March 2016				01st April 2015			
	FVTPL	FVOCI	Amortised Cost	Total	FVTPL	FVOCI	Amortised Cost	Total	FVTPL	FVOCI	Amortised Cost	Total
<b>Financial Assets</b>												
<b>Investments</b>												
- Equity instruments & Preference	-	2,164.00	29,893.89	32,057.89	-	1,682.69	29,171.78	30,854.47	-	1,727.51	11,366.40	13,093.91
- Investments in venture capital	-	-	0.17	0.17	-	-	0.17	0.17	-	-	3.63	3.63
- Shares in firm	-	-	0.19	0.19	-	-	0.13	0.13	-	-	-	-
- Mutual Funds	-	-	-	-	-	-	-	-	302.42	-	-	302.42
<b>Sub-Total</b>	-	2,164.00	29,894.25	32,058.25	-	1,682.69	29,172.08	30,854.77	302.42	1,727.51	11,370.03	13,399.96
Trade receivables	-	-	56,426.40	56,426.40	-	-	46,075.36	46,075.36	-	-	40,313.32	40,313.32
Loans	-	-	919.28	919.28	-	-	984.29	984.29	-	-	11,568.25	11,568.25
Cash and Cash equivalents	-	-	848.71	848.71	-	-	472.85	472.85	-	-	786.96	786.96
Other financial assets	-	-	4,135.43	4,135.43	-	-	3,797.04	3,797.04	-	-	8,362.43	8,362.43
<b>Total Financial Assets</b>	-	2,164.00	92,224.07	94,388.07	-	1,682.69	80,501.62	82,184.31	302.42	1,727.51	72,400.99	74,430.92
<b>Financial Liabilities</b>												
Borrowings	-	-	62,616.21	62,616.21	-	-	57,214.08	57,214.08	-	-	74,040.72	74,040.72
Derivative financial liabilities	1,061.79	-	-	1,061.79	534.89	-	-	534.89	745.68	-	-	745.68
Trade Payables	-	-	26,446.72	26,446.72	-	-	29,850.22	29,850.22	-	-	22,563.68	22,563.68
Other financial liabilities	-	-	9,653.39	9,653.39	-	-	17,579.35	17,579.35	-	-	6,562.28	6,562.28
<b>Total Financial Liabilities</b>	1,061.79	-	98,716.32	99,778.11	534.89	-	1,04,643.65	1,05,178.54	745.68	-	1,03,166.68	1,03,912.36

Note: Security deposits and loans to employees included in other financial assets, not being material, have not been fair valued.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 (Contd.)

### 41 Nature and extent of risks arising from financial instruments and respective financial risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its and group companies operations. The Company's principal financial assets include loans, trade and other receivables, cash and short-term deposits that derive directly from its operations. The Company also enters into derivative transactions and holds short term investments.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors review and agree policies for managing each of these risks, which are summarised below.

#### a) Market risk

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

#### b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate borrowings. At 31st March 2017, approximately 69 % of the Company's borrowings are at a fixed rate of interest (31st March 2016: 74 %).

#### c) Interest rate sensitivity

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1% for the year ended 31st March 2017 (31st March 2016: +/- 1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

		In ₹ lakhs
		As at 31st March 2017
		As at 31st March 2016
<b>Profit before tax</b>		
Increase	+ 1%	(599.15)
Decrease	-1%	599.15

# Sundram Fasteners Limited

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 (Contd.)

### d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and the Company's borrowings in foreign currency.

The Company manages its foreign currency risk by hedging transactions through forward contracts, for the repayment of short term borrowings arising out of procurement of raw materials and other components. When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure.

Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken. Forward exchange contracts are mainly entered into for significant long-term foreign currency exposures that are not expected to be offset by other same-currency transactions.

Foreign currency denominated financial assets and liabilities which expose the Company to currency risk are disclosed below. The amounts shown are those reported to key management translated at the closing rate:-

Foreign currency risk exposure at the end of the reporting period expressed in INR ₹ lakhs

	Short term exposure			Long-term exposure		
	USD	GBP	Others	USD	GBP	Others
<b>31st March 2017</b>						
Financial assets	22,797.76	942.85	3,174.62	6.49	-	-
Financial liabilities	1,061.56	52.13	780.50	3,282.12	-	-
	<b>21,736.20</b>	<b>890.72</b>	<b>2,394.12</b>	<b>(3,275.63)</b>	-	-
<b>31st March 2016</b>						
Financial assets	16,047.52	729.30	3,238.87	26.50	-	-
Financial liabilities	492.42	129.53	2,396.80	9,972.24	-	-
	<b>15,555.10</b>	<b>599.77</b>	<b>842.07</b>	<b>(9,945.74)</b>	-	-

Currency risk (or foreign exchange risk) arises on financial instruments that are denominated in a foreign currency, i.e. in a currency other than the functional currency in which they are measured. For the purpose of this Ind AS, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

### Foreign currency sensitivity

The following table illustrates the sensitivity of profit and equity in regards to the Company's financial assets and financial liabilities and the USD/INR exchange rate and GBP/INR exchange rate 'all other things being equal'. It assumes a +/- 5% change of the INR /USD exchange rate for the year ended at 31st March 2017 (31st March 2016: 5%). A +/- 5% change is considered for the INR /GBP exchange rate for the year ended (31st March 2016: 5%). Both of these percentages have been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Company's foreign currency financial instruments held at each reporting date and also takes into account forward exchange contracts that offset effects from changes in currency exchange rates.

If the Rupee had strengthened against the USD by 5% during the year ended 31st March 2017 (31st March 2016: 5%) and GBP by 5% during the year ended 31st March 2017 (31st March 2016: 5%) respectively then this would have had the following impact profit before tax and equity before tax:

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 (Contd.)

₹ lakhs

### Foreign currency sensitivity (Contd.)

		31st March 2017	31st March 2016
Profit before tax			
USD	-5%	(923.03)	(280.47)
GBP	-5%	(44.54)	(29.99)
		(967.57)	(310.46)

If the INR had weakened against the USD by 5% during the year ended 31 March 2017 (31 March 2016: 5%) and GBP by 5% during the year ended 31 March 2017 (31 March 2016: 5%) respectively then this would have had the following impact:

		31st March 2017	31st March 2016
Profit before tax			
USD	+ 5%	923.03	280.47
GBP	+ 5%	44.54	29.99
		967.57	310.46

The movement in the pre-tax effect is a result of a change in the fair value of derivative financial instruments not designated in a hedge relationship and monetary assets and liabilities denominated in US dollars and GBP. Although the derivatives have not been designated in a hedge relationship, they act as an economic hedge and will offset the underlying transactions when they occur.

#### e) Equity price risk

The Company's investments in listed and unlisted equity securities are held till maturity. All the investments in the equity portfolio are reviewed and approved by the Board of Directors.

At the reporting date, the exposure to listed equity securities at fair value was ₹ 1,177.99 (31st March 2016: ₹ 870.17 lacs)

#### f) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including, foreign exchange transactions and other financial instruments.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. The Company enters into long term contracts with its customers whereby it mitigates the risk exposure on high risk customers. Further, none of the customers forms more than 15%-20% of the total company's revenues as the Company makes a continuous effort in expanding its customer base. Outstanding customer receivables are regularly monitored and reviewed by the Board of Directors periodically. At 31st March 2017, the top 15 customers accounted for approximately 62% of all the receivables outstanding. At 31st March, the Company has certain trade receivables that have not been settled by the contractual due date but are not considered to be impaired. The amounts at 31st March, analysed by the length of time past due, are:

	As at 31st March 2017	As at 31st March 2016
Not more than 180 days	53,652.41	44,829.61
More than 180 days	2,773.99	1,245.75
	56,426.40	46,075.36

# Sundram Fasteners Limited

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

### f) Credit risk (Contd.)

The management also assesses the credit losses on account of the financial guarantees extended by the Company. The management evaluates the credit risk associated with these companies, ability of them to repay the debts and probable exposure of the Company in case a group company fails to make payment when due in accordance with the original or modified terms of a debt instrument.

### g) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed in accordance with the Company's policy. Investments of surplus funds are made in mutual funds only with approved asset management companies or by way of fixed deposits with scheduled banks within the limits assigned by the Board of Directors.

The Company's maximum exposure to credit risk for the components of the statement of financial position at 31st March 2017 is the carrying amounts as illustrated in Note 39 and Note 40 except for financial guarantees and derivative financial instruments. The Company's maximum exposure relating to financial guarantees and financial derivative instruments is noted in the liquidity table below.

### h) Liquidity risk

The Company's objective is to maintain a current ratio of 1.10 with an optimal mix of short term loans and long term loans. Approximately 84% of the Company's long term debt will mature in less than one year as at 31st March 2017 based on the carrying value of borrowings reflected in the financial statements. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders. The Board of Directors periodically reviews the Company's business requirements vis-a-vis the source of funding.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

₹ lakhs

Year ended 31st March 2017	Less than 180 days	More than 180 days
Interest-bearing borrowings	38,808.70	23,807.51
Other financial liabilities	10,011.06	704.12
Trade and other payables	23,509.19	2,937.53
	72,328.95	27,449.16

Year ended 31st March 2016	Less than 180 days	More than 180 days
Interest-bearing borrowings	29,231.01	27,983.07
Other financial liabilities	17,558.35	555.89
Trade and other payables	26,457.61	3,392.61
	73,246.97	31,931.57

## 42 Events after the reporting period

No adjusting or significant non-adjusting events have occurred between the 31st March 2017 reporting date and the date of authorisation except non-adjusting event of proposal of final dividend of ₹ 2.80/- per share subject to the approval of shareholders at the ensuing Annual General Meeting.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 (Contd.)

₹ lakhs

### 43 Commitments, contingent liabilities and contingent assets

#### a) Operating lease commitments

- (i) The company has entered into lease agreements for a period up to five years, which are in the nature of operating leases.

Future minimum rentals payable under non-cancellable operating leases as at 31st March 2017 are as follows :

		31st March 2017	31st March 2016	01st April 2015
a)	Upto one year	98.27	39.27	46.10
b)	One to five years	319.46	72.41	76.51
		417.73	111.68	122.61

- (ii) During the year ₹ 396.86 lakhs (₹ 453.35 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.

- (iii) Significant Leasing arrangements:

The company has entered into leasing arrangements in respect of vehicles.

- (a) 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.

- (b) 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.

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

#### b) Capital commitments

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

4,218.46                      5,321.38                      4,784.42

#### c) Contingent liabilities

##### - Claims against the company not acknowledged as debt;

Legal claims

- Sales Tax / entry Tax - under appeal

2,362.85                      2,421.01                      3,347.84

- Excise Duty / Customs Duty / Service Tax - under appeal

828.46                      640.99                      633.89

- Income-tax - under appeal

26.65                      46.29                      46.29

- Others

404.29                      106.20                      212.92

# Sundram Fasteners Limited

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 (Contd.)

₹ lakhs

31st March 2017    31st March 2016    31st March 2015

**c) Contingent liabilities (Contd.)**

**- Guarantees**

(i) On Letters of Guarantee 6,542.83                      2,314.76                      3,463.59

**- Other money for which the company is contingently liable**

(i) On Letters of Credit -                                  146.73                                  271.84

(ii) On partly paid shares of The Adyar Property Holding Company Limited 0.01                                  0.01                                  0.01

**d) Contingent assets**

Claim of additional compensation against land acquisition 23.29                                  23.29                                  23.29

**44. Details of Specified Bank Notes (SBN) held and transacted during the period 08.11.2016 to 30.12.2016**

Particulars	Total		
	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	9.34	5.31	14.65
(+) Permitted receipts*	5.71	35.06	40.77
(-) Permitted payments	(0.80)	(29.44)	(30.24)
(-) Amount deposited in Banks	(14.25)	-	(14.25)
Closing cash in hand as on 30.12.2016	-	10.93	10.93

\* Permitted receipts of specified bank notes represents amount of advances given to employees prior to 8<sup>th</sup> November 2016 which were returned

**45. Details of Exceptional items**

Particulars	2016-17	2015-16
Provision for Diminution in value of investments	236.94	-
Write off of loans receivable	-	10,437.82
Loss on loan acquisition towards meeting guarantee obligations	-	9,530.09
Investments write off	-	1,831.01
Write off of Interest receivable	-	955.22
A	236.94	22,754.14
Profit on sale of investments	-	18,194.18
Total (A-B)	236.94	4,559.96

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

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### 46. First time adoption of IND AS

The Company has prepared financial statements which comply with Ind AS applicable for period ending 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016. This note explains the principal adjustments made by the Company in restating its IGAAP statement of financial position as at 1 April 2015 and its previously published IGAAP financial statements as at and for the year ended 31 March 2016.

#### First time adoption exemptions applied

Upon transition, IND AS 101 permits certain exemptions from full retrospective application of IND AS. The Company has applied the mandatory exemptions and certain optional exemptions, as set out below:

#### (a) Mandatory exceptions adopted by the Company:

##### (i) De-recognition of financial assets and liabilities

The de-recognition criteria of Ind AS 109 Financial Instruments has been applied prospectively for transactions occurring on or after the date of transition to Ind AS. Non-derivative financial assets and non-derivative financial liabilities derecognized before the date of transition under previous GAAP are not recognized on the opening Ind AS balance sheet.

##### (ii) Estimates

The estimates made by the Company under Indian GAAP were not revised for the application of Ind AS except where necessary to reflect any differences in accounting policies or errors.

#### (b) Non-mandatory exceptions adopted by the Company:

##### (i) Business Combination

Ind AS 103 Business Combinations has not been applied to acquisitions of subsidiaries, or of interests in associates and joint ventures that occurred before 1 April 2015. Use of this exemption means that the Indian GAAP carrying amounts of assets and liabilities, that are required to be recognised under Ind AS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with Ind AS. Assets and liabilities that do not qualify for recognition under Ind AS are excluded from the opening Ind AS balance sheet. The Company did not recognise or exclude any previously recognised amounts as a result of Ind AS recognition requirements.

##### (ii) Property, Plant and Equipment

Freehold land are carried at its fair value on the transition date and this fair value has been considered as its deemed cost as on that date. The Company has elected to use carrying value under IGAAP as the deemed cost on the date of transition to Ind AS for all property, plant and equipments.

##### (iii) Investment in subsidiaries, joint ventures and associates

Investment in subsidiaries are measured at the carrying value under IGAAP on the date of transition to Ind AS. These carrying value under IGAAP are considered to be the deemed cost as at the date of transition.

##### (iv) Leases

The Company has elected to use facts and circumstances existing at the date of transition to determine whether an arrangement constitutes a lease.

# Sundram Fasteners Limited

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

₹ lakhs

### 46A Reconciliation of Equity

#### a) Reconciliation of equity as at 01st April 2015 (date of transition to Ind AS)

	Foot note	IGAAP*	Adjustments	Ind AS
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	i	79,507.72	(731.10)	78,776.62
Capital work-in-progress		1,472.65	-	1,472.65
Investment property	ii	-	51.06	51.06
Financial assets				
- Investments	iii	11,392.75	1,704.79	13,097.54
- Loans		10,646.13	-	10,646.13
- Others		2,192.42	-	2,192.42
Non-current tax assets (Net)		2,150.90	164.20	2,315.10
Other non-current assets	i	1,415.72	631.58	2,047.30
		<b>1,08,778.29</b>	<b>1,820.53</b>	<b>1,10,598.82</b>
<b>Current assets</b>				
Inventories		37,089.17	-	37,089.17
Financial assets				
- Investments	iii	302.20	0.22	302.42
- Trade receivables		40,313.32	-	40,313.32
- Cash and cash equivalents		615.91	-	615.91
- Bank balance other than mentioned in cash and cash equivalents		171.05	-	171.05
- Loans		922.12	-	922.12
- Others		6,170.01	-	6,170.01
Other current assets		9,594.83	27.41	9,622.24
		<b>95,178.61</b>	<b>27.63</b>	<b>95,206.24</b>
<b>Total assets</b>		<b>2,03,956.90</b>	<b>1,848.16</b>	<b>2,05,805.06</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share capital		2,101.28	-	2,101.28
Other equity		83,795.27	3,890.96	87,686.23
<b>Total equity</b>		<b>85,896.55</b>	<b>3,890.96</b>	<b>89,787.51</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

				₹ lakhs
	Foot note	IGAAP*	Adjustments	Ind AS
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
- Borrowings	v	13,375.00	(154.05)	13,220.95
Provisions		337.96	-	337.96
Deferred tax liabilities (Net)	iv	8,586.89	95.79	8,682.68
Non current tax liabilities (Net)		138.08	164.20	302.28
		<u>22,437.93</u>	<u>105.94</u>	<u>22,543.87</u>
<b>Current liabilities</b>				
Financial liabilities				
- Borrowings	v	50,933.43	(861.76)	50,071.67
- Trade payables		22,563.68	-	22,563.68
- Other financial liabilities	vi	17,303.49	752.59	18,056.08
Other current liabilities		1,132.64	(0.02)	1,132.62
Provisions	vii	3,689.18	(2,039.55)	1,649.63
<b>Total current liabilities</b>		<u>95,622.42</u>	<u>(2,148.74)</u>	<u>93,473.68</u>
<b>Total equity and liabilities</b>		<u>2,03,956.90</u>	<u>1,848.16</u>	<u>2,05,805.06</u>

\* The IGAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

### b) Reconciliation of equity as at 31st March 2016

	Foot note	IGAAP*	Adjustments	Ind AS
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	i	81,992.39	(951.10)	81,041.29
Capital work-in-progress		5,398.11	-	5,398.11
Investment property	ii	-	49.72	49.72
Financial assets				
- Investments	iii	29,194.80	1,659.97	30,854.77
- Loans		877.03	(575.01)	302.02
- Others		2,424.25	-	2,424.25
Non-current tax assets (Net)		5,576.34	(3,163.76)	2,412.58
Other non-current assets	i	1,313.42	868.29	2,181.71
		<u>1,26,776.34</u>	<u>(2,111.89)</u>	<u>1,24,664.45</u>

# Sundram Fasteners Limited

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

				₹ lakhs
	Foot note	IGAAP*	Adjustments	Ind AS
<b>Current assets</b>				
Inventories		36,599.46	-	36,599.46
Financial assets				
- Trade receivables		46,075.36	-	46,075.36
- Cash and cash equivalents		197.38	-	197.38
- Bank balance other than mentioned in cash and cash equivalents		275.47	-	275.47
- Loans		107.27	575.00	682.27
- Others		1,372.79	-	1,372.79
Other current assets		8,229.19	9.21	8,238.40
		<u>92,856.92</u>	<u>584.21</u>	<u>93,441.13</u>
<b>Total assets</b>		<b><u>2,19,633.26</u></b>	<b><u>(1,527.68)</u></b>	<b><u>2,18,105.58</u></b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share capital		2,101.28	-	2,101.28
Other equity		99,567.00	2,129.89	1,01,696.89
<b>Total equity</b>		<b><u>1,01,668.28</u></b>	<b><u>2,129.89</u></b>	<b><u>1,03,798.17</u></b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
- Borrowings	v	17,267.80	(607.62)	16,660.18
Provisions		412.43	-	412.43
Deferred tax liabilities (Net)	iv	8,818.64	(3,448.38)	5,370.26
Non current tax liabilities (Net)		138.08	-	138.08
		<u>26,636.95</u>	<u>(4,056.00)</u>	<u>22,580.95</u>
<b>Current liabilities</b>				
Financial liabilities				
- Borrowings	v	37,388.63	(147.73)	37,240.90
- Trade payables		29,850.22	-	29,850.22
- Other financial liabilities	vi	20,881.08	546.16	21,427.24
Other current liabilities		1,163.58	-	1,163.58
Provisions		2,044.52	-	2,044.52
<b>Total current liabilities</b>		<b><u>91,328.03</u></b>	<b><u>398.43</u></b>	<b><u>91,726.46</u></b>
<b>Total equity and liabilities</b>		<b><u>2,19,633.26</u></b>	<b><u>(1,527.68)</u></b>	<b><u>2,18,105.58</u></b>

