



# **Sundram Fasteners Limited**

## **ANNUAL REPORT**

**for the year ended  
31st March 2016**

# Sundram Fasteners Limited

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## BOARD OF DIRECTORS

Sri SURESH KRISHNA  
*Chairman & Managing Director*

Ms ARATHI KRISHNA  
*Joint Managing Director*

Ms ARUNDATHI KRISHNA  
*Deputy Managing Director*

Sri K RAMESH  
Sri VENU SRINIVASAN  
*Non-Executive Directors*

Sri V NARAYANAN  
Sri R SRINIVASAN  
Sri R RAMAKRISHNAN  
Sri C V KARTHIK NARAYANAN  
Sri M RAGHUPATHY IAS (Retd.)  
Sri B MUTHURAMAN  
*Independent Directors*

## 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.

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# Sundram Fasteners Limited

## FINANCIAL HIGHLIGHTS

₹ lakhs

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
<b>Operating results</b>										
Revenue from Operations	260,658	238,577	202,228	206,942	214,664	181,072	133,386	126,219	120,592	119,944
Total Revenue	264,100	240,912	207,100	209,572	216,471	181,508	133,903	126,748	120,963	120,281
EBIDT	41,951	35,679	30,484	28,363	31,315	23,446	17,275	16,562	15,443	16,999
Interest	5,998	8,139	5,858	8,135	9,220	3,567	1,742	10,104	1,574	2,793
EBDT	35,953	27,540	24,626	20,228	22,095	19,879	15,533	6,458	13,869	14,206
Depreciation	9,181	8,832	7,637	7,162	6,361	5,454	4,748	4,223	3,423	3,012
EBIT	32,770	26,847	22,847	21,202	24,954	17,992	12,527	12,339	12,020	13,987
Profit before tax	22,213	17,708	15,989	13,066	15,734	14,425	10,785	2,235	10,446	11,194
Tax	1,096	4,176	3,900	3,688	4,475	3,882	3,283	494	3,499	4,008
Profit after tax	21,117	13,532	12,089	9,506	11,260	10,543	7,502	1,741	6,947	7,186
<b>Financial status</b>										
Net fixed assets	87,390	80,980	80,300	72,904	71,288	63,956	57,978	56,798	51,944	40,476
Investments	29,195	11,695	12,316	13,202	14,263	14,237	14,239	14,245	13,325	7,276
Net current assets	51,871	76,865	59,157	71,863	69,596	60,896	40,726	45,888	39,365	39,955
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	99,567	83,795	75,463	67,328	61,245	53,394	45,914	40,621	40,110	35,375
Net worth	101,668	85,896	77,564	69,429	63,346	55,495	48,015	42,723	42,211	37,476
Loan funds	57,969	75,057	65,108	79,505	82,870	74,961	56,791	66,738	55,507	43,969
Deferred tax liability	8,819	8,587	9,101	9,034	8,931	8,633	8,137	7,470	6,915	6,261
Total capital employed	168,456	169,540	151,773	157,968	155,147	139,089	112,943	116,931	104,633	87,707
<b>Performance parameters - %</b>										
EBIDT to Revenue from Operations	16.1	15.0	15.1	13.7	14.6	12.9	13.0	13.1	12.8	14.2
EBIT to Revenue from Operations	12.6	11.3	11.3	10.2	11.6	9.9	9.4	9.8	10.0	11.7
PBT to Revenue from Operations	8.5	7.4	7.9	6.3	7.3	8.0	8.1	1.8	8.7	9.3
EBIDT/Average capital employed [ROCE]	24.8	22.2	19.7	18.1	21.3	18.6	15.0	15.0	16.1	20.0
EBIT / Average capital employed	19.4	16.7	14.8	13.5	17.0	14.3	10.9	11.1	12.5	16.5
PAT/Average net worth	22.5	16.6	16.4	14.3	18.9	20.4	16.6	4.1	17.4	20.6
Bonus issue	-	-	-	-	-	-	-	-	-	1:1
EPS before extra ordinary items-₹	10.05	6.44	5.75	4.52	5.36	5.02	3.57	0.83	3.21	3.59
EPS after extra ordinary items-₹	10.05	6.44	5.75	4.52	5.36	5.02	3.57	0.83	3.31	3.42
Dividend per share-₹	2.15 <sup>@</sup>	1.75 <sup>@</sup>	1.70 <sup>@</sup>	1.40 <sup>@</sup>	1.40 <sup>@</sup>	1.25 <sup>@</sup>	0.90 <sup>@</sup>	0.50 <sup>@</sup>	0.90 <sup>@</sup>	1.75 <sup>@</sup>
Dividend payout ratio	21.39	27.17	29.55	30.95	26.13	24.91	25.21	60.36	27.26	25.59
Book value per share-₹	48.38	40.88	36.91	33.04	30.15	26.41	22.85	20.33	20.09	17.84
Market value per share-₹	170.80 <sup>@</sup>	174.50 <sup>@</sup>	62.80 <sup>@</sup>	40.50 <sup>@</sup>	55.35 <sup>@</sup>	51.05 <sup>@</sup>	51.60 <sup>@</sup>	14.85 <sup>@</sup>	32.35 <sup>@</sup>	63.75 <sup>@</sup>

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

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## REPORT OF THE BOARD OF DIRECTORS

The Directors are pleased to present the Fifty third Annual Report together with the audited financial statements for the year ended 31st March 2016.

### FINANCIAL RESULTS

	2015-16	2014-15
Revenue from Operations	260,657.91	238,576.58
Other Income	3,442.22	2,335.50
<b>Total Revenue</b>	<b>264,100.13</b>	<b>240,912.08</b>
Total expenditure	222,149.35	205,233.41
Gross Profit before interest, depreciation and taxes	41,950.78	35,678.67
Less: Interest	2,022.33	2,137.81
Exchange Losses / (Gains)	3,975.29	6,000.79
Depreciation	9,180.57	8,831.50
Profit before Exceptional items and taxes	26,772.59	18,708.57
Exceptional items	(4,559.96)	(1,000.00)
<b>Profit Before Tax</b>	<b>22,212.63</b>	<b>17,708.57</b>
Less: Provision for tax	1,095.98	4,176.33
<b>Profit after Tax</b>	<b>21,116.65</b>	<b>13,532.24</b>
Add: Balance brought forward	17,318.05	7,958.04
Balance available for appropriation	38,434.70	21,490.28
<b>Appropriations</b>		
Interim Dividends	4,517.76	3,677.25
Tax on Interim Dividends	827.16	494.98
Transfer to General Reserve	15,000.00	–
Balance carried forward	18,089.78	17,318.05
	<b>38,434.70</b>	<b>21,490.28</b>

### TRANSFER TO RESERVES

The Company has transferred ₹ 15000.00 lakhs to general reserves.

### DIVIDEND

The Directors at their meeting held on March 09, 2016, had approved payment of second interim dividend at ₹ 1.30 per share (130%) of face value ₹ 1/- each absorbing a sum of ₹ 32.01 crores (including dividend distribution tax) for the financial year ended March 31, 2016 and the same was paid to the shareholders on 28th March, 2016. The Board had earlier declared first interim dividend of ₹ 0.85 per share (85%) of face of ₹ 1 each absorbing a sum of ₹ 21.44 crores (including dividend distribution tax) for the financial year 2015-2016 and the same was paid on 24th November, 2015. No final dividend has been recommended by the Board of

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Directors. Thus, the total dividend paid during the period under review aggregates to ₹ 2.15/- per share amounting to ₹ 53.45 crores (including dividend distribution tax).

## CONSOLIDATED FINANCIAL STATEMENTS

The audited Consolidated Financial Statements of the Company prepared in accordance with the Act and the Accounting Standards, 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.

## CORPORATE GOVERNANCE

A separate report on Corporate Governance together with a certificate from the Company's auditors confirming the compliance of conditions of Corporate Governance is attached to this report. Management Discussion and Analysis detailing the state of the company's affairs is also attached to this report.

## DIRECTORS

The existing composition of the Company's Board is fully in conformity with the applicable provisions of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations, 2015) with regard to independent directors and women directors.

Sri K Ramesh, Director (DIN 00556922) of the company is liable to retire by rotation at the ensuing Annual General Meeting (AGM), and being eligible, offers himself for re-appointment. Necessary resolution for his re-appointment is being placed for approval of the members at the AGM. The board, therefore, recommends his re-appointment as a director of the Company. A brief resume of him and other relevant information have been furnished in the notice convening the AGM.

## KEY MANAGERIAL PERSONNEL

Pursuant to Section 203 of the Companies Act, 2013, the following are the whole-time Key Managerial Personnel of the Company:

- Sri Suresh Krishna, Chairman and Managing Director
- Ms Arathi Krishna, Joint Managing Director
- Ms Arundathi Krishna, Deputy Managing Director
- Sri V G Jaganathan, Chief Financial Officer & Company Secretary, till 31st March, 2016
- Sri S Meenakshisundaram, Chief Financial Officer, effective 4th April, 2016
- Sri R Dilip Kumar, Vice President - Finance & Company Secretary, effective 4th April, 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.

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## **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 seven Board Meetings during the year ended 31st March 2016, which were on 29th May 2015, 14th August 2015, 2nd November 2015, 18th January 2016, 4th February, 2016, 9th March 2016 and 31st March 2016.

## **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 Report.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors confirm that:

- a) in the preparation of annual accounts, the applicable accounting standards had been followed.
- 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 31st March 2016.
- 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.

## 3. Independence of Independent Directors:

An Independent director should meet the requirements of the Companies Act, 2013 and SEBI Listing 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.

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- 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 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, 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. 9, 10 and 31 (18)(IV) & (29) 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 arms' length basis and were 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.

The Company's joint venture with Bleistahl Produktions GmbH through its subsidiary company is expected to be terminated during the financial year 2016-2017 as the asset purchase and sale agreement and technical collaboration agreement had expired. In view of the above, the name of the subsidiary company - Sundram Bleistahl Limited (i.e. the joint venture company) has been changed to Sundram Precision Components Limited during the year under review.

Upasana Engineering Limited (UEL) is a 100% subsidiary of Sundram Fasteners Limited (SFL), which is a part of TVS Group. T.V Sundram Iyengar & Sons Private Limited and Southern Roadways Limited are the promoters of SFL. As UEL is a wholly-owned subsidiary of SFL, the Board of Directors felt that it would be appropriate to have



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the word 'TVS' as a part of its name, which helps easily in identifying the Company as a part of the 'TVS' Group. In view of the above, the name of the subsidiary company - Upasana Engineering Limited has been changed to TVS Upasana Limited during the year under review.

## **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 is 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 slowdown 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

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.

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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, associates and joint venture companies of the Company is given along with Consolidated Financial Statement in Form AOC-1.

#### **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**

A new wholly-owned subsidiary Company, Sundram International Limited (SIL) has been formed in United Kingdom. The company's shareholdings in Cramlington Precision Forge Limited, UK and Sundram Fasteners (Zhejiang) Limited, China has been transferred to SIL, UK effective 31st March, 2016.

Windbolt GmbH, Germany has ceased to be an associate of our Company effective November, 2015.

The Company has divested its shareholdings in Peiner Umformtechnik GmbH, TVS Peiner Services, GmbH and PUT Grundstucks GmbH, (Peiner Group), the wholly owned subsidiaries in Germany. Hence, Peiner Group companies have ceased to be subsidiaries of the Company with effect from 30th March, 2016.

Except for the details given above, no other company has become or ceased to be 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**

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

#### **INTERNAL FINANCIAL CONTROLS**

The Company maintains all its financial records in System Applications and Products (SAP) System and all financial transaction flow and approvals are routed through SAP. The Company has in house internal audit team to observe the effective functioning of internal financial controls and verify whether the financial transaction

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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 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 2015-2016. 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.

## **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 2016-2017. Necessary consent has been received from them to act as Secretarial Auditors.

## **STATUTORY AUDITORS**

Pursuant to Section 139 of the Companies Act, 2013, M/s Sundaram & Srinivasan, Chartered Accountants, Chennai, (Registration No. 0042075 with the Institute of Chartered Accountants of India), were appointed as Auditors of the Company at the fifty first annual general meeting of the company for a consecutive period of three years commencing from 22nd September, 2014. Accordingly, the Board of Directors propose to ratify their appointment as Auditors of the Company for the third consecutive year (within the term of three consecutive years approved by the shareholders at the Fifty First Annual General Meeting held on 22nd September, 2014). The Statutory Auditors have confirmed their eligibility for appointment.

## **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 2016-2017. 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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## **AUDIT COMMITTEE**

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.

The Audit Committee met six times during the year on 29th May 2015, 13th August 2015, 2nd November, 2015, 18th January, 2016, 4th February, 2016 and 31st March, 2016.

The role and terms of reference of Audit Committee cover the matters specified for Audit Committees under SEBI Listing Regulations, 2015 and Section 177 of the Companies Act, 2013.

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

The Company has adopted the Anti-Sexual Harassment Policy 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. No complaint was received during the year 2015.

## **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 current 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 Subsidiary. The Directors wish to thank the Company's bankers, State Electricity Boards in Tamil Nadu, Puducherry, 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  
May 20, 2016

**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, 2016

[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, Senior Vice President Mr. Sriram, Deputy General Manager Integrated Enterprises (India) Private Limited Kences Towers, 2nd 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	High tensile fasteners	25991	40.35%
2	Motor vehicle parts and accessories	45300	59.65%

#### 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)
3	Sundram Non-Conventional Energy Systems Ltd 98A, VII Floor, Dr.Radhakrishnan Salai, Mylapore, Chennai-600 004	U40108TN1994PLC029132	Domestic Subsidiary	52.94%	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
4	Sundram Precision Components Limited (formerly Sundram Bleistahl Limited) 98A, Dr.Radhakrishnan Salai, Mylapore, Chennai-600 004	U29130TN2004PLC054482	Domestic Subsidiary	76%	2(87)
5	TVS Infotech Ltd 98A, VII Floor, Dr.Radhakrishnan Salai, Mylapore, Chennai-600 004	U72300TN1994PLC029467	Subsidiary	Self: 49.16% Held through subsidiary: 13.10%	2(87)
6	TVS Infotech Inc 7512, East Independence Blvd, Suite 102 Charlotte, NC 28227	–	Step down Subsidiary	100%	2(87) (ii)
7	Cramlington Precision Forge Ltd Unit 8, Atley Way, North Nelson Industrial Estate, Cramlington, Northumberland, United Kingdom, NE23 1WA	–	Foreign Subsidiary*	100%	2(87)
8	Sundram Fasteners (Zhejiang) Ltd No.1, Sundram Road, Wuyuan Town, Haiyan County, Jiaying City, Zhejiang Province, China - 314300.	–	Foreign Subsidiary*	100%	2(87)
9	Sundram International Inc 801, W.Big Beaver Road, Troy, Michigan, United States of America	–	Foreign Subsidiary	100%	2(87)
10	TVS Peiner Services GmbH Am Stahldorf 8, 31226 Peine, Germany	–	Foreign Subsidiary <sup>#</sup>	100%	2(87)
11	Peiner Umformtechnik GmbH Wolterfer Straße 20-24 31224 Peine Germany	–	Foreign Subsidiary <sup>#</sup>	100%	2(87)
12	PUT Grundstucks GmbH Wolterfer Straße 20-24 31224 Peine Germany	–	Foreign Subsidiary <sup>#</sup>	100%	2(87)
13	Sundram International Limited Central Square, South Orchard Street, New Castle Upon Tyne, England – NE1 3XX, United Kingdom	–	Foreign Subsidiary <sup>§</sup>	100%	2(87)

\* Till 30<sup>th</sup> March, 2016 step down subsidiary effective 31<sup>st</sup> March, 2016

<sup>#</sup> Till 30<sup>th</sup> March, 2016

<sup>§</sup> Since January 2016

# 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	27229448	1500	27230948	12.96	28091252	1500	28092752	13.37	0.41
b) Banks / FI	3119498	5366	3124864	1.49	2867153	2866	2870019	1.37	(0.12)
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	9524215	-	9524215	4.53	10156376	-	10156376	4.83	0.30
g) FIs	6231815	-	6231815	2.97	3374097	-	3374097	1.61	(1.36)
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (Specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1)</b>	<b>46104976</b>	<b>6866</b>	<b>46111842</b>	<b>21.95</b>	<b>44488878</b>	<b>4366</b>	<b>44493244</b>	<b>21.18</b>	<b>(0.77)</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	4266463	2005086	6271549	2.98	7564189	147278	7711467	3.67	0.69
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	40028454	4670054	44698508	21.27	38443523	4336323	42779846	20.36	(0.91)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	8544704	–	8544704	4.07	8106267	–	8106267	3.86	(0.21)
c) Others*	416487	–	416487	0.20	2952266	–	2952266	1.40	1.20
<b>Sub-Total (B)(2)</b>	<b>53256108</b>	<b>6675140</b>	<b>59931248</b>	<b>28.52</b>	<b>57066245</b>	<b>4483601</b>	<b>61549846</b>	<b>29.29</b>	<b>0.77</b>
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>99361084</b>	<b>6682006</b>	<b>106043090</b>	<b>50.47</b>	<b>101555123</b>	<b>4487967</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>203446364</b>	<b>6682006</b>	<b>210128370</b>	<b>100.00</b>	<b>205640403</b>	<b>4487967</b>	<b>210128370</b>	<b>100.00</b>	<b>Nil</b>

#### \* Others

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	
Clearing Member	157124	–	157124	0.08	128581	–	128581	0.07	(0.01)
Corporate CM / TM – Client Margin A/c	11451	–	11451	0.00	20870	–	20870	0.00	0.00
Corporate CM / TM – Client Beneficiary A/c	59455	–	59455	0.03	41527	–	41527	0.02	(0.01)
Limited Liability Partnership	24864	–	24864	0.01	51781	–	51781	0.02	0.01
Foreign Port Folio Investor – Corporate - 1	3134	–	3134	0.00	3134	–	3134	0.00	0.00
Foreign Port Folio Investor – Corporate - 2	156059	–	156059	0.08	2703373	–	2703373	1.29	1.21
Trust	4400	–	4400	0.00	3000	–	3000	0.00	0.00
<b>Total</b>	<b>416487</b>	<b>–</b>	<b>416487</b>	<b>0.20</b>	<b>2952266</b>	<b>–</b>	<b>2952266</b>	<b>1.40</b>	<b>1.20</b>

### (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 (01-04-2015 to 31-03-2016)	
		No of shares at the beginning (01-04-2015) / end of the year (31-03-2016)	% 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 COMPANY LTD - A/C HDFC MID - CAP OPPORTUNITIES FUND						
	PAN : AAATH1809A						
	Opening Balance as on 01/04/2015	18826245	8.96				
	15/01/2016			31052	0.02	18857297	8.97
	04/03/2016			47000	0.02	18904297	9.00
	18/03/2016			10000	0.01	18914297	9.00
	Closing Balance as on 31/03/2016					18914297	9.00
2	GENERAL INSURANCE CORPORATION OF INDIA						
	PAN : AAACG0615N						
	Opening Balance as on 01/04/2015	4125556	1.96				
	Closing Balance as on 31/03/2016					4125556	1.96
3	GOVINDLAL M PARIKH						
	PAN : AAEP1312J						
	Opening Balance as on 01/04/2015	4081002	1.94				
	Closing Balance as on 31/03/2016					4081002	1.94
4	THE NEW INDIA ASSURANCE COMPANY LIMITED						
	PAN : AAACN4165C						
	Opening Balance as on 01/04/2015	3562455	1.70				
	31/07/2015			172	0.00	3562627	1.70
	14/08/2015			7200	0.00	3569827	1.70
	21/08/2015			26360	0.01	3596187	1.71
	28/08/2015			60533	0.03	3656720	1.74
	04/09/2015			72373	0.03	3729093	1.78
	11/09/2015			18098	0.01	3747191	1.78
	18/09/2015			49376	0.02	3796567	1.81
	25/09/2015			20000	0.01	3816567	1.82
	30/09/2015			33076	0.02	3849643	1.83
	02/10/2015			2577	0.00	3852220	1.83
	09/10/2015			30157	0.01	3882377	1.85
	16/10/2015			31223	0.02	3913600	1.86
	23/10/2015			23162	0.01	3936762	1.87
06/11/2015			2331	0.00	3939093	1.88	
	04/12/2015			15000	0.01	3954093	1.88

## 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 (01-04-2015 to 31-03-2016)	
		No of shares at the beginning (01-04-2015) / end of the year (31-03-2016)	% of total shares of the company	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	11/12/2015			915	0.00	3955008	1.88
	18/12/2015			17170	0.01	3972178	1.89
	25/12/2015			39400	0.02	4011578	1.91
	31/12/2015			245	0.00	4011823	1.91
	22/01/2016			35619	0.02	4047442	1.93
	29/01/2016			30603	0.02	4078045	1.94
	05/02/2016			6197	0.00	4084242	1.94
	12/02/2016			14988	0.01	4099230	1.95
	19/02/2016			28998	0.01	4128228	1.97
	26/02/2016			45572	0.02	4173800	1.99
	04/03/2016			20816	0.01	4194616	2.00
	Closing Balance as on 31/03/2016					4194616	2.00
5	LIFE INSURANCE CORPORATION OF INDIA						
	PAN : AAACL0582H						
	Opening Balance as on 01/04/2015	3094842	1.47				
	17/04/2015			(261022)	(0.12)	2833820	1.35
	Closing Balance as on 31/03/2016					2833820	1.35
6	UTI TRANSPORTATION AND LOGISTICS FUND						
	PAN : AAATU1088L						
	Opening Balance as on 01/04/2015	2071276	0.99				
	10/04/2015			100	0.00	2071376	0.99
	22/05/2015			21613	0.01	2092989	1.00
	28/08/2015			898	0.00	2093887	1.00
	20/11/2015			6113	0.00	2100000	1.00
	Closing Balance as on 31/03/2016					2100000	1.00
7	SUNDRAM FASTENERS LIMITED UNCLAIMED SUSPENSE ACCOUNT						
	PAN : AAACS8779D						
	Opening Balance as on 01/04/2015	1874518	0.89				
	05/06/2015			(624)	0.00	1873894	0.89
	30/06/2015			(15300)	-0.01	1858594	0.88
	17/07/2015			(3200)	0.00	1855394	0.88
	31/07/2015			(2900)	0.00	1852494	0.88
	28/08/2015			(1222)	0.00	1851272	0.88
	04/09/2015			(600)	0.00	1850672	0.88
	25/09/2015			(6200)	0.00	1844472	0.88
	16/10/2015			(3200)	0.00	1841272	0.88

# 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 (01-04-2015 to 31-03-2016)	
		No of shares at the beginning (01-04-2015) / end of the year (31-03-2016)	% of total shares of the company	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	13/11/2015			(4212)	0.00	1837060	0.87
	11/12/2015			(8800)	0.00	1828260	0.87
	25/12/2015			(10600)	0.01	1817660	0.87
	29/01/2016			(3200)	0.00	1814460	0.86
	05/02/2016			(11755)	0.00	1802705	0.86
	12/02/2016			(1600)	0.00	1801105	0.86
	19/02/2016			(3200)	0.00	1797905	0.86
	04/03/2016			(11,355)	0.00	1786550	0.85
	18/03/2016			(1600)	0.00	1784950	0.85
	25/03/2016			(800)	0.00	1784150	0.85
	Closing Balance as on 31/03/2016					1784150	0.85
8	GOVERNMENT PENSION FUND GLOBAL PAN : AACCN1454E						
	Opening Balance as on 01/04/2015	1830000	0.87				
	Closing Balance as on 31/03/2016					1830000	0.87
9	L AND T MUTUAL FUND TRUSTEE LTD-L AND T EQUITY PAN : AAATC4460E						
	Opening Balance as on 01/04/2015	1777572	0.85				
	08/05/2015			20231	0.01	1797803	0.86
	22/05/2015			12719	0.01	1810522	0.86
	05/06/2015			50000	0.02	1860522	0.89
	26/06/2015			92841	0.04	1953363	0.93
	07/08/2015			31552	0.02	1984915	0.95
	21/08/2015			4377	0.00	1989292	0.95
	28/08/2015			67426	0.03	2056718	0.98
	25/09/2015			70000	0.03	2126718	1.01
	30/09/2015			19952	0.01	2146670	1.02
	09/10/2015			116092	0.06	2262762	1.08
	26/02/2016			10000	0.01	2272762	1.08
	11/03/2016			50000	0.02	2322762	1.11
	18/03/2016			10000	0.01	2332762	1.11
	Closing Balance as on 31/03/2016					2332762	1.11

## 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 (01-04-2015 to 31-03-2016)	
		No of shares at the beginning (01-04-2015) / end of the year (31-03-2016)	% 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	SUNDARAM MUTUAL FUND A/C SUNDARAM SELECT MICR						
	PAN : AAATS2554B						
	Opening Balance as on 01/04/2015	1628518	0.78				
	15/05/2015			84050	0.04	1712568	0.82
	22/05/2015			95072	0.05	1807640	0.86
	29/05/2015			11331	0.01	1818971	0.87
	05/06/2015			8217	0.00	1827188	0.87
	18/09/2015			87737	0.04	1914925	0.91
	23/10/2015			(33586)	(0.02)	1881339	0.90
	30/10/2015			(68763)	(0.03)	1812576	0.86
	06/11/2015			(20309)	(0.01)	1792267	0.85
	16/11/2015			1500	0.00	1793767	0.85
	20/11/2015			500	0.00	1794267	0.85
	31/12/2015			(120018)	(0.06)	1674249	0.80
	08/01/2016			(7114)	0.00	1667135	0.79
Closing Balance as on 31/03/2016					1667135	0.79	