\* The IGAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

₹ lakhs

### c) Reconciliation of Profit

#### Reconciliation of profit and loss for the year ended 31st March 2016

	Foot note	IGAAP*	Adjustments	Ind AS
Revenue from operations	viii	2,60,657.91	20,245.35	2,80,903.26
Other income	ix	3,442.22	16.08	3,458.30
<b>Total Income</b>		<b>2,64,100.13</b>	<b>20,261.43</b>	<b>2,84,361.56</b>
<b>Expenses</b>				
Cost of materials consumed		1,06,221.93	-	1,06,221.93
Changes in inventories of finished goods and work in process		1,320.22	-	1,320.22
Excise duty on sale of goods	viii	-	20,842.45	20,842.45
Employee benefits expense	x	25,872.31	46.13	25,918.44
Finance costs	v	5,997.62	49.71	6,047.33
Depreciation and impairment	i	9,180.57	(6.38)	9,174.19
Other expenses	ix	88,734.89	(567.24)	88,167.65
<b>Total expenses</b>		<b>2,37,327.54</b>	<b>20,364.67</b>	<b>2,57,692.21</b>
<b>Profit before exceptional items and tax</b>		<b>26,772.59</b>	<b>(103.24)</b>	<b>26,669.35</b>
Exceptional item		(4,559.96)	-	(4,559.96)
<b>Profit before tax</b>		<b>22,212.63</b>	<b>(103.24)</b>	<b>22,109.39</b>
<b>Tax expense</b>				
a) Current tax		4,028.01	(0.02)	4,027.99
b) Deferred tax	iv	231.75	(386.09)	(154.34)
c) Minimum Alternate Tax Credit	iv	(3,163.76)	-	(3,163.76)
d) Adjustment of tax relating to earlier periods		(0.02)	0.02	-
<b>Profit for the year</b>		<b>21,116.65</b>	<b>282.85</b>	<b>21,399.50</b>
<b>Other comprehensive income</b>				
i) Items that will not be reclassified to profit or loss				
(a) Re-measurement gains / (losses) on defined benefit plans		-	46.13	46.13
(b) Income tax effect on above		-	(5.68)	(5.68)
(c) Fair value gains / (losses) on Equity instruments		-	(44.82)	(44.82)
ii) Items that will be reclassified to profit or loss				
- Income tax relating to items that will be reclassified to profit or loss		-	-	-
<b>Total comprehensive income for the year</b>		<b>21,116.65</b>	<b>278.48</b>	<b>21,395.13</b>

(Comprising Profit and Other Comprehensive Income for the year)

\* The IGAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

# Sundram Fasteners Limited

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

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### d) Impact of Ind AS adoption on the financial statements

#### Footnotes to the reconciliations

##### i) Property, plant and equipment

The amount paid (net of amortisation) to acquire the rights of leasehold land were disclosed under Property, plant and equipment under IGAAP, however under Ind AS the same has been evaluated to be operating lease based on the terms and conditions of the lease agreement and hence disclosed under Other non-current assets as Unamortised portion of leasehold land. The amortisation of these assets is recognised as rental expenses over the period of lease.

##### ii) Investment property

Under the erstwhile GAAP, investment properties were presented as part of Property, plant and equipments. However under Ind AS, Investment properties are required to be presented separately on the face of the balance sheet. There is no impact on the total equity or profit as a result of this presentation.

##### iii) Investments

The Company has been accounting for long term investments in unquoted and quoted equity shares as investment measured at cost less provision for other than temporary diminution in the value of investments under IGAAP. Under Ind AS, the Company has designated such investments as Fair value through Other Comprehensive Income investments and hence measured at fair value. At the date of transition to Ind AS, difference between the instrument's fair value and IGAAP carrying amount to the tune of ₹ 1,704.79 lakhs has been recognised as a separate component of equity, in the Accumulated Other Comprehensive Income. Also for the year ended 31st March 2016, the Company has fair valued the quoted and unquoted investments resulting in a gain of ₹ 1,659.97 lakhs.

##### iv) Deferred taxes

The Company has been accounting for the deferred taxes using income statement approach under IGAAP, which focuses on differences between taxable profits and accounting profits for the year. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under IGAAP. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

The Company has disclosed Minimum Alternate Tax credit under the head Deferred taxes as per the provisions of Ind AS 12-Income taxes, which requires all unused tax credits to be disclosed as deferred tax assets.

##### v) Borrowings

Under IGAAP, transaction costs incurred in connection with borrowings were amortised upfront and charged to statement of profit and loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to statement of profit and loss using the effective interest method.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 (Contd.)

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### vi) Derivatives

Under IGAAP, the fair value of the forward contracts were not recognised in the books of accounts, however these are fair valued under Ind AS and the gains or losses arising due to fair valuation are recognised in the retained earnings on the date of transition and subsequently in statement of profit and loss.

### vii) Provisions

The proposed dividend and corresponding tax, to the tune of ₹ 2,039.55 lakhs, recognised during the year ended 31st March 2015 was declared in 2015- 2016. Hence the same has been reversed as at the transition date and accounted in the year in which it was declared as per the requirements of Ind AS.

### viii) Excise duty

Under IGAAP, revenue from sale of products has been presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses. There is no impact on the total equity and profit.

### ix) Financial guarantee

Financial guarantee contracts extended to the subsidiaries are recognised as a liability at fair value on the transition date and this liability is amortised over the period of guarantee under the provisions of Ind AS. The financial guarantee liability was neither required to be recognised nor amortised under IGAAP.

### x) Defined benefit obligation

Both under IGAAP and Ind AS, the Company has recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under IGAAP, the entire cost, including actuarial gains and losses, are charged to statement of profit and loss. Under Ind-AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income.

### xi) Statement of cash flows

There is no material difference between IGAAP and IND AS on the statement of cash flows.

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As per our report of even date attached

For **SUNDARAM & SRINIVASAN**

Chartered Accountants  
Regn. No. 0042075

**M BALASUBRAMANIAM**

Partner  
Membership No. F7945

Place : Chennai

Date : May 24, 2017

For and on behalf of the Board of Directors of  
**SUNDRAM FASTENERS LIMITED**

**SURESH KRISHNA**  
Chairman & Managing Director  
(DIN: 00046919)

**ARUNDATHI KRISHNA**  
Deputy Managing Director  
(DIN: 00270935)

**ARATHI KRISHNA**  
Joint Managing Director  
(DIN: 00517456)

**S MEENAKSHISUNDARAM**  
Chief Financial Officer

**R DILIP KUMAR**

Vice President - Finance & Company Secretary

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# Sundram Fasteners Limited

Form - AOC-1														
Pursuant to first proviso to sub-section (3) of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014														
Statement containing salient features of the financial statement of subsidiaries / associate companies / joint ventures														
(₹ In lakhs)														
S. No.	Particulars	Domestic Subsidiaries						Foreign Subsidiaries						
		TVS Upasana Limited	Sundram Precision Components Limited	Sundram Non-Conventional Energy Systems Limited	Sundram Fasteners Investments Limited	TVS Infotech Limited	TVS Next Private Limited	Cramlington Precision Forge Limited	TVS Infotech Inc.	Sundram Fasteners (Zhejiang) Limited	Sundram International Inc	Sundram International Limited		
1	Name of the Subsidiary	01/04/2016 to 31/03/2017	01/04/2016 to 31/03/2017	01/04/2016 to 31/03/2017	01/04/2016 to 31/03/2017	01/04/2016 to 31/03/2017	01/04/2016 to 31/03/2017	01/04/2016 to 31/03/2017	01/04/2016 to 31/03/2017	01/04/2016 to 31/03/2017	01/04/2016 to 31/03/2017	01/04/2016 to 31/03/2017	01/01/2016 to 31/12/2016	
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	01/04/2016 to 31/03/2017	01/04/2016 to 31/03/2017	01/04/2016 to 31/03/2017	01/04/2016 to 31/03/2017	01/04/2016 to 31/03/2017	01/04/2016 to 31/03/2017	01/04/2016 to 31/03/2017	01/04/2016 to 31/03/2017	01/04/2016 to 31/03/2017	01/04/2016 to 31/03/2017	01/04/2016 to 31/03/2017	01/01/2016 to 31/12/2016	
3	Reporting currency	INR	INR	INR	INR	INR	INR	INR	INR	GBP	USD	RMB	USD	GBP
	Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	Refer Note 3 below												
4	Share capital	1,189.97	700.00	50.00	249.00	2,847.49	1.00	1,169.28	12,405.28	118.14				2.92
5	Reserves & surplus	3,860.47	1,038.84	313.02	399.18	(1,517.28)	4.37	1,098.35	1,432.94	(122.53)				21,844.52
6	Total assets	12,573.04	1,922.03	406.21	648.46	1,690.05	452.85	3,258.86	642.18	17,656.53	2.10			24,374.96
7	Total Liabilities	7,522.60	183.18	43.19	0.29	359.84	447.48	991.23	481.46	3,818.31	6.49			2,527.51
8	Investments	285.75	-	-	384.05	229.36	-	-	-	-	-	-	-	24,369.78
9	Turnover	14,793.60	2,368.93	348.00	0.31	1,993.64	986.55	6,901.47	1,642.74	13,350.36	-			-
10	Profit / (Loss) before taxation	1,694.18	366.73	289.64	(0.09)	14.62	(66.27)	197.23	(18.17)	1,024.51	(0.54)			(30.08)
11	Provision for taxation	587.21	113.23	91.07	(0.59)	0.57	(3.19)	49.08	-	284.39	-			-
12	Profit / (Loss) after taxation	1,106.97	253.51	198.56	0.50	14.05	(63.08)	148.15	(18.17)	740.12	(0.54)			(30.08)
13	Proposed dividend	-	-	-	-	-	-	-	-	-	-			-
14	% of shareholding	100.00%	100.00%	52.94%	100.00%	66.31%	59.68%	100.00%	66.31%	100.00%	100.00%			100.00%
<b>Notes:</b>														
1. Names of subsidiaries which are yet to commence operations: Nil														
2. Names of subsidiaries which have been liquidated or sold during the year: Nil														
3. <b>Currency</b> USD GBP RMB														
Closing Rate 64.86 83.52 9.79														
4. TVS Infotech Limited acquired 90% of share capital of TVS Next Private Limited (formerly Blisslogix Technology Solutions Private Limited) on 11th April 2016														
<b>Part 'B' - Associates and Joint Ventures</b>														
<b>Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures</b>														
1. There is no associate or joint venture which is yet to commence operations.														
2. There is no associate or joint venture have been liquidated or sold during the year.														

Place : Chennai  
Date : May 24, 2017

**ARUNDATHI KRISHNA** Deputy Managing Director  
**ARATHI KRISHNA** Joint Managing Director  
**SURESH KRISHNA** Chairman & Managing Director  
**R DILIP KUMAR** Vice President - Finance & Company Secretary  
**S MEENAKSHISUNDARAM** Chief Financial Officer

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS ON CONSOLIDATED FINANCIAL STATEMENTS OF SUNDRAM FASTENERS LIMITED, CHENNAI FOR THE YEAR ENDED 31ST MARCH 2017**

To

The Members of Sundram Fasteners Limited,  
Chennai

**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Sundram Fasteners Limited, Chennai (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

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

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flows and changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to

## INDEPENDENT AUDITORS' REPORT (Contd.)

fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations furnished to us, the aforesaid 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, of the consolidated state of affairs of the Group as at 31st March, 2017, and their consolidated profit (including other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

### Other Matters

- (a) We did not audit the financial statements of three subsidiary companies whose financial statements reflect total assets of ₹ 45,290.35 lakhs as at 31st December, 2016, total revenues of ₹ 20,464.70 lakhs and net cash inflows amounting to ₹ 809.98 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.
- (b) We did not audit the financial statements of two subsidiary companies whose reporting date ends with 31st March 2017 whose financial statements reflect total assets of ₹ 644.28 lakhs, total revenues of ₹ 1,649.27 lakhs and net cash outflow amounting to ₹ 104.49 lakhs for the year ended on that date, as considered in the financial statements. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

### Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.



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

- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of internal financial controls over financial reporting of the Holding Company, its subsidiaries (incorporated in India) and the operating effectiveness of such controls, refer to our separate report in "Annexure A".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations furnished to us and based on the consideration of the report of other auditors on separate financial statements of these subsidiaries as noted in the paragraph (a) on "Other Matters":
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – refer note no. 38 to the consolidated financial statements.
  - ii. The Holding Company has long-term derivative contracts but material foreseeable losses are not expected. There are no other long term contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India, wherever such amounts were required to be transferred.
  - iv. In the consolidated financial statements, holdings as well as dealings in Specified Bank Notes during the period from November 08, 2016 to December 30, 2016, by the Holding Company and its subsidiary companies incorporated in India has been requisitely disclosed, on the basis of information available with the company and these are in accordance with the books of account maintained by the Company.

Chennai  
May 24, 2017

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

**M BALASUBRAMANIAM**  
Partner  
Membership No. F7945

# **Sundram Fasteners Limited**

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## **ANNEXURE - A TO INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SUNDRAM FASTENERS LIMITED, CHENNAI FOR THE YEAR ENDED 31ST MARCH 2017**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of SUNDRAM FASTENERS LIMITED, CHENNAI ("the Holding Company") and its subsidiary companies, which are incorporated in India, as of March 31, 2017 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**ANNEXURE - A TO INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SUNDRAM FASTENERS LIMITED, CHENNAI FOR THE YEAR ENDED 31ST MARCH 2017 (contd.)**

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that;

- I. pertain to the maintenance of records, that in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- II. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- III. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Chennai  
May 24, 2017

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

**M BALASUBRAMANIAM**  
Partner  
Membership No. F7945

# Sundram Fasteners Limited

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2017

		₹ lakhs		
	Note	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	5	1,01,813.59	91,611.47	96,608.22
Capital work-in-progress	5	6,919.05	5,398.11	2,174.79
Investment property	6	887.59	943.67	974.41
Goodwill	7	221.72	-	-
Other Intangible assets	7	74.09	108.21	393.77
Financial assets				
- Investments	8	2,958.47	2,571.90	2,066.77
- Loans	9	260.57	300.01	310.99
- Others	10	3,012.17	2,694.69	2,412.89
Non-current tax assets (Net)	11	2,631.79	3,078.35	2,990.41
Other non-current assets	12	6,979.27	2,590.20	5,341.75
		<u>1,25,758.31</u>	<u>1,09,296.61</u>	<u>1,13,274.00</u>
<b>Current assets</b>				
Inventories	13	44,902.78	42,421.78	52,644.50
Financial assets				
- Investments	8	287.64	244.58	537.15
- Trade receivables	14	65,414.13	54,129.49	49,186.11
- Cash and cash equivalents	15	3,714.37	2,403.09	2,313.44
- Bank balance other than mentioned in cash and cash equivalents	15	234.84	275.47	171.05
- Loans	9	110.77	111.54	125.50
- Others	10	1,644.72	1,620.30	6,213.04
Current tax assets (Net)		112.00	112.93	14.36
Other current assets	12	10,588.29	9,571.56	11,788.28
		<u>1,27,009.54</u>	<u>1,10,890.74</u>	<u>1,22,993.43</u>
<b>Total assets</b>		<u>2,52,767.85</u>	<u>2,20,187.35</u>	<u>2,36,267.43</u>

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2017 (Contd.)

				₹ lakhs
	Note	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share capital	16	2,101.28	2,101.28	2,101.28
Other equity		1,21,511.61	93,257.65	89,893.19
<b>Equity attributable to equity holders of the parent</b>		<b>1,23,612.89</b>	95,358.93	91,994.47
Non-Controlling Interest		562.86	947.08	1,045.92
<b>Total Equity</b>		<b>1,24,175.75</b>	96,306.01	93,040.39
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
- Borrowings	17	14,976.62	17,574.26	20,146.01
- Trade payables	21	26.09	23.00	89.14
Provisions	18	619.37	610.23	508.59
Deferred tax liabilities (Net)	19	7,239.85	5,738.83	9,025.92
Non-Current tax liabilities (Net)	20	910.60	138.08	302.28
		<b>23,772.53</b>	24,084.40	30,071.94
<b>Current liabilities</b>				
Financial liabilities				
- Borrowings	17	46,969.40	38,711.14	53,372.04
- Trade payables	21	31,363.41	33,546.68	29,764.20
- Other financial liabilities	22	20,125.87	23,561.41	21,907.04
Other current liabilities	23	2,485.07	1,767.91	1,948.14
Provisions	18	3,658.97	2,085.84	6,020.62
Current tax liabilities (Net)	20	216.85	123.96	143.06
<b>Total liabilities</b>		<b>1,04,819.57</b>	99,796.94	1,13,155.10
<b>Total equity and liabilities</b>		<b>2,52,767.85</b>	2,20,187.35	2,36,267.43

Notes 1 to 45 form an integral part of these financial statements

As per our report of even date attached

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

**M BALASUBRAMANIAM**  
Partner  
Membership No. F7945

Place : Chennai  
Date : May 24, 2017

For and on behalf of the Board of Directors of  
**SUNDRAM FASTENERS LIMITED**

**SURESH KRISHNA**  
Chairman & Managing Director  
(DIN: 00046919)

**ARUNDATHI KRISHNA**  
Deputy Managing Director  
(DIN: 00270935)

**ARATHI KRISHNA**  
Joint Managing Director  
(DIN: 00517456)

**S MEENAKSHISUNDARAM**  
Chief Financial Officer

**R DILIP KUMAR**  
Vice President - Finance & Company Secretary

# Sundram Fasteners Limited

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2017

	Note	Year ended 31 March 2017	Year ended 31 March 2016
₹ lakhs			
I Revenue from operations	24	3,52,905.43	3,47,420.37
II Other income	25	1,568.58	6,172.48
<b>III Total Income (I + II)</b>		<b>3,54,474.01</b>	<b>3,53,592.85</b>
<b>IV Expenses</b>			
Cost of materials consumed	27	124,773.78	131,212.83
Changes in inventories of finished goods and work in process	28	(1,609.63)	949.44
Excise duty on sale of goods		23,904.71	21,933.85
Employee benefits expense	29	37,700.35	45,764.51
Finance costs	30	4,651.65	7,276.51
Depreciation and amortization expense	31	10,448.73	11,639.54
Other expenses	32	1,08,514.98	1,09,159.34
<b>Total expenses</b>		<b>3,08,384.57</b>	<b>3,27,936.02</b>
<b>V Profit before exceptional items and tax ( III - IV )</b>		<b>46,089.44</b>	<b>25,656.83</b>
VI Exceptional item		(236.94)	(11,760.43)
<b>VII Profit before tax (V - VI)</b>		<b>45,852.50</b>	<b>13,896.40</b>
<b>VIII Tax expense</b>			
a) Current tax	33	11,228.75	4,716.97
b) Deferred tax		805.25	(164.77)
c) Minimum Alternate Tax Credit		-	(3,163.76)
d) Adjustment of tax relating to earlier periods		-	-
<b>IX Profit for the year (VII - VIII)</b>		<b>33,818.50</b>	<b>12,507.96</b>
<b>Attributable to:</b>			
<b>Owners of the parent</b>		<b>33,836.84</b>	<b>12,604.48</b>
<b>Non- controlling interest</b>		<b>(18.34)</b>	<b>(96.52)</b>
<b>X Other comprehensive income</b>	26		
i) Items that will not be reclassified to profit or loss		343.34	(31.32)
- Income tax relating to items that will not be reclassified to profit or loss		(28.90)	(1.11)
		314.44	(32.43)
ii) Items that will be reclassified to profit or loss		(17.84)	(212.12)
- Income tax relating to items that will be reclassified to profit or loss		-	-
		(17.84)	(212.12)
<b>XI Total comprehensive income for the year (IX + X)</b>		<b>34,115.10</b>	<b>12,263.41</b>
<i>(Comprising Profit and Other Comprehensive Income for the year)</i>			
<b>Attributable to:</b>			
<b>Owners of the parent</b>		<b>34,098.66</b>	<b>12,271.52</b>
<b>Non- controlling interest</b>		<b>16.44</b>	<b>(8.11)</b>
<b>XII Earnings per equity share</b>	34		
Basic & Diluted (in ₹)		16.10	5.95
<b>Weighted average number of equity shares used in computing earnings per equity share</b>			
Basic		21,01,28,370	21,01,28,370
Diluted		21,01,28,370	21,01,28,370