### (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 Venu Srinivasan, Director	-	-	-	-
6		Sri V Narayanan, Director	1,200	0.0005	1,200	0.0005
7		Sri R Srinivasan*, Director	9,200	0.0044	9,200	0.0044
8		Sri R Ramakrishnan, Director	6,400	0.0030	6,400	0.0030
9		Sri C V Karthik Narayanan, Director	-	-	-	-
10		Sri M Raghupathy, Director	-	-	-	-
11		Sri B Muthuraman, Director	-	-	-	-
12		Sri V G Jagannathan Chief Financial Officer & Company Secretary**	1,79,020	0.084	1,79,020	0.084

\* Joint holder

\*\* includes 2,000 shares jointly held with Spouse

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, 2016) (₹ Lakhs)

S. No.	Particulars	Secured Loans	Unsecured Loans	Deposits	Total Indebtedness
1	Indebtedness at the beginning of the financial year				
	i) Principal amount	36,590.27	38,466.26	–	75,056.53
	ii) Interest due but not paid	–	–	–	–
	iii) Interest accrued but not due	90.50	65.10	–	155.60
	<b>Total of (i) + (ii) + (iii)</b>	<b>36,680.77</b>	<b>38,531.36</b>	<b>–</b>	<b>75,212.13</b>
2	Change in indebtedness during the financial year*				
	- Addition	12,667.22	44,583.26	–	57,250.48
	- Reduction	23,568.99	50,768.59	–	74,337.58
	<b>Net Change</b>	<b>-10,901.77</b>	<b>-6,185.33</b>	<b>–</b>	<b>-17,087.10</b>
3	Indebtedness at the end of the financial year				
	i) Principal amount	25,688.49	32,280.93	–	57,969.42
	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>25,743.56</b>	<b>32,378.44</b>	<b>–</b>	<b>58,122.00</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	88.00	45.50	34.50	<b>168.00</b>
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	13.11	67.33	54.17	<b>134.61</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	275.00	380.00	345.00	<b>1,000.00</b>
	- as % of profit	1.06%	1.47%	1.34%	
5	Other benefits (Provident Fund, Superannuation Fund, Gratuity)	8.80	14.05	10.86	<b>33.71</b>
	<b>Total - (A)</b>	<b>384.91</b>	<b>506.88</b>	<b>444.53</b>	<b>*1,336.32</b>
	*5.17% 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>2,581.70</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>Independent Directors</b>	
Sri V Narayanan	4.80
Sri R Srinivasan	4.70
Sri R Ramakrishnan	5.90
Sri C V Karthik Narayanan	4.10
Sri M Raghupathy	3.70
Sri B Muthuraman	4.30
<b>TOTAL (1)</b>	<b>27.50</b>
<b>Non-Executive Directors</b>	
Sri K Ramesh	1.00
Sri Venu Srinivasan	0.70
<b>TOTAL (2)</b>	<b>1.70</b>
<b>TOTAL (B) = (1) + (2)</b>	<b>29.20</b>
<b>Total Managerial Remuneration (A) + (B)</b>	<b>1,365.52</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.

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

(₹ Lakhs)

S. No.	Particulars of Remuneration	Sri V G Jaganathan Chief Financial Officer & Company Secretary
1	Gross salary-	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	155.10
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	24.19
	(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	-
5	Others - Provident Fund	5.70
	<b>Total</b>	<b>184.99</b>

## VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

During the year ended 31<sup>st</sup> March, 2016, 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 20, 2016

**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 20, 2016

On behalf of the Board

**SURESH KRISHNA**  
Chairman and Managing Director

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

### 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

(i)	The steps taken or impact on conservation of energy	<ol style="list-style-type: none"> <li>1. Installation of Energy efficient LED lamps / Induction lamps in place of metal halide lamps, tube lights.</li> <li>2. Reinsulation of furnaces.</li> <li>3. Installation of energy efficient oil cooled transformers in place of air cooled transformers.</li> <li>4. Resizing of cooling tower pumps.</li> <li>5. Modification of fume exhaust ducts in forging machines so as to run with single motor.</li> <li>6. Optimisation of air compressor loads.</li> <li>7. Thyristor controlled Electrical heating system in Sintering furnace in place of Contactor control.</li> <li>8. Installed energy efficient multiplaten presses in Cold Extrusion</li> </ol>
(ii)	The steps taken by the company for utilising alternate sources of energy	Against the overall power consumption of 1782.14 lakh units, 442.70 lakh units are sourced through wind energy constituting 25% of total consumption.
(iii)	The capital investments on energy conservation requirements	The Company has incurred capital expenditure of ₹ 60.00 lakhs during FY 2015-2016 towards energy conservation measures

#### TECHNOLOGY ABSORPTION

(i)	The efforts made towards technology adoption	<ol style="list-style-type: none"> <li>1. Establishment of Virtual simulation and durability testing for new product and process initiatives.</li> <li>2. Development of Light weight fasteners.</li> <li>3. Acid free pickling technology is being pursued for wire processing.</li> <li>4. FEA and modeling software AMC are utilised for upgradations and deriving benefits therefrom.</li> </ol>
(ii)	The benefits like product improvement, cost reduction, product development or import substitution;	Development of high strength stainless steel shoulder head through cold forging. Development of high compressibility hybrid alloy iron powder variant for manufacture of sintered parts along with development of high density sintered rotors. Further, high performance low speed synchro hubs were also developed.



# 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	
(iv)	d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and	
(iv)	Expenditure on Research and Development	Capital Expenditure: ₹ 390.58 lakhs Revenue Expenditure: ₹ 996.84 lakhs Total Research and Development: ₹ 1,387.42 lakhs (Net of revenue)

### FOREIGN EXCHANGE EARNINGS AND OUTGO

The total foreign exchange earned and used are as under:

Foreign exchange earned (₹ in lakhs)	91,871.33
Foreign exchange used (₹ in lakhs)	39,023.82

### Annexure - IV

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2015-2016

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

Our Company's vision is to actively engage and extend support to the communities in which we operate and thus build a better, sustainable way of life by supporting the weaker sections of the society and thus contribute to the human development. Our objective is to impel measures to provide solutions that will balance economic, social and environmental issues. Our aim is to ensure the alignment of our CSR Policy in all facets of our business and across all our business units.

The Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013 and the same can be accessed at <http://www.sundram.com/investors.php>

#### Overview of projects undertaken by the Company

##### Educational initiatives

In line with the CSR policy, the Company focusses on two key areas namely, education and healthcare. The Company founded the Sundram Matriculation Higher Secondary School, an English medium higher secondary (co-educational school) in Aviyur Village in Virudhunagar district of Tamil Nadu more than two decades ago to provide high quality education with modern facilities to children from 8 villages near Krishnapuram plant. The School is run under the auspices of Krishna Educational Society, the CSR arm of the Company. The Company bears the entire cost of running the school. Currently, the project is providing quality education to 491 students. As much as the students focus on studies, they are also encouraged to participate in extracurricular activities. The students have represented the school in various state level competitions and brought laurels to the school. In support of their higher secondary education and undergraduate education, meritorious students of class X and class XII are awarded scholarship.

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

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To expand its footprint in support of primary education and higher education, the Company has worked along with specialist organisations to bring a long term positive impact not just around the community surrounding our operations but also in remote villages.

In 30 villages across Thiruvanamalai, Madurai and Krishnagiri districts of Tamil Nadu, the Company supports innovative after school classes for 1226 children, from the poorest families studying in class I to VIII, in improving their basic competencies such as Language, Math and Science. In Chennai, the Company through a specialist organisation extended scholarship support to 9 meritorious indigent students for their undergraduate education, who otherwise may not be able to afford and may stop progressing with their higher studies.

In support of research, education and advocacy of mental health concerns among marginalised groups affected by homelessness and poverty, the Company extends continuous support for special courses on social work in psychology and social entrepreneurship for students interested in a career in mental health.

### **Healthcare and nutritional support**

The company offers free of cost medical facilities that benefit about 2500 families from villages near its Krishnapuram plant (Aviyur, Virudhunagar district near the outskirts of Madurai). The medical centre has a dual role of providing medical care where needed and to educate people through training programmes on various health related issues especially for women and children. The Centre treats about 50 - 70 patients every day and medical facilities include maternity services, nutritional supplementation, immunisation, family planning, children's health and geriatric health. Monthly health education programmes cover topics such as personal hygiene, food and nutrition, antenatal and neonatal care, family planning, HIV awareness, women's health and cancer.

With a threefold objective of ensuring nutritional supplements, better education for children and creating employment opportunities on a regular basis for women in Thandalam village, Tamil Nadu, the Company partners with an organisation in production and supply of nutriblend and jaggery - nutritional supplement for the 1350 students in Thandalam Village. The nutriblend which is distributed free of cost, ensures daily nutritional requirement of students is met, adequate health conditions aid their development and focus in education and that the women working in the factory producing the nutriblend have a sustained monthly income.

### **Employee Participation**

The company actively encourages its employees to contribute to CSR activities and acts as a channel for donations for worthy causes. Nearly 38% of the management staff volunteered for at least one CSR Activity during the year like teaching students in government schools, scribing for visually challenged students, providing street lights around factory, creating environment awareness in and around factories etc.

When unprecedented rains and consequent floods hit Chennai in December 2015, employees came forward to support relief work by volunteering and involved themselves distribution of relief material to the affected people.

## **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 ₹ 15,990.42 lakhs.

# Sundram Fasteners Limited

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

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

Prescribed CSR expenditure is ₹ 319.81 lakhs.

### 5. Details of CSR spent during the financial year 2015-2016

Total amount to be spent for the financial year 2015-2016	₹ 319.81 lakhs
Amount unspent	₹ 146.41 lakhs
Manner in which the amount spent during the financial year	Refer Annexure

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

In view of contributions towards flood relief in Tamil Nadu and new large projects contemplated which requires more financial resources, the remaining amount of ₹ 146.41 Lakhs has not been spent during the financial year 2015-16.

Pursuant to the provisions in the CSR Policy to extend support for special circumstances such as natural calamities like floods, the Company had contributed a sum of ₹ 3 Crore (Rupees Three Crore Only) to Chief Minister's Public Relief Fund (CMPRF), on December 29, 2015, towards flood relief and rehabilitation efforts of the Tamil Nadu Government, in view of unprecedented rains and consequent floods in Chennai and other parts of Tamil Nadu.

The Ministry of Corporate Affairs by its circular no 21/2014 dated June 18, 2014, has listed few additional items (which were not covered earlier) to be included in Schedule VII to the Companies Act, 2013 (i.e. activities which may be included by Companies in their CSR Policies), which, among other things, encompasses 'Disaster Relief' covering wide range of activities, which, can be appropriately shown under various items listed in Schedule VII.

**The CSR Committee and Board considers the above contribution to CMPRF as a contribution to disaster relief. As contributions to Chief Minister Public Relief Fund is not specifically included in the list of activities specified under Schedule VII of the Companies Act, 2013, the contribution towards flood relief is not shown under the CSR activities.**

### 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

**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	Supply of nutriblend and jaggery to the students of Village Govt. Schools	Healthcare	1. Thandalam village Tamil Nadu; Kancheepuram District	13.12	13.12		13.12 In association with Sri Annapoorani Public Charitable Trust
2	High quality education for children from poorest families through after school classes	Education	1. Various villages Tamil Nadu, Thiruvanamalai District, Krishnagiri District and Virudhunagar District	15.00	15.00		15.00 In association with Eureka Child Foundation
3	Chair for Social Work and Psychology & Chair for Social Entrepreneurship at IMHST	Mental Health Education	Chennai, Tamil Nadu	29.00	29.00		29.00 In association with BALM - Banyan Academy of Leadership in Mental Health (MHST)
4	Scholarship for bright but marginalized children for their higher studies	Education	Chennai, Tamil Nadu	9.95	9.95	173.40	9.95 In association with Sugun Thomas Foundation
5	Sundram Matriculation Higher Secondary School	Education	1. Other 2. Tamil Nadu; Virudhunagar District	90.00	90.00		90.00 Under the CSR arm of the company - Krishna Educational Society
6	Expenditure incurred for renovation / restoration of ancient temple	Protection of national heritage, art and culture including restoration of buildings and sites of historical importance	Kambikudi Village, Virudhunagar District, Tamil Nadu (located around the Company's Krishnapuram factory)	16.33	16.33		16.33 Expenditure incurred by the Company for renovation / restoration of Sri Meenakshi Sundareswarar Temple, Virudhunagar District, Tamil Nadu
<b>Total</b>				<b>173.40</b>	<b>173.40</b>	<b>173.40</b>	<b>173.40</b>

# Sundram Fasteners Limited

## 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 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	78.23	3.27%
2	Ms Arathi Krishna	Joint Managing Director	103.02	29.58%
3	Ms Arundathi Krishna	Deputy Managing Director	90.35	33.16%
4	Sri K Ramesh*	Director	0.20	400%
5	Sri Venu Srinivasan*	Director	0.14	16.67%
6	Sri V Narayanan*	Director	0.97	140%
7	Sri R Srinivasan*	Director	0.95	135%
8	Sri R Ramakrishnan*	Director	1.19	195%
9	Sri C V Karthik Narayanan*	Director	0.83	925%
10	Sri M Raghupathy*	Director	0.75	270%
11	Sri B Muthuraman**	Director	0.87	430%
12	Sri. V G Jaganathan	Chief Financial Officer & Company Secretary	37.60	(0.18%)

\*Sitting fees were paid for attending Board / Committee meetings. Sitting fee has been increased from ₹ 20,000/- to ₹ 50,000/- per meeting of the Board with effect from 1<sup>st</sup> April, 2015. Also, the increase in sitting fee is attributable to increase in fee per meeting and more number of meetings held during the financial year 2015-16.

\*\*Appointed as an Independent Director with effect from 16th April, 2015. Hence, no sitting fee was paid during financial year 2014-15.

- (ii) The percentage increase in the median remuneration of employees in the financial year: **9.75%**.
- (iii) The number of permanent employees on the rolls of Company as on 31st March, 2016: **3258**.
- (iv) The explanation on the relationship between average increase in remuneration and Company performance.
- Relationship between average increase in remuneration and company performance - The Profit before Tax for the financial year ended March 31, 2016 increased by 25.43% whereas the average increase in median remuneration was 10.33%. The average increase in median remuneration was in line with the performance of the Company.

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

### (v) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company

₹ in Lakhs

Key Managerial Personnel	% Increase / (Decrease) in Remuneration	Performance of the Company (% Increase in Profit before tax)
Chairman and Managing Director	3.27%	25.43%
Joint Managing Director	29.58%	
Deputy Managing Director	33.16%	
Chief Financial Officer & Company Secretary	(0.18%)	

### (vi) Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer

₹ in Lakhs

S. No.	Particulars	As at 31st March, 2016			As at 31st March, 2015		
			Closing Price			Closing Price	
1.	Market Capitalisation	BSE	170.85	359004.32	BSE	173.50	364572.72
		NSE	170.80	358899.26	NSE	174.50	366674.00
2.	Price Earnings Ratio (considering standalone EPS)	BSE		17.00	BSE		26.94
		NSE		17.00	NSE		27.09

### Market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer:

The Company made an Initial Public Offer in 1982	At a price of ₹ 14/- per equity share of ₹ 10/- each
As on 31st March, 2016 the Market Quotation of the Company:-	Closing Share Price of Equity Share of ₹ 1/- each
BSE Limited	₹ 170.85
The National Stock Exchange of India Limited	₹ 170.80

# Sundram Fasteners Limited

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

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An amount of ₹ 1000/- invested in the year 1982 (i.e. last public offer) would be worth ₹ 7,81,029/- as at 31st March 2016, the compounded annual growth rate being 22.36%. (without considering the dividends paid)

(vii) 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.

Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2015-16 was 10.33% whereas the increase in the managerial remuneration for the same financial year was 21.73%.

(viii) **Comparison of remuneration of each of the Key Managerial Personnel against the performance of the Company.**

Please refer point no. (vi)

(ix) **Key parameters for any variable component of remuneration availed by the directors**

Only Commission is payable in addition to monthly Remuneration. The Commission is based on the performance of the Company upon recommendation of Nomination and Remuneration Committee. No variable compensation is paid to other Directors of the Company.

(x) There is no employee who receives remuneration in excess of the highest paid director during the year.

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

## 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 31<sup>st</sup> March 2016

[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 - 600004

We have conducted a Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **M/s. SUNDRAM FASTENERS LIMITED** (hereinafter called "the Company") **during the financial year from 1st April 2015 to 31st March 2016** (the year/ audit period). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts and statutory compliances and expressing our opinion thereon.

We are issuing this report based on our verification of books, papers, minute books and other records maintained, forms/ returns filed, compliance related action taken during the year as well as after 31st March 2016 but before the issue of this report, and the information provided by the Company, its officers, agents and authorized representatives during our conduct of the Secretarial Audit.

#### A. We hereby report that:

1. In our opinion, **during the audit period covering the financial year ended on 31st March 2016**, the Company has complied with the statutory provisions listed hereunder, and also has Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter. The members are requested to read this report along with our letter of even date annexed to this report as Annexure - A.
2. We have examined the books, papers, minute books and other records maintained by the Company and forms / returns / reports / disclosures / information filed during the year according to the applicable provisions of:
  - (i) The Companies Act, 2013 (*the Act*) and the rules made thereunder.
  - (ii) The Companies Act, 1956 and the rules made thereunder.
  - (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 Overseas Direct Investment and External Commercial Borrowings (*FEMA Act*).
  - (vi) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 (*SEBI Act*):
    - (a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; (*upto 14th May 2015*)
    - (b) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;



# Sundram Fasteners Limited

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

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- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011;
  - (e) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (*applicable with effect from 15th May 2015*); and
  - (f) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (*applicable with effect from 1st December 2015*).
- (vii) The following laws that are specifically applicable to the Company (*specific laws*):
- (a) The Special Economic Zones Act, 2005 and The Special Economic Zones Rules, 2006 (for the unit located in a Special Economic Zone).
- (viii) The listing agreements (*old agreements upto 30th November 2015 and new agreements from 1st December 2015*) entered by the Company with:
- (a) BSE Limited; and
  - (b) National Stock Exchange of India Limited.
- (ix) Secretarial Standards on Meetings of Board of Directors and General meetings, issued by the Institute of Company Secretaries of India ("Secretarial Standards") under section 118(10) of the Act (*applicable with effect from 1st July 2015*).
3. We are informed that, for the year:
- (i) The Company was not required to comply with the following laws/ regulations/ agreement/ guidelines and consequently not required to maintain any books, papers, minute books or other records or file any forms/ returns under:
    - (a) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
    - (b) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
    - (c) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999
    - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014; and
    - (e) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investments.
  - (ii) Considering the nature of its business, no other law was specifically applicable to the Company, compliance with which we are specifically required to report on under paragraph A-2(vii) above.
4. During the period under review, and also considering the compliance related action taken by the Company after 31st March, 2016 but before the issue of this report, **the Company has**, to the best of our knowledge and belief and based on the information and explanations provided to us, **complied with** the applicable provisions of the Act, Rules, SEBI Regulations, FEMA Act, specific laws, Listing agreements and Secretarial Standards as specified under paragraph A-2 above.
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## ANNEXURES TO THE REPORT OF THE BOARD OF DIRECTORS (Contd.)

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### **B. We further report that:**

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Board also has two Woman Directors.
2. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
3. Adequate notice was given to all directors to schedule the Board Meetings. Notice of Board meetings were sent at least seven days in advance.
4. Agenda and detailed notes on agenda were sent atleast seven days before the Board meetings with the exception of the following items, which were either circulated separately or at the meetings:
  - (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 and supplementary notes.

Upto 30th June 2015 there was no statutory requirement to send the agenda and notes atleast seven days before the meeting. In respect of meetings held after 1st July 2015, consent of the Board for circulating them separately or at the meeting was duly obtained as required under the Secretarial Standards.

5. A system exists for seeking and obtaining further information and clarifications on the agenda items before the Board meeting and for meaningful participation at the meetings.
6. Majority decision is carried through. We note from the minutes that there were no dissenting views from any Board member that were required to be captured and recorded as part of the minutes.

### **C. We further report that:**

1. There are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
2. During the audit period, there were no specific events/ actions having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards.

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

**K Sriram  
Partner**

Membership No: **F6312**

Certificate of Practice No: **2215**

**Date:** 20th May, 2016

**Place:** Chennai

# **Sundram Fasteners Limited**

## **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 31st March 2016 is to be read along with this letter.**

1. Maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations, guidelines and standards is the responsibility of the Company's management. Our responsibility is to express an opinion on the secretarial records produced for 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 31st March 2016 but before the issue of this 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:** 20th May, 2016  
**Place:** Chennai

## MANAGEMENT DISCUSSION AND ANALYSIS – 2015-16

### Business Overview

Indian gross domestic product registered a moderate growth. Index of Industrial Production relating to the manufacturing sector showed a reasonable growth when compared with advanced western nations. Volatility in foreign exchange rates due to erratic US economic data and Euro zone crisis, persisting current account deficits, inflation rates, slump in crude oil prices, high interest rates and low consumption growth marked yet another difficult year.

US economy showed reasonable growth while European economies in general showed a negative growth. The stress in Euro zone economies caused by the financial crisis continued to simmer and full scale recovery is still nowhere in sight. Emerging and developing economies other than India also slowed down considerably.

During 2015-16, the automotive sector in India showed a decent growth with some important segments posting a negative growth. The following table shows the production trend of the industry: The domestic market continued to be affected by macro economic problems, high inflation, high petroleum product prices, high interest rates and poor consumer sentiment.

Category		Production		
		April - March		
Segment / Sub-segment		2015-16	2014-15	% Change
<b>I</b>	<b>Passenger Vehicles (PVs)</b>			
	Passenger Cars	25,19,444	24,22,158	4.02
	Utility Vehicles (UVs)	7,11,830	6,26,296	13.66
	Vans	1,82,585	1,72,965	5.56
	<b>Total Passenger Vehicles (PVs)</b>	<b>34,13,859</b>	<b>32,21,419</b>	<b>5.97</b>
<b>II</b>	<b>Commercial Vehicles (CVs)</b>			
	<b>M&amp;HCVs</b>			
	Passenger Carriers	54,187	49,365	9.76
	Goods Carriers	2,86,994	2,19,193	30.93
	<b>Total M&amp;HCVs</b>	<b>341,181</b>	<b>268,558</b>	<b>27.04</b>
	<b>LCVs</b>			
	Passenger Carriers	50,654	46,585	8.73
	Goods Carriers	3,90,979	383,155	2.04
	<b>Total LCVs</b>	<b>4,41,633</b>	<b>4,29,740</b>	<b>2.77</b>
	<b>Total Commercial Vehicles</b>	<b>7,82,814</b>	<b>6,98,298</b>	<b>12.10</b>
<b>III</b>	<b>Three Wheelers</b>			
	Passenger Carrier	8,34,134	8,45,372	-1.33
	Goods Carrier	99,816	103,647	-3.70
	<b>Total Three Wheelers</b>	<b>9,33,950</b>	<b>9,49,019</b>	<b>1.59</b>
<b>IV</b>	<b>Two wheelers</b>			
	Scooter / Scooterette	52,75,888	47,22,747	11.71
	Motor cycles / Step-Throughs	1,28,16,012	1,30,11,219	-1.50
	Mopeds	7,37,886	7,55,345	-2.31
	<b>Total Two wheelers</b>	<b>1,88,29,786</b>	<b>1,84,89,311</b>	<b>1.84</b>
<b>V</b>	<b>Tractors</b>	<b>6,12,994</b>	<b>6,96,801</b>	<b>-12.03</b>
<b>VI</b>	<b>Others – Quadripeds</b>	<b>531</b>	<b>0</b>	<b>-</b>
	<b>Grand Total of All Categories</b>	<b>2,45,73,934</b>	<b>2,40,54,848</b>	<b>2.16</b>

# Sundram Fasteners Limited

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There was an improvement in the sales of passenger cars during 2015 in the US. In the overseas markets, the CV industry has continued to struggle, with sales recorded at much lower than peak levels. Growth level in sales of passenger cars is expected to improve further during 2016 due to reduction in gasoline prices.

## Domestic Sales

Domestic sales increased by 16% to ₹ 1650 crores from ₹ 1427 crores in the light of increase in sales of heavy and medium commercial vehicles, passenger vehicles and two / three wheelers. There was a steep drop in production of tractors. There has been a sharp increase in aftermarket sales due to specific initiatives undertaken by the Company.

## Exports

The US market recovered modestly though not uniformly across all customers of the Company. Sales to a large US customer plunged on account of slow-down in their Sales. European markets continued to be hit by recession and negative sentiments. Exports were at ₹ 908 crores as against ₹ 899 crores in the previous year. Export sales remained around 35% of the overall sales revenues as against 38% in the previous year.

The Company's investments for manufacture of new products are expected to result in further improvement in exports in the near future.