Notes 1 to 45 form an integral part of these financial statements

As per our report of even date attached

For **SUNDARAM & SRINIVASAN**

Chartered Accountants  
Regn. No. 0042075

**M BALASUBRAMANIAM**

Partner  
Membership No. F7945

Place : Chennai

Date : May 24, 2017

For and on behalf of the Board of Directors of  
**SUNDRAM FASTENERS LIMITED**

**SURESH KRISHNA**  
Chairman & Managing Director  
(DIN: 00046919)

**ARUNDATHI KRISHNA**  
Deputy Managing Director  
(DIN: 00270935)

**ARATHI KRISHNA**  
Joint Managing Director  
(DIN: 00517456)

**S MEENAKSHISUNDARAM**  
Chief Financial Officer

**R DILIP KUMAR**

Vice President - Finance & Company Secretary

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2017

₹ lakhs

### A. Equity Share Capital

Particulars	Note	Amount
As at 01 April 2015		2,101.28
Changes in equity share capital	16	-
As at 31 March 2016		2,101.28
Changes in equity share capital	16	-
<b>As at 31 March 2017</b>		<b>2,101.28</b>

### B. Other Equity

S. No.	Particulars	Attributable to owners of Sundram Fasteners Limited						Total other Equity	Non-controlling Interest	Total
		Reserves and Surplus			Accumulated other comprehensive income					
		General reserve	Retained Earnings	Special Reserve	Equity instruments	Foreign Currency Translation Reserve	Other Items			
1	As at 31 March 2016	81,619.23	5,452.82	82.22	1,679.53	5,745.69	(1,321.84)	93,257.65	947.08	94,204.73
2	Acquisition of TVS Next Private Limited - Opening Retained Earnings	-	-	-	-	-	-	-	31.47	31.47
3	Pre-acquisition loss of TVS Next Private Limited	-	6.96	-	-	-	-	6.96	-	6.96
4	Goodwill on acquisition of TVS Next Private Limited	-	-	-	-	-	-	-	(112.65)	(112.65)
5	Acquisition of Non-controlling interest in Sundram Precision Components Limited	-	(111.04)	-	-	-	-	(111.04)	(356.76)	(467.80)
6	Decrease in Non-controlling interest in TVS Infotech Limited, TVS Infotech Inc and TVS Next Private Limited	-	-	-	-	-	-	-	66.90	66.90
7	Add: Exchange Variation	-	(213.00)	-	-	(1,147.60)	-	(1,360.60)	(11.28)	(1,371.88)
8	Transferred from Retained earnings	25,000.00	(25,000.00)	-	-	-	-	-	-	-
9	Stock Reserve	(3.24)	-	-	-	-	-	(3.24)	-	(3.24)
10	Profit for the year	-	33,836.84	-	-	-	-	33,836.84	(18.34)	33,818.50
11	Other comprehensive income	-	-	-	498.80	(18.54)	(200.10)	280.16	16.44	296.60
12	Dividends (Including Dividend Distribution Tax)	-	(4,395.12)	-	-	-	-	(4,395.12)	-	(4,395.12)
	<b>As at 31 March 2017</b>	<b>1,06,615.99</b>	<b>9,577.46</b>	<b>82.22</b>	<b>2,178.33</b>	<b>4,579.55</b>	<b>(1,521.94)</b>	<b>1,21,511.61</b>	<b>562.86</b>	<b>1,22,074.47</b>

# Sundram Fasteners Limited

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

₹ lakhs

S. No.	Particulars	Attributable to owners of Sundram Fasteners Limited							Total other Equity	Non-controlling Interest	Total
		Reserves and Surplus				Accumulated other comprehensive income					
		General reserve	Capital reserve	Retained Earnings	Special Reserve	Equity instruments	Foreign Currency Translation Reserve	Other Items			
1	As at 01 April 2015	66,624.98	75.50	15,511.02	82.22	1,730.07	7,216.37	(1,346.97)	89,893.19	1,045.92	90,939.11
2	Profit for the year	-	-	12,604.48	-	-	-	-	12,604.48	(96.52)	12,507.96
3	Other comprehensive income	-	-	-	-	(50.54)	(211.03)	25.13	(236.44)	(8.11)	(244.55)
4	Profit on sale of intangible assets to Cramlington Precision Forge Limited by TVS Infotech Ltd. In prior years	(7.05)	-	-	-	-	-	-	(7.05)	-	(7.05)
5	Stock Reserve	1.30	-	-	-	-	-	-	1.30	-	1.30
6	Add: Exchange Variation	-	(49.93)	820.12	-	-	(1,133.92)	-	(363.73)	5.79	(357.94)
7	Effect of elimination of Windbolt	-	(25.57)	98.17	-	-	14.63	-	87.23	-	87.23
8	Transferred from Retained earnings	15,000.00	-	(15,000.00)	-	-	-	-	-	-	-
9	Effect of elimination of Peiner group	-	-	(1,089.15)	-	-	(140.36)	-	(1,229.51)	-	(1,229.51)
10	Dividends (Including Dividend Distribution Tax)	-	-	(7,491.82)	-	-	-	-	(7,491.82)	-	(7,491.82)
	As at 31 March 2016	81,619.23	(0.00)	5,452.82	82.22	1,679.53	5,745.69	(1,321.84)	93,257.65	947.08	94,204.73

Notes 1 to 45 form an integral part of these financial statements

As per our report of even date attached

For **SUNDARAM & SRINIVASAN**

Chartered Accountants  
Regn. No. 0042075

**M BALASUBRAMANIAM**

Partner  
Membership No. F7945

Place : Chennai

Date : May 24, 2017

For and on behalf of the Board of Directors of  
**SUNDRAM FASTENERS LIMITED**

**SURESH KRISHNA**  
Chairman & Managing Director  
(DIN: 00046919)

**ARUNDATHI KRISHNA**  
Deputy Managing Director  
(DIN: 00270935)

**ARATHI KRISHNA**  
Joint Managing Director  
(DIN: 00517456)

**S MEENAKSHISUNDARAM**  
Chief Financial Officer

**R DILIP KUMAR**

Vice President - Finance & Company Secretary



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

	Year ended 31 March 17	Year ended 31 March 16
		₹ lakhs
<b>A Cash flows from operating activities</b>		
<b>Profit before tax</b>	<b>45,852.50</b>	13,896.40
Pre-acquisition profit/(loss)	(11.67)	-
<i>Adjustments to reconcile net income to net cash provided by operating activities</i>		
Depreciation and amortization	<b>10,448.73</b>	11,639.54
Impairment of Property, plant and equipment	(1.77)	(8.81)
Amortisation of leasehold property	<b>28.22</b>	81.05
Unrealised foreign exchange gain/(loss)	<b>1,156.11</b>	553.28
Interest Expense (Net)	<b>3,559.90</b>	3,887.45
Dividend Income	(53.32)	(36.63)
Fair value (gain)/loss on financial instruments at fair value through profit or loss	(48.57)	(9.45)
Exceptional items	<b>236.94</b>	11,760.43
Investments in Windbolt written off	-	38.35
(Gain) / loss on sale of property and equipment	<b>130.09</b>	(7.97)
(Gain) / loss on sale of investments	(6.19)	(77.57)
Financial Guarantee expenses	<b>30.66</b>	20.65
Provision no longer required written back	(6.00)	-
Exchange loss/(gain) arising on Application of Ind AS 21	(163.40)	(220.05)
Stock Reserve	(2.42)	1.30
Effect on consolidation in respect of subsidiary	-	(1,119.82)
Actuarial gains/(losses) - Ind AS Impact	-	19.24
<b>Operating profit before working capital changes</b>	<b>61,149.81</b>	40,417.39
<b>Adjustments for Changes in working capital:</b>		
Trade and other receivables	(16,850.19)	3,338.45
Inventories	(2,686.69)	10,222.73
Trade and other payables	(7,229.52)	10,601.29
<b>Cash generated from / (used) in operating activities</b>	<b>34,383.41</b>	64,579.86
Direct taxes paid, net	(9,656.43)	(5,065.25)
<b>Net cash generated from / (used) in operating activities</b>	<b>24,726.98</b>	59,514.61

# Sundram Fasteners Limited

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

	Year ended 31 March 17	Year ended 31 March 16
		₹ lakhs
<b>B Cash flow from investing activities</b>		
Purchase of assets (including capital work-in-progress and capital advances)	(23,987.44)	(18,895.21)
Proceeds from sale of fixed assets	398.27	68.46
Purchase of investments	(15,243.20)	(66,428.85)
Acquisition of TVS Next Private Limited (Goodwill)	(331.25)	-
Proceeds from sale of investments	15,130.20	66,210.51
Dividend received	53.32	36.63
Interest received	357.33	1,228.30
Movement in bank deposits	40.63	(104.42)
<b>Net cash generated from / (used) in investing activities</b>	<b>(23,582.14)</b>	<b>(17,884.58)</b>
<b>C Cash flow from financing activities</b>		
Proceeds from short-term borrowings (Net of Repayments)	8,168.45	(17,570.15)
Proceeds from long-term borrowings	6,438.98	6,708.78
Repayment of long-term borrowings	(5,289.76)	(18,102.31)
Acquisition of Non-Controlling Interest in Sundram Precision Components Limited	(528.36)	-
Redemption of preference shares	(452.55)	-
Dividend and dividend distribution tax Paid	(4,395.14)	(7,491.86)
Interest paid to banks and others	(3,912.43)	(5,084.84)
Foreign exchange gain/(loss)	35.92	
<b>Net cash generated from / (used) in financing activities</b>	<b>65.11</b>	<b>(41,540.38)</b>
<b>D Net cash flows during the year (A + B + C)</b>	<b>1,209.95</b>	<b>89.65</b>
<b>E Cash and cash equivalents at the beginning</b>	<b>2,403.09</b>	<b>2,313.44</b>
<b>F Cash and cash equivalents taken over on amalgamation</b>	<b>101.33</b>	<b>-</b>
<b>G Cash and cash equivalents at the end (D + E + F)</b>	<b>3,714.37</b>	<b>2,403.09</b>
<b>Cash and cash equivalents comprise of:</b>		
Cash on hand	39.62	30.16
Cheques on hand	467.98	19.83
Balances with banks in current accounts	3,206.77	2,353.10
<b>Cash and cash equivalents as per Note 15</b>	<b>3,714.37</b>	<b>2,403.09</b>

As per our report of even date attached

For **SUNDARAM & SRINIVASAN**

Chartered Accountants

Regn. No. 004207S

**M BALASUBRAMANIAM**

Partner

Membership No. F7945

Place : Chennai

Date : May 24, 2017

For and on behalf of the Board of Directors of  
**SUNDRAM FASTENERS LIMITED**

**SURESH KRISHNA**

Chairman & Managing Director

(DIN: 00046919)

**ARUNDATHI KRISHNA**

Deputy Managing Director

(DIN: 00270935)

**ARATHI KRISHNA**

Joint Managing Director

(DIN: 00517456)

**S MEENAKSHISUNDARAM**

Chief Financial Officer

**R DILIP KUMAR**

Vice President - Finance & Company Secretary

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

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### 1. Corporate and General Information

Sundram Fasteners Limited (“SFL” or “the Company”) is incorporated in India and its shares are publicly traded in the National Stock Exchange (‘NSE’) and the Bombay Stock Exchange (‘BSE’), in India.

The registered office of the Company is situated at No. 98-A, VII Floor, Dr. Radhakrishnan Salai, Mylapore, Chennai 600 004.

Under Companies Act, 2013, Group is defined as Parent, Subsidiaries, Joint Ventures and Associates. As SFL has no Joint Venture the consolidation pertains to SFL (hereafter Holding Company) and its subsidiaries, viz.

- 1) Sundram Fasteners Investments Ltd, Chennai
- 2) TVS Upasana Ltd, Chennai
- 3) Sundram Non-Conventional Energy Systems Limited, Chennai
- 4) Sundram Precision Components Limited, Chennai
- 5) TVS Infotech Ltd, Chennai
- 6) TVS Next Pvt Ltd, Chennai
- 7) TVS Infotech Inc, USA
- 8) Sundram International Inc, USA
- 9) Sundram International Ltd, UK
- 10) Cramlington Precision Forge Ltd, UK
- 11) Sundram Fasteners (Zhejiang) Limited, Republic of China

The Consolidated financial statement for the year ended March 31, 2017 (including comparatives) are duly adopted by board on May 24, 2017 and placed for consideration and approval by the shareholders.

### 2. Basis of Preparation and Basis of Consolidation

#### 2.1 Basis of Preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed by Ministry of Corporate Affairs under Companies (Indian Accounting Standards) Rules, 2015, provisions of the Companies Act, 2013, to the extent notified, pronouncements of the Institute of Chartered Accountants of India.

Carrying value of Property, Plant and Equipment and Investment Property under the erstwhile GAAP have been considered as the deemed cost for the purpose of transition to Ind AS.

Financial assets and financial liabilities have been measured at fair value.

Amounts in financial statements are presented in India Rupees in Lakhs rounded off to two decimals places rounded with requirement of Schedule III. Per share data are presented in India Rupees to two decimals.

#### 2.2 Principles of consolidation and equity accounting

##### (i) Subsidiaries

Subsidiaries are all entities over which the Holding Company has control. The Holding Company controls an entity when the group is exposed to, or has rights to, variable returns

# Sundram Fasteners Limited

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

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from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control vests with the Holding Company.

The acquisition method of accounting is used to account for business combination acquired during the year.

The Holding Company combines the financial statements of parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting as per Ind AS 12 -Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intra company transactions. Profit or loss and other comprehensive income of subsidiary acquired during the year are recognised from the date of acquisition.

Non-controlling interests and equity of parent are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance respectively. The Company accounts the total comprehensive income or loss of subsidiaries between the equity holders of the parent and the non-controlling interests based on their respective ownership interests.

The Company's financial statements consolidate the financials of the reporting entity and its subsidiaries as of 31 March and 31 December of certain foreign subsidiaries.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Holding Company for the purpose of preparation of Consolidated Financial Statement as per Ind AS.

The Financial Statements of subsidiary viz. Sundram Fasteners Investment Limited to which Ind AS are not applicable are translated into Ind AS to comply with requirements of Ind AS and Schedule III of the Companies Act 2013.

### 3. Summary of accounting policies

3.1 Accounting policies applied in Standalone Financial Statements are applied uniformly in the preparation of Consolidated Financial Statement except for the following:-

#### 3.1.1 Foreign currency translation

##### Functional and presentation currency

The financial statements are presented in Indian Rupees, which is the functional currency of the Holding Company and its subsidiaries.

##### Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Company, using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the measurement of monetary items denominated in foreign currency at year-end exchange rates are recognized as other income in statement of profit or loss.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 (Contd.)

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### Non-monetary items

Non-monetary items are not retranslated at year-end rate and are measured at historical cost. They are recognised using Exchange rates on transaction date.

Non-monetary items which are measured at fair value are, however, translated using the exchange rates on the date of determination of fair value.

### Foreign operations

In the Company's financial statements, all assets, liabilities and transactions of Company entities with a functional currency other than INR are translated into INR for consolidation. The functional currency of the entities considered in the Consolidation has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into INR at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated into INR at the closing rate. Income and expenses have been translated into INR at the average rate over the reporting period. Exchange differences are charged or credited to Other Comprehensive Income (OCI) and reduced/added to in the foreign currency translation reserve under equity.

### 3.1.2 Revenues

#### 3.1.2.1 Sale of Software services

Revenue from services rendered is recognised in proportion to the stage of completion of the transaction at the reporting date based on the agreement with customer.

### 3.1.3 Business Combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the group; and
- fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred;
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill.

# Sundram Fasteners Limited

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

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### 3.1.4 Intangible Assets

#### 3.1.4.1 Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

#### 3.1.4.2 Computer software

Expenditure incurred and any cost directly attributed in relation to the acquisition of software is recognized as Intangible asset. Costs associated with maintaining software programmes are recognised as an expense as incurred.

#### 3.1.4.3 Amortisation methods and periods

The group amortises intangible assets with a finite useful life using the straight-line method over the following periods:

- Computer software 3-5 years

#### 3.1.4.4 Transition to Ind AS

On transition to Ind AS, the group has elected to continue with the carrying value of all of intangible assets recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

## 4 Significant management judgment in applying accounting policies and estimation of uncertainty

While preparing the financial statements, management has made a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

### (i) Significant management judgment

The following are significant management judgments in applying the accounting policies of the Company that have significant effect on the financial statements.

### (ii) Estimation of uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is mentioned below. Actual results may be different.

#### a. Impairment of non-financial assets

In assessing impairment, management has estimated economic use of the assets, the recoverable amount of each asset or cash-generating units based on expected future cash

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 (Contd.)

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flows and use an interest rate to discount them. Estimation of uncertainty relates to assumptions about economically future operating cash flows and the determination of a suitable discount rate.

b. Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of assets including Intangible Assets.

c. Inventories

Management has carefully estimated the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by market-driven changes.

d. Fair value measurement

Management has used valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management based its assumptions on observable data as far as possible but where it not available, the management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

e. Current and non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

# Sundram Fasteners Limited

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

### 5 a) PROPERTY, PLANT AND EQUIPMENT

₹ lakhs

Particulars	Land - Freehold	Buildings	Plant and Equipment	Furniture and fixtures	Office Equipments	Vehicles	Total
<b>Gross Block</b>							
<b>As at 01 April 2015</b>	4,310.31	20,517.79	1,68,752.64	10,182.15	3,158.17	459.46	2,07,380.52
Write off of opening balance of JV (Windbolt) not considered for consolidation	-	(1,367.39)	(1,312.63)	-	(78.96)	-	(2,758.98)
<b>Revised Opening Balance</b>	<b>4,310.31</b>	<b>19,150.40</b>	<b>1,67,440.01</b>	<b>10,182.15</b>	<b>3,079.21</b>	<b>459.46</b>	<b>2,04,621.54</b>
Additions	7.88	698.70	11,697.40	2,674.37	462.81	108.19	15,649.35
Disposal	-	-	(2,243.39)	(51.25)	(154.35)	(23.78)	(2,472.77)
Other Adjustments	-	69.54	(80.35)	(504.93)	4.75	-	(510.99)
Exchange difference	-	3.53	(1,431.41)	(39.68)	0.72	0.09	(1,466.75)
Deletion on account of sale of Peiner group	-	-	(23,707.06)	(11,314.70)	-	-	(35,021.76)
<b>As at 31 March 2016</b>	<b>4,318.19</b>	<b>19,922.17</b>	<b>1,51,675.20</b>	<b>945.96</b>	<b>3,393.14</b>	<b>543.96</b>	<b>1,80,798.62</b>
Acquisition through Business combination (TVS Next Private Limited)	-	-	31.63	8.91	5.65	4.91	51.10
Additions	-	1,861.13	18,837.35	153.08	314.92	325.65	21,492.13
Disposal	-	(6.78)	(1,919.00)	(10.78)	(162.50)	(131.67)	(2,230.73)
Other Adjustments	-	-	-	-	-	-	-
Exchange difference	-	(86.39)	(817.60)	(15.00)	(11.01)	(1.71)	(931.71)
<b>As at 31 March 2017</b>	<b>4,318.19</b>	<b>21,690.13</b>	<b>1,67,807.58</b>	<b>1,082.17</b>	<b>3,540.20</b>	<b>741.14</b>	<b>1,99,179.41</b>
<b>Accumulated depreciation/ amortisation</b>							
<b>As at 01 April 2015</b>	-	5,233.47	95,268.81	7,928.78	2,109.04	232.20	1,10,772.30
Write off of opening balance of JV (Windbolt) not considered for consolidation	-	(84.40)	(205.88)	-	(10.06)	-	(300.34)
<b>Revised Opening Balance</b>	-	<b>5,149.07</b>	<b>95,062.93</b>	<b>7,928.78</b>	<b>2,098.98</b>	<b>232.20</b>	<b>1,10,471.96</b>
Depreciation Charge for the year	-	594.76	9,782.32	266.83	321.23	54.25	11,019.39
Impairment for the year	-	-	427.90	-	0.02	-	427.92
Deduction on sale or discards	-	-	(2,196.60)	(50.01)	(151.42)	(14.25)	(2,412.28)
Other Adjustments	-	-	-	-	-	-	-
- Transfer	-	9.85	(11.87)	0.15	1.87	-	-
- Impairment loss /(reversal)	-	-	(8.81)	-	-	-	(8.81)
Exchange difference	-	1.03	(1,303.55)	(427.91)	0.42	0.04	(1,729.97)
Deletion on account of Peiner group	-	-	(21,488.40)	(7,092.66)	-	-	(28,581.06)
<b>As at 31 March 2016</b>	-	<b>5,754.71</b>	<b>80,263.92</b>	<b>625.18</b>	<b>2,271.10</b>	<b>272.24</b>	<b>89,187.15</b>
Acquisition through Business combination (TVS Next Private Limited)	-	-	6.43	1.66	2.15	1.54	11.78
Depreciation Charge for the year	-	640.51	9,251.30	67.69	343.89	66.16	10,369.55
Impairment for the year	-	-	17.22	-	-	-	17.22
Deduction on sale or discards	-	(6.08)	(1,436.46)	(10.58)	(159.65)	(91.10)	(1,703.87)
Other Adjustments	-	-	-	-	-	-	-
- Transfer	-	-	-	-	-	-	-
- Impairment loss /(reversal)	-	-	(1.77)	-	-	-	(1.77)
Exchange difference	-	(30.34)	(460.89)	(12.23)	(9.55)	(1.23)	(514.24)
<b>As at 31 March 2017</b>	-	<b>6,358.80</b>	<b>87,639.75</b>	<b>671.72</b>	<b>2,447.94</b>	<b>247.61</b>	<b>97,365.82</b>
<b>Net block</b>							
<b>As at 01 April 2015</b>	4,310.31	15,284.32	73,483.83	2,253.37	1,049.13	227.26	96,608.22
<b>As at 31 March 2016</b>	4,318.19	14,167.46	71,411.28	320.78	1,122.04	271.72	91,611.47
<b>As at 31 March 2017</b>	<b>4,318.19</b>	<b>15,331.33</b>	<b>80,167.83</b>	<b>410.45</b>	<b>1,092.26</b>	<b>493.53</b>	<b>1,01,813.59</b>
<b>b) Capital Work-in-Progress</b>							
<b>As at 01 April 2015</b>	-	249.10	1,247.95	677.74	-	-	2,174.79
<b>As at 31 March 2016</b>	-	631.75	4,722.07	-	44.29	-	5,398.11
<b>As at 31 March 2017</b>	-	<b>758.35</b>	<b>5,983.18</b>	-	<b>177.52</b>	-	<b>6,919.05</b>



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

**6 INVESTMENT PROPERTY**

₹ lakhs

Particulars	Land	Building	Total
<b>Gross block</b>			
As at 01 April 2015	272.00	912.79	1,184.79
Additions	-	-	-
Exchange differences	-	1.67	1.67
<b>As at 31 March 2016</b>	<b>272.00</b>	<b>914.46</b>	<b>1,186.46</b>
Additions	-	-	-
Exchange differences	-	(33.49)	(33.49)
<b>As at 31 March 2017</b>	<b>272.00</b>	<b>880.97</b>	<b>1,152.97</b>
<b>Accumulated depreciation</b>			
As at 01 April 2015	-	210.38	210.38
Depreciation for the period	-	32.15	32.15
Exchange differences	-	0.26	0.26
<b>As at 31 March 2016</b>	<b>-</b>	<b>242.79</b>	<b>242.79</b>
Depreciation for the period	-	31.82	31.82
Exchange differences	-	(9.23)	(9.23)
<b>As at 31 March 2017</b>	<b>-</b>	<b>265.38</b>	<b>265.38</b>
<b>Net block</b>			
As at 01 April 2015	272.00	702.41	974.41
As at 31 March 2016	272.00	671.67	943.67
<b>As at 31 March 2017</b>	<b>272.00</b>	<b>615.59</b>	<b>887.59</b>

**Information regarding income and expenditure of Investment property**

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Rental income from the investment property	58.19	60.28
Direct expenses that:		
> contribute to the rental income (including repairs and maintenance)	0.60	0.77
Profit before depreciation and indirect expenses	<b>57.59</b>	<b>59.51</b>
Less- Depreciation	(31.82)	(32.15)
Profit before indirect expenses	<b>25.77</b>	<b>27.36</b>

# Sundram Fasteners Limited

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

### 7 INTANGIBLE ASSETS

₹ lakhs

Particulars	Goodwill	Other Intangible assets	
		Software	Total
<b>Gross block</b>			
<b>As at 01 April 2015</b>	-	1,206.14	1,206.14
Write off of opening balance of JV(windbolt) not considered for consolidation	-	(0.19)	(0.19)
<b>Revised Opening Balance</b>	-	1,205.95	1,205.95
Additions	-	22.54	22.54
Other Adjustments	-	(7.05)	(7.05)
Exchange difference	-	(52.12)	(52.12)
Deletion on account of sale of Peiner group	-	(834.18)	(834.18)
<b>As at 31 March 2016</b>	-	335.14	335.14
Acquisition through Business combination (TVS Next Private Limited)	221.72	-	221.72
Exchange difference	-	(18.31)	(18.31)
<b>As at 31 March 2017</b>	<b>221.72</b>	<b>316.83</b>	<b>538.55</b>
<b>Accumulated depreciation/ amortisation</b>			
<b>As at 01 April 2015</b>	-	812.37	812.37
Write off of opening balance of JV(windbolt) not considered for consolidation	-	(0.07)	(0.07)
<b>Revised Opening Balance</b>	-	812.30	812.30
Amortisation charge for the year	-	160.08	160.08
Exchange difference	-	(34.53)	(34.53)
Deletion on account of peiner group	-	(710.92)	(710.92)
<b>As at 31 March 2016</b>	-	226.93	226.93
Amortisation charge for the year	-	30.14	30.14
Exchange difference	-	(14.33)	(14.33)
<b>As at 31 March 2017</b>	-	<b>242.74</b>	<b>242.74</b>
<b>Net block</b>			
As at 01 April 2015	-	393.77	393.77
As at 31 March 2016	-	108.21	108.21
<b>As at 31 March 2017</b>	<b>221.72</b>	<b>74.09</b>	<b>295.81</b>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 (Contd.)

		₹ lakhs		
		As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
<b>8</b>	<b>NON-CURRENT INVESTMENTS</b>			
<b>I)</b>	<b>Fair value through Other Comprehensive Income</b>			
	<b>Investments in Equity instruments</b>			
	<b>(i) Quoted</b>			
	a) 75,000 Equity Shares of ₹ 2 each fully paid-up in Housing Development Finance Corporation Ltd, Mumbai.	1,126.58	829.20	986.78
	b) 2500 Equity Shares of ₹ 2 each fully paid-up in HDFC Bank Ltd, Mumbai.	36.06	26.78	25.57
	c) 20,439 Equity Shares of ₹ 10 each in IDBI Bank Ltd, Mumbai.	15.35	14.19	14.51
	d) 3,094 Equity Shares of ₹ 10 each fully paid up in India Nippon Electricals Limited, Chennai.	17.01	11.33	13.02
	e) 7,800 Equity Shares of ₹10/- each fully paid up in Sundaram Brake Linings Limited, Chennai	32.08	20.27	24.30
	Sub-Total	<u>1,227.08</u>	<u>901.77</u>	<u>1,064.18</u>
	<b>(ii) Unquoted</b>			
	a) 125,000 Equity Shares of ₹ 10 each in Madras Engineering Industries Private Limited, Chennai	986.01	812.52	700.65
	Sub-Total	<u>986.01</u>	<u>812.52</u>	<u>700.65</u>
	<b>Total of (I)</b>	<u>2,213.09</u>	<u>1,714.29</u>	<u>1,764.83</u>
<b>II)</b>	<b>Investments carried at Cost</b>			
	<b>Investments in Equity instruments</b>			
	<b>(A) Unquoted</b>			
	<b>(i) Power sector*</b>			
	a) 12,935 [Last year 12,935] equity shares of ₹ 10 each (Class A) and 3,24,169 [Last year 3,24,169] equity shares of ₹ 10 each (Class B) in PPS Enviro Power Pvt Ltd., Hyderabad	122.97	122.97	54.99
	b) 19,50,891 equity shares of ₹ 10 each in Clarion Wind Farm Pvt Ltd, Chennai [Last Year 16,09,808 Equity shares]	195.09	160.98	25.99
	c) 10,50,000 Equity Shares of ₹ 10 each of Class A in Beta Wind Farm Pvt. Ltd, Chennai [Last Year 5,68,478 Equity Shares]	199.50	108.01	164.77
	d) 11,00,000 equity shares of ₹ 10 each in Gayatri Green Power Ltd, Chennai*	110.00	110.00	-
	e) 2,229 equity shares of ₹10 each in Suryadev Alloys and Power Pvt Ltd, Chennai*	3.40	3.40	-
	Sub-Total	<u>630.96</u>	<u>505.36</u>	<u>245.75</u>
	<i>* The right to sell/ transfer these shares are subject to terms and conditions of shareholder agreement.</i>			

# Sundram Fasteners Limited

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
			₹ lakhs
<b>8 NON-CURRENT INVESTMENTS (Contd.)</b>			
<b>(B) Investment in Venture Capital Fund</b>			
a) Venture Capital Fund - 168 Units of Rs.100 each in the ICICI Emerging Sectors Fund, Bengaluru [Last year 168 Units] (01-04-2015 - 3,626 units)	0.17	0.17	3.63
Sub-Total	<u>0.17</u>	<u>0.17</u>	<u>3.63</u>
<b>(C) Other investments</b>			
a) 1,000 Equity shares of GBP 1 each fully paid up in Sundram International Limited, UK (extent of holding 100%)	-	0.95	-
b) 3,51,00,000 shares of ₹ 1 each in Madurai Trans Carrier limited, Chennai (extent of holding -19.50%)	351.00	351.00	-
<i>Less: diminution in value of investments</i>	<b>(236.94)</b>		
c) Investment made by Windbolt GmbH	-	-	52.56
d) 35 shares of ₹ 100 each (₹ 65 paid-up) in the Adyar Property Holding Co. Ltd.	-	-	-
Sub-Total	<u>114.06</u>	<u>351.95</u>	<u>52.56</u>
<b>Total (II)</b>	<u><b>745.19</b></u>	<u>857.48</u>	<u>301.94</u>
<b>III) Investments carried at Cost</b>			
<b>Investments in LLP</b>			
Capital Contribution in PGSD engineering LLP, New Delhi (extent of holding 19%) (last year - 13%)	0.19	0.13	-
<b>Total (III)</b>	<u>0.19</u>	<u>0.13</u>	<u>-</u>
<b>Total (I + II + III)</b>	<u><b>2,958.47</b></u>	<u>2,571.90</u>	<u>2,066.77</u>
<b>Other details</b>			
Aggregate market value of quoted investments	<b>1,227.08</b>	901.77	1,064.18
Aggregate cost of unquoted investments	<b>757.88</b>	870.11	314.44
Aggregate amount of impairment in value of investments	<b>(236.94)</b>	-	-
<b>8 CURRENT INVESTMENTS</b>			
<b>1) Fair value through Statement of Profit or loss</b>			
<b>A) Investment in Mutual Funds</b>			
a) 1,024,575.212 units in Sundaram Money Fund scheme of Sundaram Asset Management Co Ltd, Chennai.	-	-	302.42
Sub-Total	<u>-</u>	<u>-</u>	<u>302.42</u>
<b>B) Investments in Equity instruments</b>			
<b>(i) Quoted</b>			
a) 600 Equity Shares of ₹ 10/- each fully paid up in State Bank of Travancore, Thiruvananthapuram (Last Year 600 Equity shares) (01-04-2015 500 Equity Shares) (Now 1320 Equity Shares of ₹ 1/- each of State Bank of India (SBI), Mumbai was allotted to the Company as on 01/04/2017 pursuant to the acquisition of State Bank of Travancore by SBI)	<b>3.66</b>	2.28	2.19

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
			₹ lakhs
<b>8 CURRENT INVESTMENTS (Contd.)</b>			
b) 1 Equity Share of ₹ 5 each fully paid up in Maruti Suzuki India Limited, New Delhi	<b>0.06</b>	0.04	0.04
c) 1000 Equity shares of ₹ 2/- each fully paid up in Sterling Tools Limited, New Delhi (Last Year 200 Equity Shares of ₹ 10/- each) (01-04-2015 200 Equity Shares of Rs.10/- each)	<b>2.24</b>	0.90	0.55
d) 83 Equity Shares of ₹ 10/- each fully paid up in Lakshmi Precision Screws Limited, Rohtak (Last year 83 equity shares) (01-04-2015 - 83 equity shares)	<b>0.03</b>	0.03	0.03
e) 500 Equity Shares of ₹ 2/- each fully paid up in Simmonds-Marshall Limited, Pune (Last Year 500 equity shares) (01-04-2015 - 500 equity shares)	<b>0.47</b>	0.33	0.37
f) 25 Equity Shares of ₹ 2/- each fully paid up in Bharat Forge Limited, Pune (Last Year 25 equity shares) (01-04-2015 - 25 equity shares)	<b>0.26</b>	0.22	0.32
g) 13,900 Equity Shares of ₹ 10/- each fully paid up in Sundaram Brake Linings Limited, Chennai (Last Year 13900 equity shares) (01-04-2015 - 13,900 equity shares)	<b>57.16</b>	36.13	43.30
h) 1,994 Equity Shares of ₹ 5/- each fully paid up in Sundaram Clayton Ltd, Chennai (Last Year 1994 equity shares of ₹ 5 each ) (01-04-2015 1994 Equity shares)	<b>72.63</b>	42.82	37.05
i) 1,994 Equity Shares of ₹ 5/- each fully paid up in WABCO-INDIA Limited, Chennai (Last Year 1,994 equity shares) (01-04-2015 1994 Equity shares)	<b>116.17</b>	124.58	113.87
j) 1968 Equity Shares of ₹10/- each fully paid up in India Motor Parts and Accessories Limited, Chennai (Last Year 1968 equity shares) (01-04-2015 1968 equity shares)	<b>16.46</b>	13.24	13.00
Sub-Total	<b>269.14</b>	220.57	210.72
<b>(ii) Unquoted</b>			
a) Nil Equity shares of ₹ 10/- each fully paid up in PPS Enviro Power Pvt. Ltd., Hyderabad (Last year - 37,240 equity shares) (01-04-2015, 37,240 equity shares)	-	24.01	24.01
b) 3000 Class A Equity shares of ₹ 10/- each fully paid in Clean Switch India Private Limited, Chennai	<b>4.50</b>	-	-
c) 1,40,000 Class B equity shares of ₹ 10/- each fully paid in Clean Switch India Private Limited, Chennai	<b>14.00</b>	-	-
Sub-Total	<b>18.50</b>	24.01	24.01
<b>Total</b>	<b>287.64</b>	244.58	537.15

# Sundram Fasteners Limited

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

₹ lakhs

Particulars	As at 31 March 2017		As at 31 March 2016		As at 01 April 2015	
	Non-current	Current	Non-current	Current	Non-current	Current
<b>9 LOANS (UNSECURED CONSIDERED GOOD UNLESS OTHERWISE STATED)</b>						
Loans to employees	260.57	110.77	300.01	111.54	310.99	125.50
	<u>260.57</u>	<u>110.77</u>	<u>300.01</u>	<u>111.54</u>	<u>310.99</u>	<u>125.50</u>
<b>10 OTHER FINANCIAL ASSETS (UNSECURED CONSIDERED GOOD UNLESS OTHERWISE STATED)</b>						
Security deposits *	2,788.28	1.00	2,683.39	-	2,403.66	-
Advances recoverable in cash or in kind	-	1,459.39	-	1,568.36	0.05	5,649.49
Interest receivable	0.01	61.22	-	32.92	0.04	539.69
Advances to employees	5.66	39.22	4.67	15.92	2.89	19.87
Claims receivable	-	36.82	-	1.40	-	1.02
Others	218.22	47.07	6.63	1.70	6.25	2.97
	<u>3,012.17</u>	<u>1,644.72</u>	<u>2,694.69</u>	<u>1,620.30</u>	<u>2,412.89</u>	<u>6,213.04</u>
* Includes security deposits with bank on lien with Electricity Board in Puducherry						
<b>11 TAX ASSETS (NET)</b>						
Advance Income-tax (net of provision for taxation)	2,538.75	108.50	3,007.91	112.93	2,899.97	14.36
Income tax receivable	93.04	3.50	70.44	-	90.44	-
	<u>2,631.79</u>	<u>112.00</u>	<u>3,078.35</u>	<u>112.93</u>	<u>2,990.41</u>	<u>14.36</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

₹ lakhs

Particulars	As at 31 March 2017		As at 31 March 2016		As at 01 April 2015	
	Non-current	Current	Non-current	Current	Non-current	Current
<b>12 OTHER ASSETS</b> (Unsecured, considered good)						
Prepaid expenses	544.86	880.86	46.85	838.45	22.90	1,723.30
Capital advance	2,200.09	-	1,367.16	-	1,460.55	-
Balance with statutory/government authorities	0.79	4,779.91	0.79	4,074.01	0.79	5,884.45
Advances recoverable in cash or in kind	105.25	3,710.25	-	2,722.58	-	2,799.50
Advances to suppliers of inputs	-	631.55	-	1,337.33	-	720.68
Claims receivable	-	388.77	-	271.96	-	339.00
Unamortised cost of leasehold land	4,128.28	32.10	1,175.40	9.21	3,857.51	27.42
Unbilled Revenue	-	98.15	-	231.15	-	183.99
Others	-	66.70	-	86.87	-	109.94
	<b>6,979.27</b>	<b>10,588.29</b>	<b>2,590.20</b>	<b>9,571.56</b>	<b>5,341.75</b>	<b>11,788.28</b>