## Financial Performance

Automotive component industry leans very heavily on commercial vehicle segment for high volume sales and profits. Increase in production of heavy and medium commercial vehicles and passenger vehicles resulted in improved domestic sales. Raw material prices were steady during the year. Other input costs rose across the board. Man power costs increased due to general hike in a competitive environment besides increase in dearness allowance in line with the cost of living index linked to inflation. The operating margin continued to be under pressure due to rising manufacturing costs. Power availability was better throughout the year and costs remained within control throughout the year, thanks to measures taken by the Company over the years.

During the year, PBIDT (Profit before interest, foreign exchange fluctuation, depreciation, exceptional income and tax) was at ₹ 419.50 crores as against ₹ 356.79 crores in the previous year.

The Company made sizable investments in creation of capacities for new products and additional capacities for manufacture of existing products to meet projected demand from domestic and international customers. Financing costs, including premiums on forward cover and adverse foreign exchange variations of ₹ 39.75 crores (₹ 60.10 crores) on foreign currency borrowings, were at ₹ 59.97 crores as against ₹ 81.39 crores in the previous year. The Company has been able to limit increase in interest costs through reduction in working capital requirements across its major divisions.

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

Depreciation was higher at ₹ 91.80 crores (₹ 88.32 crores).

Profit before tax after providing for exceptional items of ₹ 45.59 crores was higher at ₹ 222.12 crores (₹ 177.08 crores). Investment Allowance admissible under Sec. 32AC of the Income Tax Act and reduced taxation on profits from Export oriented units resulted in lower net tax rate. Profit after tax after providing for deferred tax of ₹ 2.31 crores (₹ 0.15 crore) increased to ₹ 211.16 crores (₹ 135.32 crores). The company achieved the highest ever profits despite debit of net exceptional expenditure arising out of loss on sale of German subsidiaries and associate.

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

₹ lakhs

<b>Particulars</b>	<b>2015-16</b>	<b>2014-15</b>
Net revenue from operations	<b>260,657.91</b>	238,576.58
Other Income	<b>3,442.22</b>	2,335.50
Total Income	<b>264,100.13</b>	240,912.08
Total expenditure	<b>222,149.35</b>	205,233.41
Profit before interest, depreciation and tax (PBIDT)	<b>41,950.78</b>	35,678.67
Finance Cost	<b>5,997.62</b>	8,138.60
Depreciation / Amortization	<b>9,180.57</b>	8,831.50
Profit before tax (PBT) and before Exceptional item	<b>26,772.59</b>	18,708.57
Exceptional item - (Loss) / gain	<b>(4,559.96)</b>	(1,000.00)
Profit before tax (PBT)	<b>22,212.63</b>	17,708.57
Current tax	<b>864.25</b>	4,525.00
Deferred tax	<b>231.75</b>	15.21
Profit after tax (PAT)	<b>21,116.63</b>	13,168.36
Tax refunds relating to earlier years	<b>0.02</b>	363.88
Profit after tax and prior period items	<b>21,116.65</b>	13,532.24

**Key Ratios**

<b>Particulars</b>	<b>2015-16</b>	<b>2014-15</b>
PBIDT / Total Revenue	<b>15.9%</b>	14.8%
Material cost / Total Revenue	<b>40.7%</b>	41.3%
Operating expenses / Total Revenue	<b>43.4%</b>	43.9%
PBIT/Total Revenue	<b>12.4%</b>	11.1%
PBT/Total Revenue	<b>8.4%</b>	7.4%
PAT/Total Revenue	<b>8.0%</b>	5.5%
ROCE (Avg.Capital Employed)	<b>24.8%</b>	7.0%
RONW (Avg.Net Worth)	<b>22.5%</b>	16.6%

**Subsidiaries / Consolidated Results**

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

**Subsidiaries**

₹ in Crores

<b>Particulars</b>	<b>2015-16</b>	<b>2014-15</b>
Sales & Other Income	<b>765.04</b>	878.31
Cash Profit	<b>12.80</b>	28.24
Net Profit	<b>(12.57)</b>	2.21

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# Sundram Fasteners Limited

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## Consolidated Results

₹ in Crores

Particulars	2015-16	2014-15
Sales & Other Income	3,261.01	3,172.80
Net Profit	122.98	131.24

## Restructuring of International Operations

The Company has restructured its international operations in order to maximise the revenue potential and shareholders' value. As part of the restructuring, Sundram Fasteners has found it prudent to divest itself of the German subsidiary Peiner Umformtechnik and its affiliates. During the year under review, the Company disposed of a part of its holding in its Associate viz., Windbolt GmbH reducing its holding from 24.99% to 9.99%. Windbolt GmbH has filed for insolvency under German laws. The Company has created a new subsidiary called Sundram International Limited, based in the United Kingdom. The Company has transferred its shareholding in Sundram Fasteners (Zhejiang) Limited (SFZL) and Cramlington Precision Forge Limited (CPFL) to Sundram International Limited, UK (SIL-UK) after obtaining shareholders' approval through Postal Ballot at fair value as stipulated in the regulations under Foreign Exchange Management Act, 1999. Consequently, SFZL and CPFL have become subsidiaries of SIL-UK. There is a net exceptional loss of Rs 45.59 crores as a result of the restructuring.

## Capacities and Capital Expenditure

During the year, the Company has incurred ₹ 156.35 crores towards capital expenditure on existing and new projects. Capital investments were incurred to dovetail production plans to those of key customers.

The total capital expenditure commitments during 2016-17 are likely to be around ₹ 150 crores, subject to market conditions and internal accruals.

## Research and Development

The Company continues to focus on development of new products for existing customers and new customers. R&D efforts also relate to new processes in line with technological advancements. Projects involving regulatory compliances, cost reduction, import substitution, safety in manufacture and use of products and new technologies are accorded high priority. The Company's R&D facilities at Padi and Velappanchavadi, Chennai, Bonthapally Village, Medak District and at Hosur have been granted recognition by the Department of Scientific and Industrial Research (DSIR), making the Company eligible for weighted deduction under Section 35 (2AB) of the Income Tax Act. The Company incurred capital expenditure of ₹ 390.58 lakhs besides incurring revenue expenditure of ₹ 996.84 lakhs during the financial year.

## Quality Systems, TPM, TQM and Cost reduction

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

The Company has adopted Total Productivity Maintenance (TPM) techniques for over twenty years and 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. Low cost automation and installation of visual control systems have lead to improved productivity / safety. Best practices and systems developed by the teams are horizontally deployed, wherever feasible, across the Company.

During the year under review, the company strengthened the TQM activities in all the Plants. New measures such as Policy Deployment and Daily Work Management activities were started in all divisions and plants. TQM was also extended to non-manufacturing areas like marketing, design and development, human resources and finance. As knowledge sharing and knowledge management initiative, the new steps adopted, experiences and results were shared between the divisions and plants to facilitate horizontal deployment.

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To continue supplying high quality products to customer and to eliminate customer complaints, new measures such as critical quantitative quality characteristics were introduced. Further, productivity improvement projects were also initiated in all plants in addition to quality improvement projects, which could result in improvement in productivity of the plants.

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

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

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

Human resources have played a pivotal role in the Company's growth ever since inception. With the number of people employed being 3258 as at the year end, the Company recognises that their contribution is critical to the organisation's success. The Company attaches significant emphasis on the talent management and training of employees to ensure that their over-all development, meets the organisational needs. The Company considers learning and development as a critical aspect in the development of its employees. The Company has a comprehensive learning and development architecture aimed to provide well-rounded programmes to employees, which integrates with the Annual Performance Appraisal. Besides focussing on the core functional skills, training programmes are attentively structured to develop their behavioural attributes. Significant areas in which training is imparted to employees include leadership skills, strategic thinking, and negotiation skills. Such focussed programmes act as a motivational tool resulting in enhanced contribution and productivity.

The Company had very consciously sown the seeds of mentoring during the year 2008. Over the years, the deployment of well-calibrated mentoring programme has ensured that the mentees (especially new joiners, millennial work force) have embraced it with enthusiasm, as such an avenue provides them the necessary support to make themselves grounded and facilitates their contribution to the organisational needs in a short span. The Mentors have also been actively contributing to the developmental needs of the mentees.

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

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

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

The Company attaches considerable importance to the health and safety of the employees. Products are manufactured by adhering to zero pollution norms and by eliminating accidents by continually improving environmental and occupational health and safety management systems. All factories are provided with green cover of trees and shrubs to enhance aesthetics.

The Company's factories at Krishnapuram, Gummidipoondi and Velappanchavadi are accredited with OHSAS 18001:2007 certification. All the major factories of the Company have obtained certification for conformance to ISO 14001 standards.



# Sundram Fasteners Limited

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## Internal Control Systems

The transactions of the company covering all major processes i.e. purchase, manufacturing, marketing and finance are handled through the ERP system which is integrated to track the transactions end to end.

Adequate controls have been built into the ERP system which are reviewed periodically to assess robustness and also bring out improvements where necessary.

The systems and controls are benchmarked with the industry norms and improved by adopting the best practices.

The control systems of the company are periodically evaluated by internal audit, reviewed by the management and the Audit Committee. Thus the internal audit plays a vital role in successfully sustaining and improving internal controls.

The existing controls provide a continuous and consistent assurance of a high degree to the management covering operations, inventory, fixed assets, financial records and compliance of statutory requirements.

## Subsidiaries / Joint Ventures

Details of investments and operating performance of subsidiaries / joint venture are given in this report and also in the Directors' Report.

## Prospects, Risks and concerns

Weak growth in industrial production, power shortages and volatile currency movements are causes for concern in the short run. There has been an improvement in the business sentiment based on optimism arising out of policy statements from a stable government. According to IMF estimates, India is poised to grow faster than most economies. Reduction in inflation spurred by downward trend in crude oil prices has kindled hopes for reduction in interest rates leading to higher consumer demand and investment. Barring a poor monsoon, the pace of growth in domestic market is expected to improve during 2016 - 17, as the government addresses various problems faced by the economy and more particularly, the automotive sector.

## Cautionary Statement

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

### **CERTIFICATE**

To the members of **Sundram Fasteners Limited**

We have examined the compliance of the conditions of Corporate Governance by Sundram Fasteners Limited ('the Company') for the year ended 31st March 2016, as stipulated in Clause 49 of the erstwhile Listing Agreement (up to November 30, 2015) / Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (applicable with effect from December 1, 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 Agreement / 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 Agreement / 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  
May 20, 2016

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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. 31(18).

#### **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 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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# Sundram Fasteners Limited

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 consists of Eleven Directors. The Board comprises Executive and Non-Executive Directors. The Chairman and Managing Director, Joint Managing Director and Deputy Managing Director hold Executive positions. There are eight 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	7	Yes	4	–	1
Ms Arathi Krishna Joint Managing Director	00517456	6	Yes	1	–	–
Ms Arundathi Krishna Deputy Managing Director	00270935	6	Yes	2	–	1
Sri K Ramesh Non-Executive Director	00556922	2	No	7	–	–
Sri Venu Srinivasan Non-Executive Director	00051523	1	No	9	–	4
Sri V Narayanan Independent Non-Executive Director	00081673	6	Yes	2	2	1
Sri R Srinivasan Independent Non-Executive Director	00043658	5	Yes	7	5	2
Sri R Ramakrishnan Independent Non-Executive Director	00236673	7	Yes	3	3	1
Sri C V Karthik Narayanan Independent Non-Executive Director	00255676	7	No	1	–	–
Sri M Raghupathy IAS (Retd.) Independent Non-Executive Director	00012997	7	Yes	2	–	1
Sri B.Muthuraman Independent Non-Executive Director	00004757	7	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.

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 seven Board Meetings during the year ended 31st March 2016, which were on 29th May 2015, 14th August 2015, 2nd November, 2015, 18th January, 2016, 4th February, 2016, 9th March, 2016 and 31st March, 2016. 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 31<sup>st</sup> March, 2016.*

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. Venu Srinivasan	–	–
Sri. V.Narayanan	1,200	0.0005
Sri. R. Srinivasan	9,200	0.0044
Sri. R. Ramakrishnan	6,400	0.0030
Sri. C .V. Karthik Narayanan	–	–
Sri. M Raghupathy	–	–
Sri. B Muthuraman	–	–

*The Company has not issued any convertible instruments*

#### *Familiarisation programme*

Senior management personnel of the Company brief the Board Members on a periodical basis, about the industry in which the company operates, business model, operations of the Company, plans, strategy, risks involved, 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.

## Sundram Fasteners Limited

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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; and
- Corporate Social Responsibility 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:

20th May, 2016

**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, 2016.

**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

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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 in 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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# Sundram Fasteners Limited

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

The Audit Committee met six times during the year on 29th May 2015, 13th August 2015, 02nd November, 2015, 18th January 2016, 04th February, 2016 and 31st March, 2016. 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	5
Sri V Narayanan	6
Sri R.Ramakrishnan	6

Sri Suresh Krishna, Chairman and Managing Director, Ms Arathi Krishna, Joint Managing Director and Ms Arundathi Krishna, Deputy Managing Director are permanent invitees. Sri V G Jaganathan, Secretary, was the Secretary of the Committee, till 31st March, 2016.