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
<b>13 INVENTORIES</b>			
Stores & Spares	1,130.39	1,233.87	1,146.76
Stores & Spares in Transit	-	-	35.99
Loose tools	3,053.91	2,716.23	2,831.11
Loose tools in transit	-	2.08	7.08
Raw Materials and components	11,246.15	10,020.90	12,265.13
Raw Materials and components in Transit	1,407.71	1,399.57	1,377.82
Work-in-process	10,198.68	9,925.28	12,122.57
Work-in-process in Transit	0.43	57.11	20.03
Finished Goods	17,548.68	16,353.69	22,799.99
Finished Goods in Transit	292.25	698.89	21.72
Packing Materials	24.58	14.16	16.30
	<b>44,902.78</b>	<b>42,421.78</b>	<b>52,644.50</b>

- a) Inventory written down Nil and Reversal of written down inventory Nil.
- b) In view of the varieties of the products involved, it is impractical to determine the carrying amount of inventory attributable to sales

# Sundram Fasteners Limited

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

			₹ lakhs
Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
<b>14 TRADE RECEIVABLES</b>			
(Unsecured, considered good unless otherwise stated)			
Trade receivables	<b>65,516.12</b>	54,129.49	49,226.36
	<u>65,516.12</u>	<u>54,129.49</u>	<u>49,226.36</u>
Doubtful	<b>6.38</b>	12.67	0.48
Less : Provision for bad and doubtful debts	<b>(108.37)</b>	(12.67)	(40.73)
	<u>65,414.13</u>	<u>54,129.49</u>	<u>49,186.11</u>
<b>15 CASH AND CASH EQUIVALENTS</b>			
Cash on hand	<b>39.62</b>	30.16	32.20
Cheques on hand	<b>467.98</b>	19.83	370.32
Balances with banks in current accounts	<b>3,206.77</b>	2,353.10	1,910.92
	(A) <u>3,714.37</u>	<u>2,403.09</u>	<u>2,313.44</u>
<b>Other bank balances</b>			
Earmarked balances with banks - Dividend Warrant Accounts	<b>234.84</b>	275.47	171.05
	(B) <u>234.84</u>	<u>275.47</u>	<u>171.05</u>
	(A + B) <u>3,949.21</u>	<u>2,678.56</u>	<u>2,484.49</u>



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

₹ lakhs

	As at 31 March 2017		As at 31 March 2016		As at 01 April 2015	
	Number	₹	Number	₹	Number	₹
<b>16 SHARE CAPITAL</b>						
<b>Authorised</b>						
Equity shares of ₹ 1 each	250,000,000	2,500.00	250,000,000	2,500.00	250,000,000	2,500.00
<b>Issued, subscribed and fully paid up</b>						
Equity shares of ₹ 1 each	21,01,28,370	2,101.28	21,01,28,370	2,101.28	21,01,28,370	2,101.28
	<u>21,01,28,370</u>	<u>2,101.28</u>	<u>21,01,28,370</u>	<u>2,101.28</u>	<u>21,01,28,370</u>	<u>2,101.28</u>

a) There were no movement in the share capital during the current and previous year.

b) Shareholders holding more than 5% of the aggregate shares in the Company

	Nos.	% holding	Nos.	% holding	Nos.	% holding
T V Sundaram Iyengar & Sons Private Ltd., Madurai	53,312,000	25.37%	53,312,000	25.37%	53,312,000	25.37%
Southern Roadways Limited, Madurai	50,773,280	24.16%	50,773,280	24.16%	50,773,280	24.16%
HDFC Trustee Company Ltd., Mumbai	18,896,927	8.99%	18,914,297	9.00%	-	-
	<u>122,982,207</u>	<u>58.52%</u>	<u>122,999,577</u>	<u>58.53%</u>	<u>104,085,280</u>	<u>49.53%</u>

c) Rights, Preferences, Restrictions

**Equity shares**

The Company has only one class of equity shares having a par value of ₹ 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.

d) Bonus Shares / Buy Back / Shares for consideration other than cash issued during the period of five years immediately preceding the financial year ended 31 March 2017:

(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

# Sundram Fasteners Limited

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

### 16 SHARE CAPITAL (Contd.)

#### e) Capital Management

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern
- to provide an adequate return to shareholders

by pricing products and services commensurately with the level of risk

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

		₹ lakhs		
		As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
Borrowings		70,024.79	60,198.40	86,378.25
Cash and cash equivalents		(3,714.37)	(2,403.09)	(2,313.44)
<b>Capital</b>	A	<b>66,310.42</b>	57,795.31	84,064.81
Total equity		1,23,612.89	95,358.93	91,994.47
<b>Overall financing</b>	B	<b>1,23,612.89</b>	95,358.93	91,994.47
<b>Gearing ratio</b>	C = (A/B)*100	<b>53.64%</b>	60.61%	91.38%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 (Contd.)

₹ lakhs

Particulars	As at 31 March 2017		As at 31 March 2016		As at 01 April 2015	
	Non-current	Current	Non-current	Current	Non-current	Current
<b>17 BORROWINGS</b>						
<b>a) Secured loans - from banks</b>						
Term loan from banks	20,554.80	235.48	21,473.18	-	32,469.53	-
Working Capital Loans	-	9,179.82	14.08	6,427.99	-	16,107.64
	<b>20,554.80</b>	<b>9,415.30</b>	<b>21,487.26</b>	<b>6,427.99</b>	<b>32,469.53</b>	<b>16,107.64</b>
Less: Current maturities of long term borrowings	(8,078.77)		(3,913.00)	-	(12,860.20)	
	<b>12,476.03</b>	<b>9,415.30</b>	<b>17,574.26</b>	<b>6,427.99</b>	<b>19,609.33</b>	<b>16,107.64</b>
<b>b) Unsecured Loans</b>						
Term loan from banks	2,500.59	50.00	-	-	-	-
Working Capital Loans	-	37,504.10	-	32,283.15	536.68	37,264.40
	<b>2,500.59</b>	<b>37,554.10</b>	<b>-</b>	<b>32,283.15</b>	<b>536.68</b>	<b>37,264.40</b>
<b>Total (a + b)</b>	<b>14,976.62</b>	<b>46,969.40</b>	<b>17,574.26</b>	<b>38,711.14</b>	<b>20,146.01</b>	<b>53,372.04</b>

**c) Maturity profile of the loans are as follows:-**

Particulars	2017-18	2018-19	2019-20	2020-21	2021-22	After 2022-23
i) Term Loans - Secured	8,078.77	9,907.51	168.75	675.00	675.00	1,181.25
ii) Term Loans - Unsecured	-	-	-	1,252.80	1,252.80	-
<b>Total</b>	<b>8,078.77</b>	<b>9,907.51</b>	<b>168.75</b>	<b>1,927.80</b>	<b>1,927.80</b>	<b>1,181.25</b>

**18 PROVISIONS**

Provision for employee benefits

Gratuity	155.79	787.43	134.26	321.35	112.63	504.50
Compensated absences	452.53	67.39	475.97	145.71	395.96	173.94
Other employee benefits	11.05	4.88	-	-	-	3,739.53
Others						
Expenses	-	2,799.27	-	1,618.78	-	1,602.65
	<b>619.37</b>	<b>3,658.97</b>	<b>610.23</b>	<b>2,085.84</b>	<b>508.59</b>	<b>6,020.62</b>

# Sundram Fasteners Limited

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

₹ lakhs

### 19 DEFERRED TAX LIABILITIES (NET)

Particulars	01 April 2016*	Recognised in Other comprehensive Income	Recognised in Statement of Profit and loss	31 March 2017
Deferred tax liability arising on account of :				
Temporary difference between depreciation/ amortisation as per financials and depreciation as per tax	10,065.41	-	953.21	<b>11,018.62</b>
Exchange difference on Translation of Foreign operations	(1.02)	-	-	<b>(32.57)</b>
Gain/(loss) on foreign exchange fluctuation	(24.08)	-	24.08	-
Gain on fair valuation of investments	-	-	-	-
Others	59.24	-	(17.51)	<b>41.73</b>
Deferred Tax Liability (A)	<u>10,099.55</u>	<u>-</u>	<u>959.78</u>	<b><u>11,027.78</u></b>
Less: Deferred tax asset arising on account of :				
Temporary difference between depreciation/ amortisation as per financials and depreciation as per tax	20.90	-	0.23	<b>21.13</b>
Provision for employee benefits	230.63	(29.47)	5.90	<b>207.06</b>
Others	909.42	0.57	148.40	<b>1,058.39</b>
Deferred Tax Asset (B)	<u>1,160.95</u>	<u>(28.90)</u>	<u>154.53</u>	<b><u>1,286.58</u></b>
Others - MAT Credit (C)	<u>3,199.73</u>	<u>-</u>	<u>-</u>	<b><u>2,501.35</u></b>
<b>Net Deferred Tax Liability (A-B-C)</b>	<b><u>5,738.87</u></b>	<b><u>28.90</u></b>	<b><u>805.25</u></b>	<b><u>7,239.85</u></b>

\* The values are after considering the acquisition of TVS Next Private Limited, Chennai during the year 2016-17.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

₹ lakhs

Particulars	01 April 2015	Recognised in Other comprehensive Income	Recognised in Statement of Profit and loss	31 March 2016
<b>19 DEFERRED TAX LIABILITIES (NET)</b>				
Deferred tax liability arising on account of :				
Temporary difference between depreciation/ amortisation as per financials and depreciation as per tax	10,013.88	-	51.20	10,065.08
Exchange difference on Translation of Foreign operations	-	-	-	(1.02)
Gain/(loss) on foreign exchange fluctuation	39.39	-	(63.47)	(24.08)
Gain on fair valuation of investments	0.08	-	(0.08)	-
Others	52.36	-	6.88	59.24
Deferred Tax Liability (A)	<u>10,105.71</u>	<u>-</u>	<u>(5.47)</u>	<u>10,099.22</u>
Less: Deferred tax asset arising on account of:				
Temporary difference between depreciation/ amortisation as per financials and depreciation as per tax	17.85	-	3.05	20.90
Provision for employee benefits	201.01	(1.11)	30.44	230.34
Others	783.61	-	125.81	909.42
Deferred Tax Asset (B)	<u>1,002.47</u>	<u>(1.11)</u>	<u>159.30</u>	<u>1,160.66</u>
Others - MAT Credit (C)	<u>77.32</u>	<u>-</u>	<u>-</u>	<u>3,199.73</u>
<b>Net Deferred Tax Liability (A-B-C)</b>	<u><b>9,025.92</b></u>	<u><b>1.11</b></u>	<u><b>(164.77)</b></u>	<u><b>5,738.83</b></u>

	As at 31 March 2017		As at 31 March 2016		As at 01 April 2015	
	Non- current	Current	Non- current	Current	Non- current	Current
<b>20 TAX LIABILITIES (Net)</b>						
Provision for taxation (net of advance income tax)	<b>910.60</b>	<b>216.85</b>	138.08	123.96	302.28	143.06
	<u><b>910.60</b></u>	<u><b>216.85</b></u>	<u>138.08</u>	<u>123.96</u>	<u>302.28</u>	<u>143.06</u>
<b>21 TRADE PAYABLES</b>						
Dues to Micro, Small and Medium Enterprises (MSME)	-	433.35	-	489.70	-	347.73
Dues to others	26.09	30,930.06	23.00	33,056.98	89.14	29,416.47
	<u><b>26.09</b></u>	<u><b>31,363.41</b></u>	<u>23.00</u>	<u>33,546.68</u>	<u>89.14</u>	<u>29,764.20</u>

# Sundram Fasteners Limited

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

Particulars	₹ lakhs		
	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
<b>22 OTHER FINANCIAL LIABILITIES</b>			
<b>a. Financial liabilities at fair value through profit and loss</b>			
Derivative liabilities	1,226.88	534.89	745.68
Financial guarantee obligation	-	9,530.09	-
Premium on financial guarantee	36.00	11.27	6.91
<b>b. Others</b>			
Current maturities of term loans from banks (Secured)	8,078.77	3,913.00	12,860.20
Interest accrued but not due	282.88	162.93	165.65
Unclaimed dividend	234.84	275.47	171.05
Unclaimed wages & salaries	34.86	34.95	38.68
Unclaimed bonus	5.39	5.49	4.80
Trade deposits	526.61	412.80	225.71
Non statutory dues	413.08	418.80	360.98
Bonus payable	864.10	622.79	243.01
Outstanding liabilities	8,422.46	7,638.93	7,084.37
	<u>20,125.87</u>	<u>23,561.41</u>	<u>21,907.04</u>

The Company's financial liabilities include fair value of forward contracts entered for the purpose of hedging the borrowings from banks. The Company considers these hedging items as independent derivative instruments and are measured at fair value through profit and loss.

## 23 OTHER CURRENT LIABILITIES

Customer advances	1,167.34	344.50	457.20
Statutory dues	1,259.83	1,272.09	1,339.01
Others	57.90	151.32	151.93
	<u>2,485.07</u>	<u>1,767.91</u>	<u>1,948.14</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

		₹ lakhs	
Particulars	Year ended 31 March 2017	Year ended 31 March 2016	
<b>24 REVENUE FROM OPERATIONS</b>			
a) Sale of goods (including Excise Duty)			
Domestic	2,27,865.01	2,23,411.12	
Export	1,14,905.46	1,10,581.81	
b) Sale of services	3,883.65	6,696.28	
c) Other operating revenue (Note No: 24A)	6,251.31	6,731.16	
<b>Revenue from operations (Gross)</b>	<b>3,52,905.43</b>	<b>3,47,420.37</b>	
<b>24A OTHER OPERATING REVENUES</b>			
Scrap Sales	5,111.28	4,724.72	
Lease Income	46.54	530.17	
Export Incentives	1,071.98	632.72	
Others	21.51	843.55	
	<b>6,251.31</b>	<b>6,731.16</b>	
<b>25 OTHER INCOME</b>			
Interest Income	360.81	1,228.30	
Net foreign exchange gain	-	2,139.59	
Dividends - From Other Companies	53.32	36.63	
Fair value gain on financial instruments at fair value through profit or loss	48.57	9.60	
Miscellaneous Income	976.08	2,649.53	
Profit on Sale of Assets	27.75	30.29	
Profit on Sale of Investment in Mutual funds	6.19	78.54	
Provision no longer required written back	95.86	-	
	<b>1,568.58</b>	<b>6,172.48</b>	
<b>26 OTHER COMPREHENSIVE INCOME</b>			
Other Comprehensive Income shall be classified into			
i) Items that will not be reclassified to profit or loss			
- Re-measurement gains / (losses) on defined benefit plans	(155.46)	19.22	
Income tax effect	(28.90)	(1.11)	
- Net (loss)/gain on equity securities	498.80	(50.54)	
Income tax effect	-	-	
	<b>314.44</b>	<b>(32.43)</b>	
ii) Items that will be reclassified to profit or loss			
- Exchange differences on translation of foreign operations	(17.84)	(212.12)	
Income tax effect	-	-	
	<b>(17.84)</b>	<b>(212.12)</b>	

# Sundram Fasteners Limited

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

		₹ lakhs	
Particulars	Year ended 31 March 2017	Year ended 31 March 2016	
<b>27 COST OF RAW MATERIALS AND COMPONENTS CONSUMED</b>			
Opening stock of raw materials and components	10,007.10	12,115.16	
Add : Purchases during the year	1,26,037.68	1,31,155.81	
Less: Closing stock of raw materials and components	<u>11,271.00</u>	<u>12,058.14</u>	
	<u>1,24,773.78</u>	<u>1,31,212.83</u>	
<b>28 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROCESS</b>			
<b>A) Opening Stock:</b>			
Work-in-Process	9,895.56	12,004.51	
Finished Goods	16,638.49	22,511.91	
Less: Excise Duty on Finished Goods	<u>781.33</u>	<u>878.22</u>	
Sub Total	<u>25,752.72</u>	<u>33,638.20</u>	
<b>B) Less:</b>			
Closing Stock:			
Work-in-Process	10,246.15	12,117.93	
Finished Goods	17,897.53	21,449.05	
Less: Excise Duty on Finished Goods	<u>440.77</u>	<u>781.33</u>	
Sub Total	<u>27,702.91</u>	<u>32,785.65</u>	
Total (A- B)	<u>(1,950.19)</u>	<u>852.55</u>	
Add/(Less): Excise Duty on opening and closing stock of Finished Goods (Net)	<u>340.56</u>	<u>96.89</u>	
Total	<u>(1,609.63)</u>	<u>949.44</u>	
<b>29 EMPLOYEE BENEFITS EXPENSE</b>			
Salaries and wages	32,078.80	38,301.59	
Contribution to provident and other funds	2,438.52	4,407.79	
Staff welfare expenses	<u>3,183.03</u>	<u>3,055.13</u>	
	<u>37,700.35</u>	<u>45,764.51</u>	
<b>30 FINANCE COSTS</b>			
Interest expenses	3,259.39	3,180.25	
Other borrowing costs	16.35	26.05	
Applicable net loss on foreign currency transactions and translation including borrowing cost	<u>1,375.91</u>	<u>4,070.21</u>	
	<u>4,651.65</u>	<u>7,276.51</u>	
<b>31 DEPRECIATION AND AMORTISATION EXPENSE</b>			
Depreciation on tangible assets	10,401.37	11,051.54	
Amortization on intangible assets	30.14	160.08	
Impairment of tangible assets	<u>17.22</u>	<u>427.92</u>	
	<u>10,448.73</u>	<u>11,639.54</u>	



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)**

		₹ lakhs	
Particulars	Year ended 31 March 2017	Year ended 31 March 2016	
<b>32 OTHER EXPENSES</b>			
Stores and tools consumed	35,402.73	32,170.23	
Power & fuel	14,957.50	16,477.21	
Rent	1,006.15	2,330.32	
Rates & taxes	2,178.26	1,592.84	
Insurance	1,103.76	1,200.76	
Repairs and maintenance			
- Building	2,735.67	2,932.86	
- Plant & Equipment	3,683.38	4,467.29	
- Other assets	727.49	1,393.01	
Sub-contract expenses	29,293.88	25,078.00	
Freight & Cartage Inward	1,997.11	1,897.02	
Commission on sales	67.41	829.42	
Directors' Sitting Fees	16.70	29.20	
Audit fee (Refer Note No.35)	111.97	153.56	
Loss on sale of assets	157.85	21.18	
Net Foreign exchange loss (net off gain)	441.36	-	
Research and development expenditure	1,295.17	996.84	
Corporate Social Responsibility expenditure	300.82	190.05	
Freight & Cartage Outward	6,615.68	6,432.02	
Travel Expenses	1,391.82	1,445.16	
Postage & Telecom Expenses	443.90	437.44	
Customer claims - Warranty and Other claims	662.74	3,672.47	
Consultancy	1,837.00	2,751.51	
Finance guarantee expenses	30.66	20.65	
Loss on sale of investments	-	1.41	
Fair value loss on financial instruments at fair value through profit or loss	-	0.15	
Miscellaneous expenses	2,055.97	2,638.74	
	<b>1,08,514.98</b>	<b>1,09,159.34</b>	

# Sundram Fasteners Limited

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

₹ lakhs

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
<b>33 INCOME TAX</b>		
The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of Sundram Fasteners Limited at 34.608% and the reported tax expense in the statement of profit and loss are as follows:		
Profit before tax	45,852.50	13,896.40
Statutory income tax rate of 34.608% (31 March 2016: 34.608%)	15,868.63	4,809.26
Other adjustments	<u>(4,639.88)</u>	<u>(92.29)</u>
	<u>11,228.75</u>	<u>4,716.97</u>
<b>Tax expense comprises of:</b>		
<b>Current income tax:</b>		
Current income tax charge (net of Minimum Alternate Tax)	11,228.75	4,716.97
MAT credit utilized	-	(3,163.76)
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	805.25	(164.77)
	<u>12,034.00</u>	<u>1,388.44</u>
<b>Income tax expense</b>	<u>12,034.00</u>	<u>1,388.44</u>
<b>Income Tax on Other Comprehensive Income</b>		
Deferred tax related to items recognised in OCI during the year:		
a) Provision for employee benefits	(28.90)	(1.11)
	<u>(28.90)</u>	<u>(1.11)</u>
<b>34 EARNINGS PER EQUITY SHARE (EPS)</b>		
Nominal value of equity shares	1.00	1.00
Profit attributable to equity shareholders (A)	33,818.50	12,507.96
Weighted average number of equity shares outstanding during the year (B)	21,01,28,370	21,01,28,370
<b>Basic earnings per equity share (A/B) (in ₹)</b>	<u>16.10</u>	<u>5.95</u>
Dilutive effect on profit (C)	-	-
Profit attributable to equity shareholders for computing diluted EPS (D) = (A+C)	33,818.50	12,507.96
Dilutive effect on weighted average number of equity shares outstanding during the year (E)	-	-
Weighted average number of equity shares for computing diluted EPS (F) = (B+E)	21,01,28,370	21,01,28,370
<b>Diluted earnings per equity share (D/F) (in Rs. )</b>	<u>16.10</u>	<u>5.95</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

Particulars	₹ lakhs	
	Year ended 31 March 2017	Year ended 31 March 2016
<b>35 REMUNERATION TO AUDITORS CONSIST OF</b>		
a) As Auditors	63.12	102.71
b) Taxation Matters	9.21	7.60
c) Company Law Matters	0.76	0.36
d) Other Services	28.20	28.16
e) Reimbursement of expenses	10.68	14.73
	<b>111.97</b>	<b>153.56</b>
<b>36 EXCEPTIONAL ITEMS</b>		
Provision for Diminution in value of investments	236.94	-
Write off of loans receivable	-	10,437.82
Loss on loan acquisition towards meeting guarantee obligations	-	9,530.09
Investments write off	-	4,831.01
Write off of Interest receivable (Net)	-	955.22
	A <b>236.94</b>	25,754.14
Accumulated losses of Peiner group	B -	13,993.71
<b>Total</b>	(A-B) <b>236.94</b>	<b>11,760.43</b>

**37 Details of Specified Bank Notes (SBN) held and transacted during the period 08.11.2016 to 30.12.2016**

Particulars	SBNs	Other denomination notes	Total
Closing cash on hand as on 08.11.2016	10.20	5.50	15.70
(+) Permitted receipts*	5.71	40.50	46.21
<b>(-) Permitted payments</b>	(0.80)	(33.51)	(34.31)
(-) Amount deposited in Banks	(15.11)	-	(15.11)
<b>Closing cash on hand as on 30.12.2016</b>	<b>-</b>	<b>12.49</b>	<b>12.49</b>

\* Permitted receipts of specified bank notes represents amount of advances given to employees prior to 8<sup>th</sup> November 2016 which were returned.

# Sundram Fasteners Limited

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

	31 March 2017	31 March 2016	01 April 2015
			₹ lakhs
<b>38 Commitments, contingent liabilities and contingent assets</b>			
a) Operating lease commitments			
(i) The company has entered into lease agreements for a period up to five years, which are in the nature of operating leases.			
Future minimum rentals payable under non-cancellable operating leases as at 31 March 2017 are, as follows			
a) Upto one year	<b>204.91</b>	272.11	276.94
b) One to five years	<b>326.62</b>	171.89	408.84
	<b>531.53</b>	444.00	685.78
(ii) Significant Leasing arrangements:			
The company has entered into leasing arrangements in respect of plant and equipment.			
(a) 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.			
(b) 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.			
(c) There are no restrictions imposed by the lease arrangements, concerning dividends, additional debt & further leasing.			
b) Capital commitments			
Estimated amount of contracts remaining to be executed on capital account and not provided for	<b>4,378.96</b>	5,972.97	5,032.98

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 (Contd.)

	31 March 2017	31 March 2016	01 April 2015
			₹ lakhs
c) Contingent liabilities			
- Claims against the company not acknowledged as debt;			
Legal claims			
- Sales Tax / entry Tax - under appeal	<b>3,036.78</b>	3,059.11	3,353.50
- Excise Duty / Customs Duty / Service Tax - under appeal	<b>835.70</b>	640.99	633.89
- Income-tax - under appeal	<b>177.23</b>	135.62	125.12
- Others	<b>404.29</b>	113.44	244.72
- Guarantees excluding financial guarantees for which impairment is not considered			
(i) On Letters of Guarantee	<b>6,553.49</b>	2,321.53	3,563.59
(ii) The Company has furnished guarantees to fulfil various obligations of Sundram International Limited, UK wholly owned subsidiary of the Company, the amount of which is to the extent of non fulfilment of obligations of the subsidiaries which is not ascertainable.			
- Other money for which the company is contingently liable			
(i) On Letters of Credit	<b>10.51</b>	322.75	472.19
(ii) On partly paid shares of The Adyar Property Holding Company Limited	<b>0.01</b>	0.01	0.01
(iv) The Company has transferred its shareholdings in Sundram Fasteners (Zhejiang) Ltd., China to its subsidiary, Sundram International Ltd, United Kingdom. The tax liability in respect of capital gain on transfer of shareholding in case of special tax treatment not accruing to the transfer.	-	1,292.17	-
d) Contingent assets			
Claim of additional compensation against land acquisition	<b>23.29</b>	23.29	23.29

# Sundram Fasteners Limited

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

### 39 DISCLOSURE ON BUSINESS COMBINATION

Acquisition of TVS Next Private Limited, Chennai (Formerly Blisslogix Technology Solutions (P) Limited) (TVS NP)

1) On 11 April 2016, The company acquired 90% of the Equity shares of TVS NP, a non-listed company based in India specialising in the Enterprise Mobility Solutions, in exchange for the consideration in cash. The acquisition of TVS Next Private Limited provides the company with capabilities in Enterprise Mobility Solutions.

2) **Assets acquired and liabilities assumed:**

The fair value of the identifiable assets and liabilities of TVS Next Private Limited, Chennai as at the date of acquisition were:

	<b>Fair value recognised on acquisition</b>
	<b>₹</b>
<b>Assets</b>	
Tangible Assets	4,008,702
Security Deposit	870,000
Trade Receivable	10,294,298
Cash and Cash Equivalents	10,000,344
Current loans and advances	4,084,955
	A <u>29,258,299</u>
<b>Liabilities</b>	
Long term borrowings	208,560
Deferred tax Liabilities	31,939
Long term Provisions	2,686,968
Short term borrowings	8,396,518
Trade Payables	286,564
Other current liabilities	1,780,846
Short term provisions	9,129,740
	B <u>22,521,135</u>
<b>Total identifiable net assets</b>	C = (A-B) <u>6,737,164</u>
Less: Non-controlling interests measured at proportionate % on net assets	(673,716)
<b>Less: Purchase consideration transferred</b>	<u>(39,500,000)</u>
	Goodwill <u><b>33,436,552</b></u>

3) **Goodwill:-**

Goodwill on acquisition arises when the consideration transferred exceeds the fair value of net identifiable assets acquired and liabilities absorbed.

During the year under review TVS Infotech Limited, Chennai a subsidiary, acquired TVS Next Private Limited, Chennai. Goodwill that arose on the said acquisition is ₹ 334.37 lakhs.

The goodwill of ₹ 3,34,36,552 comprises the value of expected synergies arising from the acquisition and leverage of fixed costs. It will not be deductible for tax purposes.

As regards testing for impairment please see Note Number 3.1.4.1

4) The carrying amounts of assets and Liabilities of TVS NP as on the date of acquisition is considered as fair value since they were capable of being realised at the carrying amounts in the balance sheet of TVS NP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 (Contd.)

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- 5) Purchase consideration ₹ 3,95,00,000
- 6) The company recognises Non-controlling interest in TVS NP at proportionate share of the acquired entity's net identifiable assets.
- 7) The acquired business contributed revenues of ₹ 9,85,18,249 and Loss of ₹ 51,69,099 for the period from 10 April 2016 to 31 March 2017.
- 8) If the acquisition had occurred on 1 April 2016, consolidated pro-forma revenue and Loss for the year ended 31 March 2017 would have been ₹ 29,80,19,015 and ₹ 49,02,669 respectively.

### Computation of gain / loss on further investment in Sundram Precision Components Limited (SPCL), Chennai

Particulars	Amount ₹ in lakhs
Cash Consideration paid to Non-controlling Shareholders	528.36
Carrying value of additional interest in SPCL (24%)	417.32
Difference recognised in Retained Earnings within equity	<u>111.04</u>

## 40 RELATED PARTY DISCLOSURES

### Related Parties :

#### (I) Where Control exists:

##### (A) Subsidiary Companies

###### Domestic Subsidiaries

1. Sundram Fasteners Investments Ltd., Chennai,
2. TVS Upasana Ltd., Chennai (Formerly Upasana Engineering Ltd)
3. Sundram Non-Conventional Energy Systems Ltd., Chennai,
4. Sundram Precision Components Ltd., Chennai (Formerly Sundram Bleistahl Ltd)
5. TVS Infotech Ltd., Chennai
6. TVS Next Private Ltd., Chennai

###### Foreign Subsidiaries

1. Sundram International Limited, UK,
2. Sundram Fasteners (Zhejiang) Ltd., Zhejiang, Peoples Republic of China (Subsidiary of Sundram International Ltd, New Castle, United Kingdom)
3. Cramlington Precision Forge Ltd., Northumberland, United Kingdom (Subsidiary of Sundram International Ltd, New Castle, United Kingdom)
4. Sundram International Inc, Michigan, USA,
5. TVS Infotech Inc., Michigan, USA (Subsidiary of TVS Infotech Ltd, Chennai)

##### (B) Associate

1. TV Sundram Iyengar & Sons Private Ltd., Madurai and
2. Southern Roadways Ltd., Madurai

# Sundram Fasteners Limited

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

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

#### (A) Key Management Personnel

Mr Suresh Krishna,  
 Ms Arathi Krishna,  
 Ms Arundathi Krishna  
 Mr S Meenakshisundaram\* and  
 Mr R Dilip Kumar\*  
 Mr Vinod Krishnan#  
 Mr Jegan Selvaraj§

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

Ms Usha Krishna  
 Ms Preethi Krishna  
 Mr K Ramesh

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

Upasana Finance Limited, Chennai

\* Key Management Personnel as per Companies Act, 2013.

# Key Management Personnel of TVS Infotech Limited

§ Key Management Personnel of TVS Next Private Limited

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

₹ in 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	-	0.71	-	-	-	-
	-	(0.98)	-	-	-	-
	-	(1.83)	-	-	-	-
Shares by cash	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
Value of Shares (allotted in pursuant to sale of subsidiary company's shareholdings)	-	-	-	-	-	-
	-	-	-	-	-	-
Fixed Assets	-	14.58	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
<b>Sales</b>						
Goods and Materials	-	15,305.21	-	-	-	-
	-	(16,814.09)	-	-	-	-
	-	(8,346.18)	-	-	-	-
Shares	-	-	-	-	-	-
	-	-	(14.20)	-	-	-
	-	-	-	-	-	-



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

₹ in 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
Fixed Assets	-	-	-	-	-	-
	-	-	-	-	-	-
<b>Services</b>						
Rendered	-	-	-	-	-	-
	-	-	-	-	-	-
Received	-	300.60	-	-	-	40.81
	-	(428.46)	-	-	-	(48.19)
	-	(412.95)	-	-	-	(43.51)
<b>Finance</b>						
Inter Corporate Deposit Paid (Net )	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
Interest on Inter Corporate Deposit	-	-	-	-	-	-
	-	-	(102.31)	-	-	-
	-	-	(157.08)	-	-	-
Dividend Received	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
Dividend Paid	-	1,769.45	-	2.29	1.34	-
	-	(3,174.60)	-	(4.12)	(2.40)	-
	-	(1,925.58)	-	(2.50)	(1.45)	-
<b>Others</b>	-	-	-	18.00	6.20	-
Leasing or hire purchase arrangements	-	-	-	(19.20)	(6.20)	-
	-	-	-	(19.20)	(6.20)	-
Guarantees & Collaterals	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
Management contracts, Including deputation of employees	-	-	-	3,224.16	-	-
	-	-	-	(1,374.26)	-	-
	-	-	-	(1,124.05)	-	-
<b>Outstanding balances</b>	-	1,509.64	-	-	-	-
Due to the Company	-	(2,330.30)	-	-	-	-
	-	(1,026.19)	(1,991.52)	-	-	-
Due by the Company	-	29.55	-	2,750.00	-	-
	-	(24.76)	-	(1,000.00)	-	-
	-	(15.33)	-	(800.00)	-	-
(Previous year figures are in brackets - 2015-16 & 2014-15)						

# Sundram Fasteners Limited

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

₹ lakhs

### 41 a) Group Information

#### Information about subsidiaries

The group's subsidiaries as at 31 March 2017 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of the Company	Principal Activities	Country of Incorporation	Ownership interest held by the group			Ownership interest held by non-controlling interests		
			31-Mar-17	31-Mar-16	01-Apr-15	31-Mar-17	31-Mar-16	01-Apr-15
<b>Subsidiary Companies</b>								
Sundram Fasteners Investments Limited, Chennai	Financial Services	India	100.00%	100.00%	100.00%	0.00%	0.00%	0.00%
Sundram Fasteners (Zhejiang) Limited, China (wholly owned subsidiary of Sundram International Limited, UK)	Manufacture of high tensile fasteners and bearing housings.	China	100.00%	100.00%	100.00%	0.00%	0.00%	0.00%
TVS Upasana Limited, Chennai (Formerly Upasana Engineering Ltd)	Manufacture of Spokes & Nipples, Automobile Kits, Dowels & Rollers Small Screws, Tools and Cold Extruded Parts	India	100.00%	100.00%	100.00%	0.00%	0.00%	0.00%
Cramlington Precision Forge Limited, United Kingdom (wholly owned subsidiary of Sundram International Limited, UK)	Manufacture of precision forged (warm) components for application in heavy vehicles for on-highway and off-highway applications	United Kingdom	100.00%	100.00%	100.00%	0.00%	0.00%	0.00%
Peiner Umformtechnik GmbH, Peine, Germany (divested effective 30th March, 2016)	Manufacture of standard and special fasteners for automotive, industrial and construction Sectors	Germany	-	100.00%	100.00%	-	0.00%	0.00%
PUT Grundstücks GmbH, Peine, Germany (divested effective 30th March, 2016)	Manufactures fasteners for automotive, industrial and construction industry	Germany	-	100.00%	100.00%	-	0.00%	0.00%
TVS Peiner Services GmbH, Peine, Germany (divested effective 30th March, 2016)	Provider of Logistics services to support sales, production and business operations.	Germany	-	100.00%	100.00%	-	0.00%	0.00%
Sundram Non-Conventional Energy Systems Limited, Chennai	Generation of power using non-conventional sources	India	52.94%	52.94%	52.94%	47.06%	47.06%	47.06%

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 (Contd.)**

₹ lakhs

Name of the Company	Principal Activities	Country of Incorporation	Ownership interest held by the group			Ownership interest held by non-controlling interests		
			31-Mar-17	31-Mar-16	01-Apr-15	31-Mar-17	31-Mar-16	01-Apr-15
Sundram International Inc, USA	Supply of special fasteners	The United States of America	100.00%	100.00%	100.00%	0.00%	0.00%	0.00%
Sundram International Limited, UK	Non-trading holding company that holds investments in Cramlington Precision Forge Limited and Sundram Fasteners (Zhejiang) Limited.	United Kingdom	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Sundram Precision Components Limited, Chennai (Formerly Sundram Bleistahl Limited)	Manufacture of Guide valves	India	100.00%	76.00%	76.00%	0.00%	24.00%	24.00%
TVS Infotech Limited, Chennai	Software services	India	66.31%	62.26%	62.26%	33.69%	37.74%	37.74%
TVS Infotech Inc. USA	Software services	The United States of America	66.31%	62.26%	62.26%	33.69%	37.74%	37.74%
TVS Next Private Limited, Chennai	Software services	India	59.68%	-	-	40.32%	-	-

**Information about Associates and Joint Venture**

The group's associates and joint ventures as at 31 March 2017 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of the Company	Principal Activities	Country of Incorporation	Ownership interest held by the group			Ownership interest held by other party		
			31-Mar-17	31-Mar-16	01-Apr-15	31-Mar-17	31-Mar-16	01-Apr-15
<b>Joint Venture - Jointly Controlled Entity</b>								
Windbolt GmbH, Germany	Manufacture of fasteners for Wind Energy Generators.	Germany	-	-	50%	-	-	50%

# Sundram Fasteners Limited

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

₹ lakhs  
**41 b) Additional Information, as required under Schedule III to the Companies Act, 2013 of entities consolidated as Subsidiaries, Joint Ventures and Associates**

Sl. No.	Name of the entity in the Group	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
		As a % of Consolidated Net Assets	Amount (₹ in lakhs)	As a % of Consolidated Profit or (Loss)	Amount (₹ in lakhs)	As % of consolidated other comprehensive income	Amount (₹ in lakhs)	As % of consolidated other comprehensive income	Amount (₹ in lakhs)
	<b>Parent Company</b>								
1	Sundram Fasteners Limited								
	Balance as at 31 March 2017	106.22%	131,305.75	93.29%	31,547.94	85.52%	253.66	93.22%	31,801.60
	Balance as at 31 March 2016	108.85%	103,798.16	171.09%	21,399.50	1.79%	(4.37)	174.46%	21,395.13
	<b>Indian Subsidiaries</b>								
2	Sundram Fasteners Investments Limited, Chennai								
	Balance as at 31 March 2017	0.52%	648.18	-	0.50	5.90%	17.49	0.05%	17.99
	Balance as at 31 March 2016	0.66%	630.19	(0.10%)	(11.95)	2.35%	(5.73)	(0.14%)	(17.68)
3	TVS Upasana Limited, Chennai								
	Balance as at 31 March 2017	4.09%	5,050.44	3.27%	1,106.97	(1.40%)	(4.17)	3.23%	1,102.80
	Balance as at 31 March 2016	4.14%	3,947.64	5.48%	684.86	1.52%	(3.73)	5.55%	681.14
4	Sundram Non-Conventional Energy Systems Limited, Chennai								
	Balance as at 31 March 2017	0.29%	363.02	0.59%	198.56	-	-	0.58%	198.56
	Balance as at 31 March 2016	0.36%	344.99	1.12%	140.63	-	-	1.15%	140.63
5	Sundram Precision Components Limited, Chennai								
	Balance as at 31 March 2017	1.41%	1,738.83	0.75%	253.51	(0.39%)	(1.15)	0.74%	252.36
	Balance as at 31 March 2016	1.56%	1,486.47	0.94%	117.86	-	-	0.96%	117.86
6	TVS Infotech Limited, Chennai (TVSI)								
	Balance as at 31 March 2017	1.08%	1,330.21	0.04%	14.05	19.96%	59.20	0.21%	73.25
	Balance as at 31 March 2016	1.00%	951.87	(2.50%)	(312.62)	7.61%	(18.61)	(2.70%)	(331.23)
7	TVS Next Private Limited, Chennai (TNPL)								
	Balance as at 31 March 2017	0.00%	5.37	(0.19%)	(63.08)	(3.57%)	(10.59)	(0.22%)	(73.67)
	Balance as at 31 March 2016	-	-	-	-	-	-	-	-
	<b>Foreign Subsidiaries</b>								
8	Sundram Fasteners (Zhejiang) Limited, China								
	Balance as at 31 March 2017	11.19%	13,838.22	2.19%	740.12	(7.65%)	(22.70)	2.10%	717.42
	Balance as at 31 March 2016	11.59%	11,047.39	2.02%	252.20	9.30%	(22.75)	1.87%	229.45