Sri V G Jaganathan, Chief Financial Officer & Company Secretary, has retired on 31st March, 2016. Sri S Meenakshisundaram is the Chief Financial Officer effective 4th April, 2016. Sri R Dilip Kumar is the Vice President - Finance & Company Secretary effective 4th April, 2016.

Sri S Meenakshisundaram, President – Finance (CFO effective 4th April, 2016) 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 21st August, 2015.

All information as required under Part C of Schedule II of the SEBI Listing Regulations, 2015, are being made available to the Committee.

## **4. Nomination and Remuneration Committee**

### *Brief description of terms of reference*

The NRC at its meeting held on 4th 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 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 Nomination and Remuneration Committee (NRC) decides 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.

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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 two times during the financial year on 29th May, 2015 and 31st March, 2016. All the members attended the meeting. The Chairman was present during the AGM held on 21st August, 2015.

*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.



# Sundram Fasteners Limited

## 5. Remuneration to Directors for the year ended 31st March, 2016

₹ 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.	88.00	13.11	8.80	275.00	384.91
Ms Arathi Krishna	N.A.	45.50	67.33	14.05	380.00	506.88
Ms Arundathi Krishna	N.A.	34.50	54.17	10.86	345.00	444.53
Sri K Ramesh	1.00	N.A.	N.A.	N.A.	N.A.	1.00
Sri Venu Srinivasan	0.70	N.A.	N.A.	N.A.	N.A.	0.70
Sri V Narayanan	4.80	N.A.	N.A.	N.A.	N.A.	4.80
Sri R Srinivasan	4.70	N.A.	N.A.	N.A.	N.A.	4.70
Sri R Ramakrishnan	5.90	N.A.	N.A.	N.A.	N.A.	5.90
Sri C V Karthik Narayanan	4.10	N.A.	N.A.	N.A.	N.A.	4.10
Sri M Raghupathy	3.70	N.A.	N.A.	N.A.	N.A.	3.70
Sri B Muthuraman	4.30	N.A.	N.A.	N.A.	N.A.	4.30

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 V G Jaganathan, Chief Financial Officer & Company Secretary, was the Secretary of the Committee, till 31st March, 2016. Sri R Dilip Kumar, Vice President - Finance & Company Secretary is the Secretary of the Committee effective 4th April, 2016.

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

The Committee met once on 20th May, 2015 during the financial year ended 31st March, 2016. Except Ms Arundathi Krishna, the remaining members attended the meeting.

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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**

The 'Stakeholders' Relationship Committee' comprises of Sri R Ramakrishnan, non-executive director as the Chairman of the Committee. Sri Suresh Krishna and Sri Venu Srinivasan are Members 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.

Sri V G Jaganathan, Chief Financial Officer and Company Secretary was the Compliance Officer of the Company, till 31st March, 2016. Sri R Dilip Kumar, Vice President - Finance & Company Secretary is the Compliance Officer effective 4th April, 2016.

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 31st March, 2016.

## **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.

*Meetings and the attendance record of Committee Members*

The Finance Committee met six times during the year on 30<sup>th</sup> June, 2015, 4<sup>th</sup> September, 2015, 22<sup>nd</sup> September, 2015, 11<sup>th</sup> November, 2015, 30<sup>th</sup> December, 2015 and 22<sup>nd</sup> March, 2016. The members of Finance Committee attended all the meetings during the year under review.

Sri V G Jaganathan, Chief Financial Officer & Company Secretary, was the Secretary of the Committee, till 31<sup>st</sup> March, 2016. Sri R Dilip Kumar, Vice President - Finance & Company Secretary is the Secretary of the Committee effective 4<sup>th</sup> April, 2016.

The Finance Committee consider and approve borrowings, banking related matters, authorization to executives to sign documents on behalf of the Company for statutory purposes.

## **9. Strategy Committee**

The Board of Directors on June 10, 2015, constituted "Strategy Committee" to perform an advisory role to the Board in line with the terms of reference, having regard to the dynamic and ever changing business environment and also the long term growth imperatives of the company

Brief description of *terms of reference*:-

- i. Development of new manufacturing strategies.

# Sundram Fasteners Limited

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- ii. Assessment of key competitive strengths and weaknesses and suggest strategies for continuous improvement.
- iii. Acquisitions including expansion of or exit from existing lines of business or entry into new lines of business, including collaborations and joint ventures.

## *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.

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

The Strategy Committee met three times during the year on 14<sup>th</sup> August, 2015, 5<sup>th</sup> October, 2015 and 4<sup>th</sup> February, 2016. The attendance of each Member of the Committee is given below:

<b>Name of the Director</b>	<b>No. of meetings attended</b>
Sri Suresh Krishna	3
Ms Arathi Krishna	2
Ms Arundathi Krishna	3
Sri R Srinivasan	3
Sri B Muthuraman	3

Sri V G Jaganathan, Chief Financial Officer & Company Secretary, was the Secretary of the Committee, till 31<sup>st</sup> March, 2016. Sri R Dilip Kumar, Vice President - Finance & Company Secretary is the Secretary of the Committee effective 4<sup>th</sup> April, 2016.

## **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 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,

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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 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 Regulations, 2015, a separate meeting of the Independent Directors of the Company was held on 4<sup>th</sup> February, 2016 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 31st March, 2016. 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.

# Sundram Fasteners Limited

## 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 passed by Postal Ballot:

Year	Location	Date	Time
2015	The Music Academy T T Krishnamachari Auditorium (Main Hall) New No. 168, T T K Road, Royapettah Chennai – 600 014	21-08-2015	10.00 am
2014		22-09-2014	10.00 am
2013		23-08-2013	10.00 am

During the above mentioned 3 years, the following Special Resolutions were passed in the AGM held on 22nd 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	28th September, 2015	1,50,291,944 99.93%	99,838 0.07%
	Re-appointment of Sri Suresh Krishna as Chairman and Managing Director	28th September, 2015	1,47,549,957 98.12%	28,29,502 1.88%
3	Issue of non-convertible debentures on private placement basis	1st March, 2016	1,45,551,472 99.59%	5,98,932 0.41%

*\*In terms of Para 16.6.3 of Secretarial Standard 1 on Board Meetings*

Sri K Sriram, Practicing Company Secretary (CP No.2215), Partner, M/s Krishnamurthy & Co., Company Secretaries, who was appointed as the Scrutiniser, conducted the postal ballot process in a fair and transparent manner.

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.

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## 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 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.
- The Company has not made any presentation to institutional investors or to analysts.

## 17. General Shareholder Information

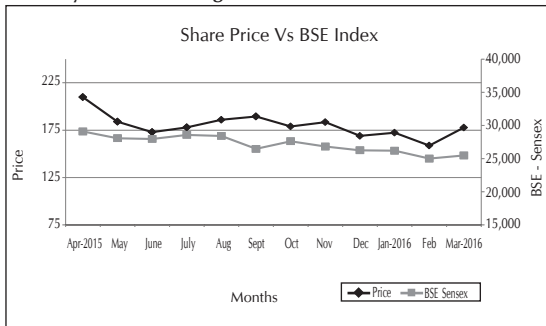
a	Annual General Meeting Date, Time and Venue	Friday, 19th August, 2016, 10.00 a.m. The Music Academy - T T Krishnamachari Auditorium (Main Hall), 168, TTK Road, Royapettah, Chennai 600 014
b	Financial calendar	April 2016 to March 2017 <ul style="list-style-type: none"><li>• First Quarter Results – on or before 15th August, 2016</li><li>• Second Quarter/Half-yearly Results – on or before 15th November, 2016</li><li>• Third Quarter Results – on or before 15th February, 2017</li><li>• Annual Results for the year ending 31st March 2017 - on or before 30th May, 2017</li></ul>
c	Dividend Payment date for dividends declared during FY 2015-2016 1st Interim Dividend 2nd Interim Dividend	Paid on 24th November, 2015 Paid on 28th March, 2016
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) 1st Floor, New Trading Ring, Rotunda Building, P J Towers, Dalal Street, Fort, 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 2016 - 17.
e	Stock Code	Code: 500 403 – BSE Ltd (BSE) SUNDRMFAST – National Stock Exchange of India Ltd
f	Market Price Data – High, Low during each month in last financial year	

# Sundram Fasteners Limited

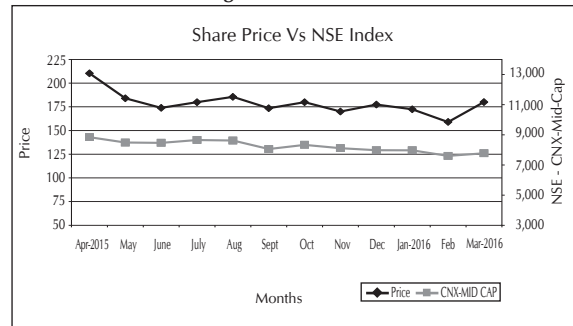
Month	BSE Limited				National Stock Exchange of India Ltd.			
	Price - ₹		Index - Sensex		Price - ₹		Index - Nifty	
	High	Low	High	Low	High	Low	High	Low
April, 2015	209.90	172.80	29094.61	26897.54	210.30	171.90	8844.80	8144.75
May, 2015	184.00	166.70	28071.16	26423.99	184.00	166.15	8489.55	7997.15
June, 2015	173.00	148.25	27968.75	26307.07	173.85	148.25	8467.15	7940.30
July, 2015	178.00	149.75	28578.33	27416.39	179.90	149.95	8654.75	8315.40
August, 2015	186.00	155.00	28417.59	25298.42	185.50	154.20	8621.55	7667.25
September, 2015	189.50	146.10	26471.82	24833.54	173.50	146.40	8055.00	7539.50
October, 2015	179.00	149.95	27618.14	26168.71	179.90	150.00	8336.30	7930.65
November, 2015	183.50	145.00	26824.30	25451.42	170.00	145.00	8116.10	7714.15
December, 2015	169.00	147.60	26256.42	24867.73	177.40	147.10	7979.30	7551.05
January, 2016	172.40	146.00	26197.27	23839.76	172.35	145.70	7972.55	7241.50
February, 2016	158.80	135.00	25002.32	22494.61	158.95	135.00	7600.45	6825.80
March, 2016	177.80	139.20	25479.62	23133.18	180.00	139.05	7777.60	7035.10

g Share Performance in comparison to broad-based indices

## Bombay Stock Exchange 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 Enterprises (India) Limited, Kences Towers, 2nd Floor, No. 1, Ramakrishna Street, North Usman Road, T Nagar, Chennai 600 017</p> <p>Telephone: +91 44 28140801 - 803</p> <p>Fax : +91 44 28142479, 28143378</p> <p>E-Mail : srirams@integratedindia.in</p> <p>Investor Contacts:</p> <p>Mr. Suresh Babu, Vice President</p> <p>Mr. S. Sriram, Deputy General Manager</p>

j	Share Transfer System	<p>All the transfers in physical form are processed by the Company's Registrar and Share Transfer Agent, Integrated Enterprises (India) Limited (IEIL). Share transfer / Remat requests are processed within the timelines stipulated by SEBI. Demat requests are processed within a period of 10 days from the date of receipt.</p> <p>The Company's Registrar and Share Transfer Agent, Integrated Enterprises (India) Limited (IEIL) has adequate infrastructure to process the share transfers. The Board has delegated the power to approve transfer of shares, transmission of shares, transposition of shares, consolidations of shares, split of shares, change of name, issue of new share certificates in lieu of old / mutilated certificates, dematerialization of shares, rematerialisation of shares, settlement of claims from unclaimed suspense account ("Transactions") and rejection of the said transactions on technical grounds, to the authorized officers of the Company (delegated authority). The delegated authority attends to the above transactions at such intervals as may be required. Later, Stakeholders' Relationship Committee and the Board takes on record the approved transactions.</p>
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k	Distribution of shareholding			
Number of Shares	Shareholders		No. of Shares	
	Number	%	Number	%
Up to 100	13,619	35.11	6,48,577	0.31
101 - 250	5,595	14.42	10,06,221	0.47
251 - 500	5,408	13.93	21,43,148	1.02
501 - 1000	4,572	11.79	35,97,187	1.71
1001 - 5000	8,125	20.94	1,91,35,529	9.11
5001 - 10000	875	2.26	63,00,106	3.00
10,001 and above	600	1.55	17,72,97,602	84.38
Total	38,794	100.00	21,01,28,370	100.00
Physical Mode	3,763	9.70	44,87,967	2.14
Demat Mode	35,031	90.30	20,56,40,403	97.86
Total	38,794	100.00	21,01,28,370	100.00

Categories of Shareholding as on 31st March, 2016		
Category	Shares	% holding
Promoter Companies	10,40,85,280	49.53
Mutual Funds	28,092,752	13.37
Insurance Companies, Financial Institutions & Banks	13,026,395	6.20
Foreign Institutional Investors (FIIs)	60,80,604	2.89
Public/Private Limited Companies	71,30,060	3.39
Resident Individuals, Non-resident Indians & Foreign Nationals	5,17,13,279	24.62
<b>Total</b>	<b>21,01,28,370</b>	<b>100.00</b>



## Sundram Fasteners Limited

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 dematerialized form.</p> <p>97.86% of total equity capital (including holding of promoter companies) is held in dematerialized form with NSDL and CDSL as on 31st March 2016.</p> <p>The volume of shares traded during FY 2015-2016:-</p> <table border="1" data-bbox="614 496 1245 624"> <thead> <tr> <th>Stock Exchange</th> <th>During FY 2015-2016</th> <th>Monthly Average Volume</th> </tr> </thead> <tbody> <tr> <td>BSE</td> <td>35,23,440</td> <td>2,93,620</td> </tr> <tr> <td>NSE</td> <td>19,812,863</td> <td>16,51,522</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 2015-2016	Monthly Average Volume	BSE	35,23,440	2,93,620	NSE	19,812,863	16,51,522
Stock Exchange	During FY 2015-2016	Monthly Average Volume									
BSE	35,23,440	2,93,620									
NSE	19,812,863	16,51,522									
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>									

p	Address for Correspondence	<p>Sri R Dilip Kumar  Vice President - Finance &amp; 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</p> <p>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></p> <p>Shareholders holding shares in electronic form should address all their correspondence relating to change in address / instructions regarding dividend etc. to their respective <b>Depository Participant (DP)</b>.</p>
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## 18. OTHER DISCLOSURES

*Materially significant related party transactions during the year ended 31st March 2016:*

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 were at arm's length basis were 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 Note No. 20 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, 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, to provide 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](http://www.sundram.com/investors.php)

*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.

## 19. 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 2015-2016.

## 20. 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 taken on record by the Board of Directors, are forthwith sent to the Stock Exchanges with whom the Company has listing arrangements. The results, in prescribed proforma, are published in Business Line, Business Standard, 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 by the Company Secretary in Practice in their Secretarial Audit Report for financial year 2015-2016.

### *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.

## 21. 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;
- 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

## 22. 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.	2457	1874518
Number of Shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account	626	90368
Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account	626	90368
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year.	1831	1784150

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUNDRAM FASTENERS LIMITED,  
CHENNAI FOR THE YEAR ENDED 31ST MARCH 2016**

To

The Members of Sundram Fasteners Limited,  
No. 98-A, Dr. Radhakrishnan Salai, Mylapore  
Chennai - 600 004.

**Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of SUNDRAM FASTENERS LIMITED, Chennai ("the company"), which comprise the Balance Sheet as at 31st March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments 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 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the 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 Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

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

### **Opinion**

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

- a) of the state of affairs of the Company as at March 31, 2016;
- b) of the **Profit** for the year ended on that date; and
- c) of the cash flows for the year ended on that date.

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

1. As required by the Companies (Auditor's Report) Order, 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 - 1 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 and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure - 2".
  - 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 given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note no. 31(29) (A) (ii) to the financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

**M BALASUBRAMANIAM**  
Partner  
Membership No. F7945

Chennai  
May 20, 2016

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**ANNEXURE - 1 TO INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUNDRAM FASTENERS LIMITED, CHENNAI FOR THE YEAR ENDED 31ST MARCH 2016**

**Annexure 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 2016.**

1. (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) Fixed assets are verified physically 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 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.
4. During the year, the company has furnished guarantees to facilitate loans to subsidiaries amounting to ₹ 12,074.23 lakhs in compliance with Section 186 of the Companies Act, 2013.
5. The company has not accepted any deposits 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 with the appropriate authorities. However we have observed instances of delay in remittance of Income tax deducted at source, Employees' State Insurance remittance, service tax remittance and short remittance of Dividend Distribution Tax (which was later remitted)
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax and Cess were in arrears, as at 31st March 2016 for a period of more than six months from the date they became payable.

**Annexure 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 2016 (Contd.)**

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	0.31	The Honourable High Court of Judicature at Madras
		166.72	Customs Excise and Service Tax Appellate Tribunal, Chennai
		29.40	Commissioner (Appeals), Chennai
		<b>196.43</b>	
Finance Act, 1994	Service Tax	3.16	The Honourable High Court of Judicature at Madras
		58.65	Customs Excise and Service Tax Appellate Tribunal, Chennai
		25.42	Commissioner (Appeals), Chennai
		<b>87.23</b>	
Property Tax		25.10	The Honourable High Court of Judicature at Madras
Income Tax Act, 1961	Income tax	19.64	The Honourable High Court of Judicature at Madras
		26.65	Commissioner of Income Tax (Appeals), Chennai
		<b>46.29</b>	
Tamilnadu Value Added Tax Act, 2006, Telangana Value Added Tax Act, 2005 and Central Sales Tax Act, 1956	Sales Tax	41.25	The Honourable High Court of Judicature at Madras
		788.72	Joint/Deputy/Assistant Commissioner
		19.69	Commissioner (Appeals)
		14.63	Sales Tax Appellate Tribunal
		<b>864.29</b>	
Customs Act, 1962	Customs duty	65.49	Commissioner of Customs (Appeals), Chennai
		219.26	Customs Excise and Service Tax Appellate Tribunal, Chennai
		<b>284.75</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 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 2016 (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 – 31 (18) (III) 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. 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 20, 2016

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



**ANNEXURE - 2 TO INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS TO THE MEMBERS OF SUNDRAM FASTENERS LIMITED FOR THE YEAR ENDED 31ST MARCH 2016**

**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, 2016 in conjunction with our audit of the standalone 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 (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 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.

**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

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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 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, 2016, 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 20, 2016

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

**M BALASUBRAMANIAM**  
Partner  
Membership No. F7945

# Sundram Fasteners Limited

## BALANCE SHEET AS AT 31ST MARCH 2016

	Note	As at 31-3-2016	As at 31-3-2015	₹ lakhs
<b>I EQUITY AND LIABILITIES</b>				
<b>1. Shareholders' Funds</b>				
(a) Share Capital	1	2,101.28	2,101.28	
(b) Reserves & Surplus	2	<u>99,567.00</u>	<u>83,795.27</u>	85,896.55
		<b>101,668.28</b>		
<b>2. Non-Current Liabilities</b>				
(a) Long-Term Borrowings	3	17,267.80	13,375.00	
(b) Deferred Tax Liabilities (Net)	4	8,818.64	8,586.89	
(c) Long-Term Provisions	7	<u>412.43</u>	<u>337.96</u>	22,299.85
		<b>26,498.87</b>		
<b>3. Current Liabilities</b>				
(a) Short-Term Borrowings	3	37,388.63	50,933.43	
(b) Trade Payables	5			
(i) Total outstanding dues of micro enterprises and small enterprises		489.70	347.73	
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		29,360.52	22,215.95	
(c) Other Current Liabilities	6	22,044.66	18,436.13	
(d) Short-Term Provisions	7	<u>2,044.52</u>	<u>3,689.18</u>	95,622.42
		<b>91,328.03</b>		
Total		<u><b>219,495.18</b></u>	<u>203,818.82</u>	
<b>II ASSETS</b>				
<b>1. Non-Current Assets</b>				
(a) Fixed Assets				
i) Tangible Assets	8	81,992.39	79,507.72	
ii) Capital work-in-progress	8	5,398.11	1,472.65	
(b) Non-Current Investments	9	29,194.80	11,392.75	
(c) Long-Term Loans and Advances	10	10,050.84	16,233.52	
(d) Other Non-Current Assets	11	<u>2.11</u>	<u>33.57</u>	108,640.21
		<b>126,638.25</b>		
<b>2. Current Assets</b>				
(a) Current Investments	9	–	302.20	
(b) Inventories	12	36,599.46	37,089.17	
(c) Trade Receivables	13	46,075.36	40,313.32	
(d) Cash and Cash Equivalents	14	472.85	786.96	
(e) Short-Term Loans and Advances	10	9,679.61	16,148.74	
(f) Other Current Assets	11	<u>29.65</u>	<u>538.22</u>	95,178.61
		<b>92,856.93</b>		
Total		<u><b>219,495.18</b></u>	<u>203,818.82</u>	

**ARUNDATHI KRISHNA**  
Deputy Managing Director

**ARATHI KRISHNA**  
Joint Managing Director

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

**S MEENAKSHISUNDARAM**  
Chief Financial Officer

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

**M BALASUBRAMANIAM**  
Partner  
Membership No. F7945

Chennai  
May 20, 2016

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2016

		Note	Year ended 31-3-2016	Year ended 31-3-2015
₹ lakhs				
I	Revenue From Operations [Gross]	15	<b>281,500.36</b>	256,344.22
	Less: Excise Duty		<b>20,842.45</b>	17,767.64
	Revenue From Operations [Net]		<b>260,657.91</b>	238,576.58
II	Other Income	16	<b>3,442.22</b>	2,335.50
III	Total Revenue [I + II]		<b>264,100.13</b>	240,912.08
IV	<b>EXPENSES</b>			
	Cost of Materials Consumed	17	<b>106,221.93</b>	105,601.84
	Changes in inventories of Finished Goods, Work-in-Process and Stock-in-Trade	18	<b>1,320.22</b>	(6,177.78)
	Employee benefit expenses	19	<b>25,872.31</b>	23,932.45
	Finance Costs	20	<b>5,997.62</b>	8,138.60
	Depreciation, Amortization and Impairment	8	<b>9,180.57</b>	8,831.50
	Other Expenses	21	<b>88,734.89</b>	81,876.90
	Total Expenses		<b>237,327.54</b>	222,203.51
V	<b>Profit before exceptional and extraordinary items and tax (III - IV)</b>		<b>26,772.59</b>	18,708.57
VI	Exceptional items [Refer Note No.31(5)]		<b>4,559.96</b>	1,000.00
VII	<b>Profit before extraordinary items and tax (V - VI)</b>		<b>22,212.63</b>	17,708.57
VIII	Extraordinary Items		-	-
IX	<b>Profit before tax (VII - VIII)</b>		<b>22,212.63</b>	17,708.57
X	Tax expense:			
	(1) Current tax		<b>4,028.01</b>	4,525.00
	(2) Minimum Alternate Tax Credit		<b>(3,163.76)</b>	-
	(3) Deferred tax		<b>231.75</b>	15.21
	(4) Earlier Years		<b>(0.02)</b>	(363.88)
XI	<b>Profit for the Year (IX-X)</b>		<b>21,116.65</b>	13,532.24
XII	Earnings per equity share:			
	(1) Basic		<b>10.05</b>	6.44
	(2) Diluted		<b>10.05</b>	6.44
	No of Shares		<b>210,128,370</b>	210,128,370

**ARUNDATHI KRISHNA**  
Deputy Managing Director

**ARATHI KRISHNA**  
Joint Managing Director

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

**S MEENAKSHISUNDARAM**  
Chief Financial Officer

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

**M BALASUBRAMANIAM**  
Partner  
Membership No. F7945

Chennai  
May 20, 2016

# Sundram Fasteners Limited

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

	Year ended 31-3-2016	₹ lakhs Year ended 31-3-2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax	22,212.63	17,708.57
<b>Adjustments for:</b>		
Depreciation	9,180.57	8,831.50
Provision for diminution in Investment / (write back)	(3,204.01)	1,000.00
Exceptional Items (excluding provision write back)	7,763.97	–
Interest expense (Net)	3,093.51	2,729.75
(Profit) / loss on Sale of Investments	(77.35)	(41.60)
(Profit) / loss on Sale of Assets (Net)	5.69	50.17
Impairment of Fixed Assets (reversals)	(8.81)	(12.16)
Dividend Received	(496.12)	(1,227.45)
Unrealised Exchange (gain) / loss	204.49	4,431.47
	<u>16,461.94</u>	<u>15,761.68</u>
<b>Operating Profit before Extra-ordinary items &amp; Working Capital Changes:</b>	<b>38,674.57</b>	<b>33,470.25</b>
<b>Adjustments For Changes in Working Capital:</b>		
Trade and other receivables	1,669.07	(12,437.91)
Inventories	489.71	(8,071.01)
Trade and other payables	9,279.56	1,388.56
	<u>11,438.34</u>	<u>(19,120.36)</u>
Cash Generated From Operations	50,112.91	14,349.89
Less: Direct Taxes Paid	4,617.69	4,442.88
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>45,495.22</b>	<b>9,907.01</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(15,635.09)	(11,808.61)
Sale of Fixed Assets	47.51	701.36
Sale of Investments	66,617.93	45,339.40
Purchase of Investments	(67,679.32)	(45,676.36)
Interest received	817.23	864.06
Dividend received	496.12	1,227.45
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(15,335.62)</b>	<b>(9,352.70)</b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016 (Contd.)