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 (Contd.)**

		₹ lakhs							
9	Cramlington Precision Forge Limited, United Kingdom								
	Balance as at 31 March 2017	1.83%	2,267.63	0.44%	148.15	0.15%	0.45	0.44%	148.60
	Balance as at 31 March 2016	2.75%	2,622.86	3.82%	478.05	1.04%	(2.55)	3.88%	475.50
10	Peiner Umformtechnik GmbH, Germany (divested effective 30th March, 2016)		-						-
	Balance as at 31 March 2016			(17.77%)	(2,222.39)	75.81%	(185.39)	(19.63%)	(2,407.78)
11	PUT Grundstücks GmbH, Germany (divested effective 30th March, 2016)								-
	Balance as at 31 March 2016			(0.09%)	(10.69)	(2.72%)	6.65	(0.03%)	(4.04)
12	TVS Peiner Services GmbH, Germany (divested effective 30 March 2016)								-
	Balance as at 31 March 2016			(2.62%)	(327.56)	(2.12%)	(5.18)	(2.71%)	(332.74)
13	Sundram International Inc., USA								
	Balance as at 31 March 2017	0.00%	(4.39)	0.00%	(0.54)	0.01%	0.02	0.00%	(0.52)
	Balance as at 31 March 2016	0.00%	(3.94)	0.00%	(0.04)	0.00%	-	0.00%	(0.04)
14	TVS Infotech Inc., USA (TVSI Inc)								
	Balance as at 31 March 2017	0.13%	160.72	(0.05%)	(18.17)	0.70%	2.07	(0.05%)	(16.10)
	Balance as at 31 March 2016	0.19%	182.15	(0.35%)	(43.36)	1.18%	(2.89)	(0.38%)	(46.25)
15	Sundram International Limited, UK (SIL)								
	Balance as at 31 March 2017	17.67%	21,847.44	(0.09%)	(30.08)	0.78%	2.32	(0.08%)	(27.76)
16	<b>Non-controlling interests in all subsidiaries</b>								
	Balance as at 31 March 2017	(0.46%)	(562.86)	(0.05%)	(18.34)	5.54%	16.44	(0.05%)	(1.90)
	Balance as at 31 March 2016	(0.99%)	(947.08)	(0.77%)	(96.52)	3.32%	(8.11)	(0.85%)	(104.63)
17	<b>Sub Total</b>								
	Balance as at 31 March 2017	<b>143.99%</b>	<b>177,988.56</b>	<b>100.18%</b>	<b>33,879.59</b>	<b>105.54%</b>	<b>313.04</b>	<b>100.23%</b>	<b>34,192.63</b>
	Balance as at 31 March 2016	130.10%	124,060.70	160.28%	20,047.97	103.32%	(252.66)	161.42%	19,795.31
18	<b>Less : Effect of inter company adjustments / eliminations</b>								
	Balance as at 31 March 2017	<b>43.99%</b>	<b>54,375.67</b>	<b>0.18%</b>	<b>61.09</b>	<b>5.54%</b>	<b>16.44</b>	<b>0.23%</b>	<b>77.53</b>
	Balance as at 31 March 2016	30.10%	28,701.77	60.28%	7,540.01	3.32%	(8.11)	61.42%	7,531.90
19	<b>Total</b>								
	Balance as at 31 March 2017	<b>100.00%</b>	<b>123,612.89</b>	<b>100.00%</b>	<b>33,818.50</b>	<b>100.00%</b>	<b>296.60</b>	<b>100.00%</b>	<b>34,115.10</b>
	Balance as at 31 March 2016	100.00%	95,358.93	100.00%	12,507.96	100.00%	(244.55)	100.00%	12,263.41

# Sundram Fasteners Limited

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

₹ lakhs

### 41 c) Subsidiaries with material non-controlling interest

#### Consolidated position w.r.t non-controlling interest

	31-Mar-17	31-Mar-16	01-Apr-15
<b>Accumulated balances of material non-controlling interest:</b>			
Sundram Non-Conventional Energy Systems Limited	170.84	162.35	152.80
Sundram Precision Components Limited	-	356.76	328.47
TVS Infotech Limited	335.72	359.23	484.23
TVS Infotech Inc.	54.14	68.74	80.42
TVS Next Private Limited	2.16	-	-
<b>Total</b>	<b>562.86</b>	<b>947.08</b>	<b>1,045.92</b>
<b>Profit/(loss) allocated to material non-controlling interest:</b>			
Sundram Non-Conventional Energy Systems Limited	8.48	9.54	
Sundram Precision Components Limited	-	28.28	
TVS Infotech Limited	4.73	(117.98)	
TVS Infotech Inc.	(6.12)	(16.36)	
TVS Next Private Limited	(25.43)	-	
<b>Total</b>	<b>(18.34)</b>	<b>(96.52)</b>	
<b>Other Comprehensive Income allocated to material non-controlling interest:</b>			
Sundram Non-Conventional Energy Systems Limited	-	-	
Sundram Precision Components Limited	-	-	
TVS Infotech Limited	20.01	(7.02)	
TVS Infotech Inc.	0.70	(1.09)	
TVS Next Private Limited	(4.27)	-	
<b>Total</b>	<b>16.44</b>	<b>(8.11)</b>	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 (Contd.)

₹ lakhs  
Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the group. The amounts disclosed for each subsidiary are before inter-company eliminations.

Summarised balance sheet	Sundram Non-Conventional Energy Systems Limited			Sundram Precision Components Limited			TVS Infotech Limited			TVS Infotech Inc.			TVS Next Private Limited		
	31-Mar-17	31-Mar-16	01-Apr-15	31-Mar-17	31-Mar-16	01-Apr-15	31-Mar-17	31-Mar-16	01-Apr-15	31-Mar-17	31-Mar-16	01-Apr-15	31-Mar-17	31-Mar-16	01-Apr-15
Current assets	142.93	122.32	102.51	736.84	926.14	1,080.12	605.29	429.20	400.41	357.50					
Current liabilities	42.44	43.55	42.49	328.96	681.52	612.19	481.46	283.26	220.00	408.20					
<b>Net current assets</b>	100.49	78.77	60.02	397.88	244.62	467.93	123.83	145.94	180.41	(50.70)					
Non-current assets	263.28	267.21	265.82	963.21	823.21	898.66	36.88	36.20	32.67	95.35					
Non-current liabilities	0.76	0.99	1.12	30.88	115.95	83.48	-	-	-	39.28					
<b>Net non-current assets</b>	262.52	266.22	264.70	932.33	707.26	815.18	36.88	36.20	32.67	56.07					
Share capital	50.00	50.00	50.00	2,847.49	2,542.40	2,542.40	238.80	243.95	230.11	1.00					
Other Equity	313.02	294.99	274.71	(1,517.28)	(1,590.53)	(1,259.30)	(78.08)	(61.80)	(17.02)	4.37					
<b>Total equity</b>	363.02	344.99	324.71	1,330.21	951.87	1,283.10	160.72	182.15	213.09	5.37					
Non-controlling interest															
Goodwill				(112.65)											
Share capital	23.53	23.53	23.53	959.50	959.50	959.50	80.45	92.06	86.84	0.40					
Other Equity	147.31	138.82	129.27	(511.13)	(600.27)	(475.27)	(26.31)	(23.32)	(6.42)	1.76					
<b>Equity holders of holding company</b>															
Share capital	26.47	26.47	26.47	1,887.99	1,582.90	1,582.90	158.35	151.89	143.27	0.60					
Other Equity	165.71	156.17	145.44	(1,006.15)	(990.26)	(784.03)	(51.77)	(38.48)	(10.60)	2.61					

# Sundram Fasteners Limited

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

₹ lakhs

Summarised statement of profit and loss	Sundram Non-Conventional Energy Systems Limited		Sundram Precision Components Limited		TVS Infotech Limited		TVS Infotech Inc.		TVS Next Private Limited	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016
Revenue	348.00	250.96	-	2,629.19	1,993.64	2,316.46	1,642.74	1,076.21	986.55	-
Profit for the year	198.56	140.63	-	117.86	14.05	(312.62)	(18.17)	(43.36)	(63.08)	-
Other comprehensive income	-	-	-	-	59.20	(18.61)	2.07	(2.89)	(10.60)	-
<b>Total comprehensive income</b>	<b>198.56</b>	<b>140.63</b>	<b>-</b>	<b>117.86</b>	<b>73.25</b>	<b>(331.23)</b>	<b>(16.10)</b>	<b>(46.25)</b>	<b>(73.68)</b>	<b>-</b>
<b>Profit allocated to NCI</b>	<b>93.44</b>	<b>66.18</b>	<b>-</b>	<b>28.28</b>	<b>4.73</b>	<b>(117.98)</b>	<b>(6.12)</b>	<b>(16.36)</b>	<b>(25.43)</b>	<b>-</b>
<b>Other comprehensive income allocated to NCI</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20.01</b>	<b>(7.02)</b>	<b>0.70</b>	<b>(1.09)</b>	<b>(4.27)</b>	<b>-</b>
<b>Dividends paid to NCI</b>	<b>84.96</b>	<b>56.64</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Summarised statement of Cash flows</b>										
Cash flows from operating activities	Sundram Non-Conventional Energy Systems Limited		Sundram Precision Components Limited		TVS Infotech Limited		TVS Infotech Inc.		TVS Next Private Limited	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016
Cash flows from operating activities	81.60	62.95	-	59.02	131.71	66.67	(32.16)	(13.23)	(97.08)	-
Cash flows from investing activities	4.46	4.22	-	(11.77)	(114.40)	(8.95)	(0.21)	-	(21.87)	-
Cash flows from financing activities	(85.10)	(56.64)	-	(0.01)	9.53	(29.98)	-	-	79.19	-
Exchange difference on account of translation of foreign currency cash and cash equivalents	-	-	-	-	-	-	(1.07)	4.63	-	-
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>0.96</b>	<b>10.53</b>	<b>-</b>	<b>47.24</b>	<b>26.84</b>	<b>27.74</b>	<b>(33.44)</b>	<b>(8.60)</b>	<b>(39.76)</b>	<b>-</b>



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 (Contd.)

₹ lakhs

42 FAIR VALUE MEASUREMENT HIERARCHY

The company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:  
 Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities  
 Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly  
 Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

Particulars	Carrying Amount		Fair Value			Carrying Amount		Fair Value			Total		
	31-Mar-17	31-Mar-16	Level 1	Level 2	Level 3	01-Apr-15	01-Mar-16	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Financial Assets</b>													
Investments													
- Equity instruments & Preference *	763.69	3,245.92	986.01	1,496.22	986.01	881.49	881.49	1,122.34	-	812.52	2,816.35	325.95	1,274.90
- Shares in firm	0.19	0.19	-	-	-	0.13	0.13	-	-	-	-	-	-
- Mutual Funds	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Sub-total</b>	<b>763.88</b>	<b>3,246.11</b>	<b>986.01</b>	<b>1,496.22</b>	<b>986.01</b>	<b>881.62</b>	<b>881.62</b>	<b>1,122.34</b>	<b>-</b>	<b>812.52</b>	<b>2,816.48</b>	<b>325.95</b>	<b>1,274.90</b>
Trade receivables	65,414.13	65,414.13	-	-	-	54,129.49	54,129.49	-	-	-	-	-	-
Loans #	371.34	371.34	-	-	-	411.55	411.55	-	-	-	-	-	-
Cash and Cash equivalents (including Bank balances)	3,949.21	3,949.21	-	-	-	2,678.56	2,678.56	-	-	-	-	-	-
Security deposits #	2,789.28	2,789.28	-	-	-	2,683.39	2,683.39	-	-	-	-	-	-
Advances recoverable in cash or in kind	1,459.39	1,459.39	-	-	-	1,568.36	1,568.36	-	-	-	-	-	-
Interest receivable	61.23	61.23	-	-	-	32.92	32.92	-	-	-	-	-	-
Other Financial assets	135.25	346.99	211.74	-	-	30.32	30.32	-	-	-	-	-	-
<b>Total Financial Assets</b>	<b>74,943.71</b>	<b>77,637.68</b>	<b>1,496.22</b>	<b>2,117.4</b>	<b>986.01</b>	<b>62,416.21</b>	<b>62,416.21</b>	<b>1,122.34</b>	<b>-</b>	<b>812.52</b>	<b>64,351.07</b>	<b>61,058.97</b>	<b>1,274.90</b>
<b>Financial Liabilities</b>													
Borrowings	60,601.66	61,946.02	1,344.36	-	-	56,543.80	56,543.80	-	-	-	-	-	-
Derivative financial liabilities	-	1,226.88	1,226.88	-	-	1,226.88	1,226.88	-	-	-	-	-	-
Trade Payables	31,389.50	31,389.50	-	-	-	33,569.68	33,569.68	-	-	-	-	-	-
<b>Other Financial Liabilities</b>													
Financial guarantee obligation	-	-	-	-	-	9,530.09	9,530.09	-	-	-	-	-	-
Premium on financial guarantee	-	36.00	36.00	-	-	36.00	36.00	-	-	-	-	-	-
Current maturities of term loans from banks (Secured)	8,078.77	8,078.77	-	-	-	3,913.00	3,913.00	-	-	-	-	-	-
Interest accrued but not due	274.44	282.88	8.44	-	-	162.93	162.93	-	-	-	-	-	-
Unclaimed dividend	234.84	234.84	-	-	-	275.47	275.47	-	-	-	-	-	-
Unclaimed wages & salaries	34.86	34.86	-	-	-	34.95	34.95	-	-	-	-	-	-
Unclaimed bonus	5.39	5.39	-	-	-	5.49	5.49	-	-	-	-	-	-
Trade deposits	526.61	526.61	-	-	-	412.80	412.80	-	-	-	-	-	-
Non statutory dues	413.08	413.08	-	-	-	418.80	418.80	-	-	-	-	-	-
Bonus payable	864.10	864.10	-	-	-	622.79	622.79	-	-	-	-	-	-
Outstanding liabilities	8,422.46	8,422.46	-	-	-	7,638.93	7,638.93	-	-	-	-	-	-
<b>Total Financial Liabilities</b>	<b>1,10,945.71</b>	<b>1,13,461.39</b>	<b>2,615.68</b>	<b>-</b>	<b>-</b>	<b>1,13,128.73</b>	<b>1,13,128.73</b>	<b>-</b>	<b>287.76</b>	<b>-</b>	<b>1,13,416.49</b>	<b>1,25,303.15</b>	<b>(24.72)</b>
<b>Total</b>													

\* Fair value based on latest financials as on the previous year ended 31st March of the investee company

# Security deposits and loans to employees included in other financial assets, not being material, have not been fair valued.

# Sundram Fasteners Limited

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

₹ lakhs

Particulars	31-Mar-17			31-Mar-16			01-Apr-15					
	FVTPL	FVOCI	Amortised Cost	Total	FVTPL	FVOCI	Amortised Cost	Total	FVTPL	FVOCI	Amortised Cost	Total
<b>Financial Assets</b>												
<b>Investments</b>												
- Equity instruments & Preference	269.14	2,213.09	763.52	3,245.75	220.57	1,714.29	881.32	2,816.18	210.72	1,764.83	322.32	2,297.87
- Investments in venture capital	-	-	0.17	0.17	-	-	0.17	0.17	-	-	3.63	3.63
- Shares in firm	-	-	0.19	0.19	-	-	0.13	0.13	-	-	-	-
- Mutual Funds	-	-	-	-	-	-	-	-	302.42	-	-	302.42
<b>Sub-Total</b>	<b>269.14</b>	<b>2,213.09</b>	<b>763.88</b>	<b>3,246.11</b>	<b>220.57</b>	<b>1,714.29</b>	<b>881.62</b>	<b>2,816.48</b>	<b>513.14</b>	<b>1,764.83</b>	<b>325.95</b>	<b>2,603.92</b>
Trade receivables	-	-	65,414.13	65,414.13	-	-	54,129.49	54,129.49	-	-	49,186.11	49,186.11
Loans	-	-	371.34	371.34	-	-	411.55	411.55	-	-	436.49	436.49
Cash and Cash equivalents (Including Bank balances)	-	-	3,949.21	3,949.21	-	-	2,678.56	2,678.56	-	-	2,484.49	2,484.49
Security deposits	-	-	2,789.28	2,789.28	-	-	2,683.39	2,683.39	-	-	2,403.66	2,403.66
Advances recoverable in cash or in kind	-	-	1,459.39	1,459.39	-	-	1,568.36	1,568.36	-	-	5,649.54	5,649.54
Interest receivable	-	-	61.23	61.23	-	-	32.92	32.92	-	-	539.73	539.73
Other Financial assets	211.74	-	135.25	346.99	-	-	30.32	30.32	-	-	33.00	33.00
<b>Total Financial Assets</b>	<b>480.88</b>	<b>2,213.09</b>	<b>74,943.71</b>	<b>77,637.68</b>	<b>220.57</b>	<b>1,714.29</b>	<b>62,416.21</b>	<b>64,351.07</b>	<b>513.14</b>	<b>1,764.83</b>	<b>61,058.97</b>	<b>63,336.94</b>
<b>Financial Liabilities</b>												
Borrowings	-	-	61,946.02	61,946.02	-	-	56,285.40	56,285.40	-	-	73,518.05	73,518.05
Derivative financial liabilities	1,226.88	-	-	1,226.88	534.89	-	-	534.89	745.68	-	-	745.68
Trade Payables	-	-	31,389.50	31,389.50	-	-	33,569.68	33,569.68	-	-	29,853.34	29,853.34
<b>Other Financial Liabilities</b>												
Financial guarantee obligation	-	-	-	-	-	-	9,530.09	9,530.09	-	-	-	-
Premium on financial guarantee	-	-	36.00	36.00	-	-	11.27	11.27	-	-	6.91	6.91
Current maturities of term loans from banks (Secured)	-	-	8,078.77	8,078.77	-	-	3,913.00	3,913.00	-	-	12,860.20	12,860.20
Interest accrued but not due	-	-	282.88	282.88	-	-	162.93	162.93	-	-	165.65	165.65
Unclaimed dividend	-	-	234.84	234.84	-	-	275.47	275.47	-	-	171.05	171.05
Unclaimed wages & salaries	-	-	34.86	34.86	-	-	34.95	34.95	-	-	38.68	38.68
Unclaimed bonus	-	-	5.39	5.39	-	-	5.49	5.49	-	-	4.80	4.80
Trade deposits	-	-	526.61	526.61	-	-	412.80	412.80	-	-	225.71	225.71
Non statutory dues	-	-	413.08	413.08	-	-	418.80	418.80	-	-	360.98	360.98
Bonus payable	-	-	864.10	864.10	-	-	622.79	622.79	-	-	243.01	243.01
Outstanding liabilities	-	-	8,422.46	8,422.46	-	-	7,638.93	7,638.93	-	-	7,084.37	7,084.37
<b>Total Financial Liabilities</b>	<b>1,226.88</b>	-	<b>1,12,234.51</b>	<b>1,13,461.39</b>	<b>534.89</b>	-	<b>1,12,881.60</b>	<b>1,13,416.49</b>	<b>745.68</b>	-	<b>1,24,532.75</b>	<b>1,25,278.43</b>

Note: Security deposits and loans to employees included in other financial assets, not being material, have not been fair valued.

#### 44. First time adoption of IND AS

The Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016. This note explains the principal adjustments made by the Company in restating its IGAAP statement of financial position as at 1 April 2015 and its previously published IGAAP financial statements as at and for the year ended 31 March 2016.

##### First time adoption exemptions applied

Upon transition, IND AS 101 permits certain exemptions from full retrospective application of IND AS. The Company has applied the mandatory exceptions and certain optional exemptions, as set out below:

**(a) Mandatory exceptions adopted by the Company:**

**(i) De-recognition of financial assets and liabilities**

The de-recognition criteria of Ind AS 109 Financial Instruments has been applied prospectively for transactions occurring on or after the date of transition to Ind AS. Non-derivative financial assets and non-derivative financial liabilities derecognized before date of transition under previous GAAP are not recognized on the opening Ind AS balance sheet.

**(ii) Estimates**

The estimates made by the Company under Indian GAAP were not revised for the application of Ind AS except where necessary to reflect any differences in accounting policies or errors.

**(b) Non-mandatory exceptions adopted by the Company:**

**(i) Business Combination**

Ind AS 103 Business Combinations has not been applied to acquisitions of subsidiaries, or of interests in associates and joint ventures that occurred before 1 April 2015. Use of this exemption means that the Indian GAAP carrying amounts of assets and liabilities, that are required to be recognised under Ind AS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with Ind AS. Assets and liabilities that do not qualify for recognition under Ind AS are excluded from the opening Ind AS balance sheet. The Company did not recognise or exclude any previously recognised amounts as a result of Ind AS recognition requirements.

**(ii) Property, Plant and Equipment**

Freehold land is carried at its fair value on the transition date and this fair value has been considered as its deemed cost as on that date. The Company has elected to use carrying value under IGAAP as the deemed cost on the date of transition to Ind AS for all property, plant and equipments (including intangible assets).

**(iii) Investment in subsidiaries, joint ventures and associates**

Investment in subsidiaries are measured at the carrying value under IGAAP on the date of transition to Ind AS. These carrying value under IGAAP are considered to be the deemed cost as at the date of transition.

**(iv) Leases**

The Company has elected to use facts and circumstances existing at the date of transition to determine whether an arrangement constitutes a lease.

# Sundram Fasteners Limited

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

₹ lakhs

### 45 Reconciliation of Equity

	IGAAP*	Adjustments	Ind AS
<b>a) Reconciliation of equity as at 1 April 2015 (date of transition to Ind AS)</b>			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	101,489.43	(4,881.21)	96,608.22
Capital work-in-progress	2,174.79	-	2,174.79
Investment property	-	974.41	974.41
Other Intangible assets	392.75	1.02	393.77
<b>Financial assets</b>			
- Investments	336.70	1,730.07	2,066.77
- Loans	392.15	(81.16)	310.99
- Others	2,413.10	(0.21)	2,412.89
Non-current tax assets (Net)	2,650.79	339.62	2,990.41
Other non-current assets	1,488.25	3,853.50	5,341.75
	<b>111,337.96</b>	<b>1,936.04</b>	<b>113,274.00</b>
<b>Current assets</b>			
Inventories	52,644.50	-	52,644.50
<b>Financial assets</b>			
- Investments	337.66	199.49	537.15
- Trade receivables	49,186.10	0.01	49,186.11
- Cash and cash equivalents	2,313.44	-	2,313.44
- Bank balance other than mentioned in cash and cash equivalents	171.05	-	171.05
- Loans	17.73	107.77	125.50
- Other	6,521.38	(308.34)	6,213.04
Current tax assets (Net)	28.33	(13.97)	14.36
Other current assets	11,553.50	234.78	11,788.28
	<b>122,773.69</b>	<b>219.74</b>	<b>122,993.43</b>
<b>Total assets</b>	<b>234,111.65</b>	<b>2,155.78</b>	<b>236,267.43</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share capital	2,101.28	-	2,101.28
Other equity	85,776.25	4,116.94	89,893.19
<b>Equity attributable to equity holders of the parent</b>	<b>87,877.53</b>	<b>4,116.94</b>	<b>91,994.47</b>
Non-Controlling Interest	1,045.06	0.86	1,045.92
<b>Total Equity</b>	<b>88,922.59</b>	<b>4,117.80</b>	<b>93,040.39</b>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

			₹ lakhs
	IGAAP*	Adjustments	Ind AS
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
- Borrowings	20,300.05	(154.04)	20,146.01
- Trade payables	89.14	-	89.14
Provisions	493.04	15.55	508.59
Deferred tax liabilities (Net)	9,009.58	16.34	9,025.92
Non - Current tax liabilities (Net)	-	302.28	302.28
	<b>29,891.81</b>	<b>180.13</b>	<b>30,071.94</b>
<b>Current liabilities</b>			
Financial liabilities			
- Borrowings	54,233.81	(861.77)	53,372.04
- Trade payables	29,764.19	0.01	29,764.20
- Other financial liabilities	21,070.69	836.35	21,907.04
Other current liabilities	2,133.48	(185.34)	1,948.14
Provisions	8,095.08	(2,074.46)	6,020.62
Current tax liabilities (Net)	-	143.06	143.06
<b>Total liabilities</b>	<b>115,297.25</b>	<b>(2,142.15)</b>	<b>113,155.10</b>
<b>Total equity and liabilities</b>	<b>234,111.65</b>	<b>2,155.78</b>	<b>236,267.43</b>

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

**b) Reconciliation of equity as at 31 March 2016**

**ASSETS**

**Non-current assets**

Property, plant and equipment	i	93,763.26	(2,151.79)	91,611.47
Capital work-in-progress		5,398.11	-	5,398.11
Investment property	ii	-	943.67	943.67
Other Intangible assets		108.20	0.01	108.21
Financial assets			-	-
- Investments	iii	892.36	1,679.54	2,571.90
- Loans		300.00	0.01	300.01
- Others		5,858.67	(3,163.97)	2,694.69
Non-current tax assets (Net)		2,919.92	158.43	3,078.35
Other non-current assets	i	1,418.83	1,171.37	2,590.20
		<b>110,659.35</b>	<b>(1,362.74)</b>	<b>109,296.61</b>

# Sundram Fasteners Limited

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

		₹ lakhs	
	IGAAP*	Adjustments	Ind AS
<b>Current assets</b>			
Inventories	42,421.77	0.01	42,421.78
Financial assets		-	
- Investments	iii 35.85	208.73	244.58
- Trade receivables	54,129.49	-	54,129.49
- Cash and cash equivalents	2,403.09	-	2,403.09
- Bank balance other than mentioned in cash and cash equivalents	275.47	-	275.47
- Loans	111.54	-	111.54
- Other	1,666.35	46.05	1,620.30
Current tax assets (Net)	11.33	101.60	112.93
Other current assets	9,557.11	14.45	9,571.56
	<b>110,612.00</b>	<b>278.74</b>	<b>110,890.74</b>
	<b>221,271.35</b>	<b>(1,084.00)</b>	<b>220,187.35</b>
<b>Total assets</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share capital	2,101.28	-	2,101.28
Other equity	90,897.30	2,360.35	93,257.65
<b>Equity attributable to equity holders of the parent</b>	<b>92,998.58</b>	<b>2,360.35</b>	<b>95,358.93</b>
Non-Controlling Interest	946.74	0.34	947.08
<b>Total Equity</b>	<b>93,945.32</b>	<b>2,360.69</b>	<b>96,306.01</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
- Borrowings	v 18,181.88	(607.62)	17,574.26
- Trade payables	23.00	-	23.00
Provisions	610.23	-	610.23
Deferred tax liabilities (Net)	iv 9,225.32	(3,486.49)	5,738.83
Non - Current tax liabilities (Net)	-	138.08	138.08
	<b>28,040.43</b>	<b>(3,956.03)</b>	<b>24,084.40</b>
<b>Current liabilities</b>			
Financial liabilities			
- Borrowings	v 38,858.87	(147.73)	38,711.14
- Trade payables			
Dues to micro and small enterprises	489.70	(489.70)	-
Dues to others	33,056.99	489.69	33,546.68
- Other financial liabilities	vi 23,013.78	547.63	23,561.41
Other current liabilities	1,780.41	(12.50)	1,767.91
Provisions	vii 2,085.85	(0.01)	2,085.84
Current tax liabilities (net)	-	123.96	123.96
<b>Total liabilities</b>	<b>99,285.60</b>	<b>511.34</b>	<b>99,796.94</b>
<b>Total equity and liabilities</b>	<b>221,271.35</b>	<b>(1,084.00)</b>	<b>220,187.35</b>

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

₹ lakhs

c) Reconciliation of Profit

Reconciliation of profit or loss for the year ended 31 March 2016

	Foot note	IGAAP*	Adjustments	Ind AS
Revenue from operations	viii	326,101.06	21,319.31	347,420.37
Other income	ix	6,091.78	80.70	6,172.48
<b>Total Income</b>		<b>332,192.84</b>	<b>21,400.01</b>	<b>353,592.85</b>
<b>Expenses</b>				
Cost of materials consumed		131,204.55	8.28	131,212.83
Changes in inventories of finished goods, stock-in-trade and work in progress		956.81	(7.37)	949.44
Excise duty on sale of goods	viii	-	21,933.85	21,933.85
Employee benefits expense	x	45,745.28	19.23	45,764.51
Finance costs	v	7,171.78	104.73	7,276.51
Depreciation and amortization expense	i	11,717.76	(78.22)	11,639.54
Other expenses	ix	109,671.99	(512.65)	109,159.34
<b>Total expenses</b>		<b>306,468.17</b>	<b>21,467.85</b>	<b>327,936.02</b>
<b>Profit before exceptional items and tax</b>		<b>25,724.67</b>	<b>(67.84)</b>	<b>25,656.83</b>
Exceptional item		11,760.43	-	11,760.43
<b>Profit before tax</b>		<b>13,964.24</b>	<b>(67.84)</b>	<b>13,896.40</b>
<b>Tax expense</b>				
a) Current tax		4,716.98	(0.01)	4,716.97
b) Deferred tax	iv	216.73	(381.50)	(164.77)
c) Minimum Alternate Tax Credit	iv	(3,163.76)	-	(3,163.76)
d) Adjustment of tax relating to earlier periods		-	-	-
<b>Profit for the year</b>		<b>12,194.29</b>	<b>313.67</b>	<b>12,507.96</b>
<b>Other comprehensive income</b>				
i) Items that will not be reclassified to profit or loss		-	(31.32)	(31.32)
- Income tax relating to items that will not be reclassified to profit or loss		-	(1.11)	(1.11)
		-	<b>(32.43)</b>	<b>(32.43)</b>
ii) Items that will be reclassified to profit or loss		-	(212.12)	(212.12)
- Income tax relating to items that will be reclassified to profit or loss		-	-	-
		-	<b>(212.12)</b>	<b>(212.12)</b>
<b>Total comprehensive income for the year</b>		<b>12,194.29</b>	<b>69.12</b>	<b>12,263.41</b>
<i>(Comprising Profit and Other Comprehensive Income for the year)</i>				

\* The IGAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

# Sundram Fasteners Limited

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

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### Footnotes to the reconciliations

#### i) Property, plant and equipment

The amount paid (net of amortisation) to acquire the rights of leasehold land were disclosed under Property, plant and equipment under IGAAP, however under Ind AS the same has been evaluated to be operating lease based on the terms and conditions of the lease agreement and hence disclosed under Other non-current assets as Unamortised portion of leasehold land. The amortisation of these assets is recognised as rental expenses over the period of lease.

#### ii) Investment property

Under the previous GAAP, investment properties were presented as part of Property, plant and equipments. However under Ind AS, Investment properties are required to be presented separately on the face of the balance sheet. There is no impact on the total equity or profit as a result of this presentation.

#### iii) Investments

The Company has been accounting for long term investments in unquoted and quoted equity shares as investment measured at cost less provision for other than temporary diminution in the value of investments under IGAAP. Under Ind AS, the Company has designated such investments as Fair value through Other Comprehensive Income investments and hence measured at fair value. At the date of transition to Ind AS, difference between the instrument's fair value and IGAAP carrying amount to the tune of ₹ 1,730.07 lakhs has been recognised as a separate component of equity, in the Accumulated Other Comprehensive Income. Also for the year ended 31 March 2016, the Company has fair valued the quoted and unquoted investments resulting in a gain of ₹ 1,679.53 lakhs.

The Company has also classified certain short term investments; as subsequently measured at fair value through profit and loss. Under Ind AS these investments were carried at the cost of investments less provision for other than temporary diminution in the value of investments. At the date of transition to Ind AS, difference between the instrument's fair value and IGAAP carrying amount to the tune of Rs. 199.49 has been recognised in retained earnings. Also for the year ended 31 March 2016, the Company has fair valued these investments resulting in a gain of ₹ 208.73.

#### iv) Deferred taxes

The Company has been accounting for the deferred taxes using income statement approach under IGAAP, which focuses on differences between taxable profits and accounting profits for the year. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under IGAAP. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

The Company has disclosed Minimum Alternate Taxes under the head Deferred taxes as per the provisions of Ind AS 12-Income taxes, which requires all unused tax credits to be disclosed as deferred tax assets.

#### v) Borrowings

Under IGAAP, transaction costs incurred in connection with borrowings were amortised upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to statement of profit and loss using the effective interest method.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 (Contd.)

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### vi) Derivatives

Under IGAAP, the fair value of the forward contracts were not recognised in the books of accounts, however these are fair valued under Ind AS and the gains or losses arising due to fair valuation are recognised in the retained earnings on the date of transition and subsequently in profit or loss .

### vii) Provisions

The proposed dividend and corresponding tax, to the tune of Rs. 2,039.55 lakhs, recognised during the year ended 31 March 2015 was declared in 2015- 2016. Hence the same has been reversed as at the transition date and accounted in the year in which it was declared as per the requirements of Ind AS.

### viii) Excise duty

Under IGAAP, revenue from sale of products has been presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses. There is no impact on the total equity and profit.

### ix) Financial guarantee

Financial guarantee contracts extended to the subsidiaries are recognised as a liability at fair value on the transition date and this liability is amortised over the period of guarantee under the provisions of Ind AS. The financial guarantee liability was neither required to be recognised nor amortised under IGAAP.

### x) Defined benefit obligation

Both under IGAAP and Ind AS, the Company has recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under IGAAP, the entire cost, including actuarial gains and losses, are charged to statement of profit and loss. Under Ind-AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.

### xi) Statement of cash flows

There is no material difference between IGAAP and Ind AS on the statement of cashflows.

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As per our report of even date attached

For **SUNDARAM & SRINIVASAN**

Chartered Accountants

Regn. No. 004207S

**M BALASUBRAMANIAM**

Partner

Membership No. F7945

Place : Chennai

Date : May 24, 2017

For and on behalf of the Board of Directors of  
**SUNDRAM FASTENERS LIMITED**

**SURESH KRISHNA**

Chairman & Managing Director

(DIN: 00046919)

**ARUNDATHI KRISHNA**

Deputy Managing Director

(DIN: 00270935)

**ARATHI KRISHNA**

Joint Managing Director

(DIN: 00517456)

**S MEENAKSHISUNDARAM**

Chief Financial Officer

**R DILIP KUMAR**

Vice President - Finance & Company Secretary

**Sundram Fasteners Limited**

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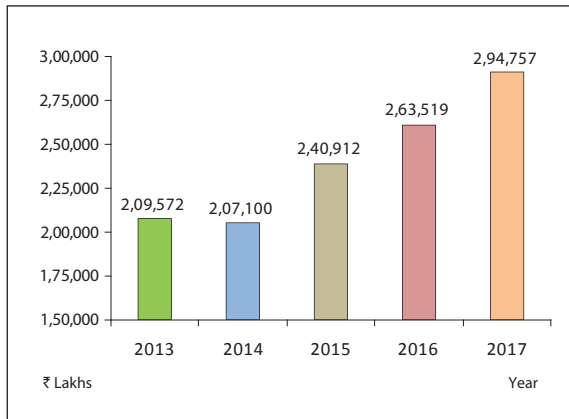
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## NOTES

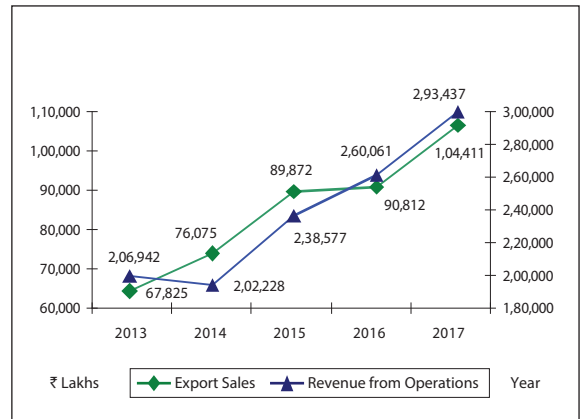
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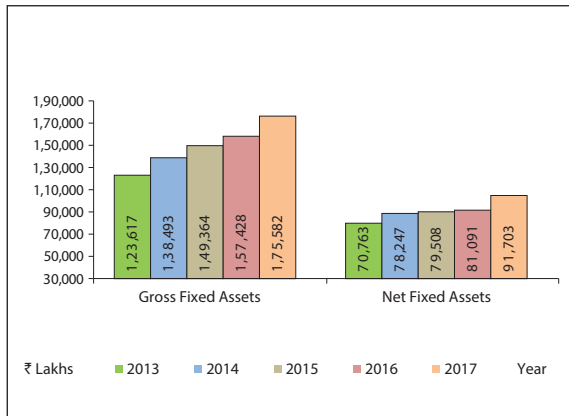
## Total Revenue\*



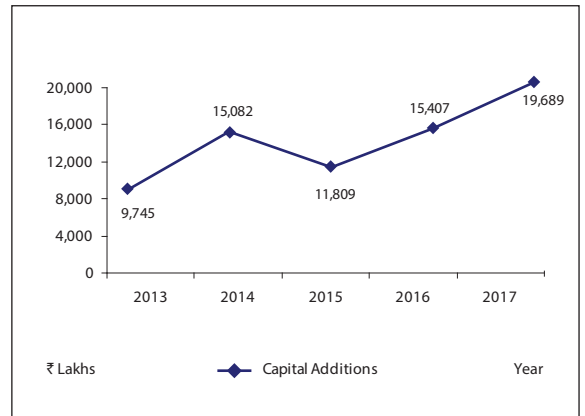
## Export Sales and Revenue from Operations\*



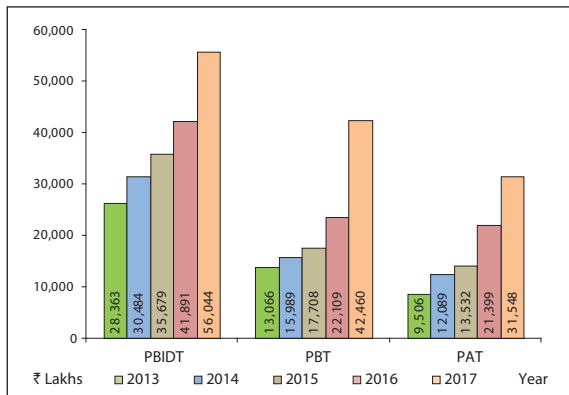
## Gross and Net Block of Fixed Assets



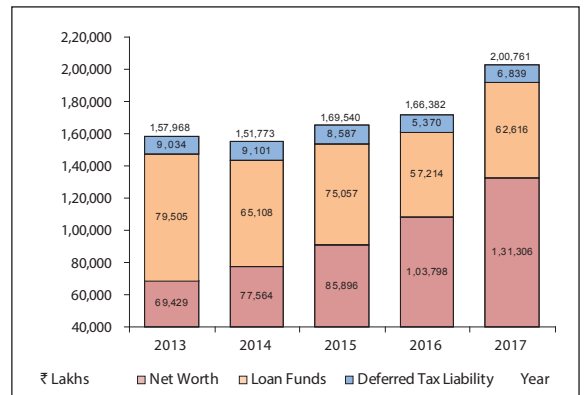
## Capital Expenditure



## Profits



## Funds Employed



\*Revenue from Operations and Total Revenue are net of excise duty  
Financials for the years 2016 and 2017 are as per Ind AS