	Year ended 31-3-2016	₹ lakhs Year ended 31-3-2015
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Term Loans raised during the year*	<b>6,708.78</b>	4,053.30
Term Loans repaid during the year	<b>(11,101.82)</b>	(8,878.95)
Proceeds from working capital loans (net of repayments)*	<b>(14,782.44)</b>	12,212.19
Interest paid	<b>(3,913.76)</b>	(3,646.67)
Dividend & Corporate Dividend Taxes Paid	<b>(7,384.47)</b>	(4,461.34)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b><u>(30,473.71)</u></b>	<u>(721.47)</u>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)</b>	<b>(314.11)</b>	(167.16)
<b>CASH AND CASH EQUIVALENTS - Opening Balance</b>	<b>786.96</b>	954.12
<b>CASH AND CASH EQUIVALENTS - Closing Balance</b>	<b>472.85</b>	786.96
<b>Notes:</b>		
<b>CASH AND CASH EQUIVALENTS include</b>		
a) Cash and Cheques on hand	<b>47.07</b>	396.91
b) With Scheduled Banks:		
i) Current Account	<b>150.31</b>	219.00
ii) Dividend Warrant Accounts	<b>275.47</b>	171.05
	<b><u>472.85</u></b>	<u>786.96</u>

\* Excludes unrealised exchange loss of ₹ 204.49 lakhs (Last year loss of ₹ 4,431.47 lakhs).

**ARUNDATHI KRISHNA**  
Deputy Managing Director

**ARATHI KRISHNA**  
Joint Managing Director

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

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Chief Financial Officer

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

**M BALASUBRAMANIAM**  
Partner  
Membership No. F7945

Chennai  
May 20, 2016

# Sundram Fasteners Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

	As at	As at
	31-3-2016	31-3-2015
		₹ lakhs
<b>1 SHARE CAPITAL</b>		
a) <b>Authorised</b>		
25,00,00,000 Equity Shares of ₹ 1 each	<u>2,500.00</u>	<u>2,500.00</u>
b) <b>Issued</b>		
21,01,28,370 Equity Shares of ₹ 1 each	<u>2,101.28</u>	<u>2,101.28</u>
c) <b>Subscribed and Paid-up</b>		
21,01,28,370 Equity Shares of ₹ 1 each fully paid-up	<u>2,101.28</u>	<u>2,101.28</u>

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

Equity Shares	As at 31-3-2016		As at 31-3-2015	
	No. of shares	Value in ₹ lakhs	No. of shares	Value in ₹ lakhs
1 Balance at the beginning of the year	210,128,370	2,101.28	210,128,370	2,101.28
2 Add: Shares issued during the year	-	-	-	-
3 Bonus Shares issued during the year	-	-	-	-
4 Balance at the end of the year	<b>210,128,370</b>	<b>2,101.28</b>	210,128,370	2101.28

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

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

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

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

Name of the Shareholder	As at 31-3-2016		As at 31-3-2015	
	No. of Shares	Shares as % of Total No. of Shares	No. of shares	Shares as % of Total No. of Shares
1. T V Sundram Iyengar & Sons Private Ltd., Madurai	53,312,000	25.37	53,312,000	25.37
2. Southern Roadways Limited, Madurai	50,773,280	24.16	50,773,280	24.16
3. HDFC Trustee Company Ltd., Mumbai	18,914,297	9.00	-	-
Sub Total	122,999,577	58.53	104,085,280	49.53
4. Total No. of Equity Shares of the Company	<b>210,128,370</b>	<b>100.00</b>	210,128,370	100.00

g) **Bonus Shares / Buy Back / Shares for consideration other than cash issued during the period of five years immediately preceding the financial year ended 31<sup>st</sup> March 2016:**

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

		₹ lakhs	
		As at 31-3-2016	As at 31-3-2015
<b>2</b>	<b>RESERVES AND SURPLUS</b>		
	<b>a) General Reserve</b>		
	1. Balance as at the beginning of the year	66,447.22	67,474.96
	2. Add: Transfer from Surplus in Statement of profit and loss	15,000.00	–
	3. Less: Depreciation charged to retained earnings as per Schedule II of the Companies Act, 2013 [Refer Note No.8]		
	a Depreciation charged to retained earnings	–	1,556.94
	b Deferred Tax reversal consequent to above	–	(529.20)
	c Net Amount Charged to retained earnings (a + b)	–	1,027.74
	Sub Total	<u>81,447.22</u>	<u>66,447.22</u>
	4. Balance as at the end of the year	<u>81,447.22</u>	<u>66,447.22</u>
	<b>b) Capital Reserve</b>		
	1. Balance as at the beginning of the year	30.00	30.00
	2. Add: Capital Subsidy from state government	–	–
	3. Balance as at the end of the year (1 + 2)	<u>30.00</u>	<u>30.00</u>
	<b>c) Surplus in Statement of Profit and Loss</b>		
	1. Balance as at the beginning of the year	17,318.05	7,958.04
	2. Profit for the year	<u>21,116.65</u>	<u>13,532.24</u>
	3. Balance available for appropriation(1 + 2)	<u>38,434.70</u>	<u>21,490.28</u>
	<b>Appropriations:</b>		
	4. First Interim Dividend Paid	1,786.09	1,786.09
	5. Tax Paid thereon	358.22	346.59
	6. Second Interim Dividend payable	–	1,891.16
	7. Tax Payable thereon	–	148.39
	8. Second Interim Dividend paid	2,731.67	–
	9. Tax Paid thereon	468.94	–
	10. Transfer to General Reserve	<u>15,000.00</u>	–
	11. Amount appropriated during the year	<u>20,344.92</u>	<u>4,172.23</u>
	12. Balance as the end of the year (3-11)	<u>18,089.78</u>	<u>17,318.05</u>
	<b>d) Total Reserves and Surplus (a + b + c)</b>	<u>99,567.00</u>	<u>83,795.27</u>
		<b>Long-term / Non-current</b>	<b>Short-term / Current</b>
		As at	As at
<b>3</b>	<b>BORROWINGS</b>	31-3-2016	31-3-2015
	<b>a) Secured</b>		
	i) Term Loans - from Banks	17,267.80	13,375.00
	ii) Working Capital Loans*	–	–
	(A)	<u>17,267.80</u>	<u>13,375.00</u>
	<b>b) Unsecured</b>		
	i) Term Loans	–	–
	ii) Working Capital Loans	–	–
	(B)	<u>–</u>	<u>–</u>
	Total (A + B)	<u>17,267.80</u>	<u>13,375.00</u>
		<u>37,388.63</u>	<u>50,933.43</u>

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



# Sundram Fasteners Limited

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

₹ lakhs

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

Particulars	FY 2016-17	FY 2017-18	FY 2018-19
a) Term Loans - Secured*	3,313.00	7,313.00	9,954.80
b) Term Loans - Unsecured	–	–	–
Total	3,313.00	7,313.00	9,954.80

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

	As at 31-3-2016	As at 31-3-2015
<b>4 DEFERRED TAX LIABILITY / ASSETS</b>		
<b>a) Deferred Tax Liability</b>		
<b>On Depreciation:</b>		
As per last Balance Sheet	9,540.48	9,809.82
For the current year (transferred from Statement of Profit & Loss)	373.22	259.86
Tax effect on depreciation as per Companies Act, 2013 charged to retained earnings	–	(529.20)
Sub Total	<u>9,913.70</u>	<u>9,540.48</u>
<b>b) Deferred Tax Asset:</b>		
<b>i. On Provision for Leave Salary</b>		
As per last Balance Sheet	(169.98)	(157.16)
For the current year (transferred from Statement of Profit & Loss)	(15.66)	(12.82)
<b>ii. Others</b>		
As per last Balance Sheet	(783.61)	(551.78)
For the current year (transferred from Statement of Profit & Loss)	(125.81)	(231.83)
Sub Total	<u>(1,095.06)</u>	<u>(953.59)</u>
<b>c) Net Deferred Tax Liability (a + b)</b>	<u>8,818.64</u>	<u>8,586.89</u>

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

		₹ lakhs			
		Long-term / Non-current		Short-term / Current	
		As at	As at	As at	As at
		31-3-2016	31-3-2015	31-3-2016	31-3-2015
<b>5</b>	<b>TRADE PAYABLES</b>				
A)	Sundry Creditors for Goods Purchased / Services availed (Other than MSMEs)	-	-	<b>29,360.52</b>	22,215.95
	Total A	-	-	<b>29,360.52</b>	22,215.95
B)	Total outstanding dues of Micro, Small and Medium Enterprises (MSMEs)				
i.	The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year	-	-	<b>489.70</b>	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	-	-	-	-
	Total B	-	-	<b>489.70</b>	347.73
a)	Total outstanding Dues of Micro, Small & Medium Enterprises (MSMEs) **	-	-	<b>489.70</b>	347.73
b)	Total outstanding Dues of creditors other than MSMEs	-	-	<b>29,360.52</b>	22,215.95
	Total (A + B)	-	-	<b>29,850.22</b>	22,563.68

\*\*Based on the information available with the Company in respect of Micro, Small & Medium Enterprises (as defined in 'The Micro, Small & Medium Enterprises Development Act, 2006') The Company is generally regular in making payments of dues to such enterprises. Hence the question of payments of interest or provision therefore towards belated payments does not arise.

# Sundram Fasteners Limited

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	Long-term / Non-current		Short-term / Current	
	As at 31-3-2016	As at 31-3-2015	As at 31-3-2016	As at 31-3-2015
	₹ lakhs			
<b>6 OTHER LIABILITIES</b>				
a) Current Maturities of Long Term Debt*	-	-	<b>3,313.00</b>	10,748.10
b) Interest accrued but not due	-	-	<b>152.58</b>	155.60
c) Unclaimed Dividend	-	-	<b>275.47</b>	171.05
d) Statutory Dues	-	-	<b>856.82</b>	852.94
e) Trade deposits	-	-	<b>400.20</b>	213.11
f) Unclaimed Wages & Salaries	-	-	<b>30.53</b>	27.79
g) Unclaimed Bonus	-	-	<b>5.49</b>	4.80
h) Bonus Payable	-	-	<b>622.79</b>	243.01
i) Outstanding Liabilities				
(i) expenses	-	-	<b>6,263.01</b>	5,519.47
(ii) other liabilities	-	-	<b>9,530.09</b>	-
j) Customer Advances	-	-	<b>306.76</b>	279.70
k) Non Statutory dues	-	-	<b>287.92</b>	220.56
Total	<u>-</u>	<u>-</u>	<u><b>22,044.66</b></u>	<u>18,436.13</u>
* Secured			<b>3,313.00</b>	8,748.10
<b>7 PROVISIONS</b>				
<b>(i) Employee Benefits</b>				
a) Leave salary	<b>412.43</b>	337.96	<b>134.01</b>	163.23
b) Gratuity	-	-	<b>302.10</b>	482.30
<b>(ii) Others</b>				
a) Second Interim Dividend payable	-	-	-	1,891.16
b) Dividend distribution tax payable	-	-	-	148.39
c) Expenses	-	-	<b>1,608.41</b>	1,004.10
Total	<u><b>412.43</b></u>	<u>337.96</u>	<u><b>2,044.52</b></u>	<u>3,689.18</u>

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

### 8 FIXED ASSETS

₹ lakhs

Particulars	Tangible								Intangible Technical Know- How	Total as at 31-03-2016	Total as at 31-03-2015
	Land - Free Hold	Land - Lease Hold	Buildings	Plant and Equip- ment #	Furniture & Fixtures	Office Equip- ment	Vehicles	Total			
<b>A Cost of Assets</b>											
As at 01-4-2015	3,992.03	738.19	16,302.39	124,178.67	770.87	2,479.49	412.44	148,874.08	490.38	<b>149,364.46</b>	138,493.16
Additions	-	235.60	651.64	10,225.09	61.89	446.99	88.42	11,709.63	-	<b>11,709.63</b>	12,389.31
Sales / Discards	-	-	-	(1,978.95)	(32.81)	(154.35)	(23.78)	(2,189.89)	-	<b>(2,189.89)</b>	(1,517.63)
Other Adjustments	-	-	-	-	-	-	-	-	-	-	(0.38)
Transfer	-	-	69.54	(75.93)	1.64	4.75	-	-	-	-	-
<b>As at 31-3-2016</b>	<b>3,992.03</b>	<b>973.79</b>	<b>17,023.57</b>	<b>132,348.88</b>	<b>801.59</b>	<b>2,776.88</b>	<b>477.08</b>	<b>158,393.82</b>	<b>490.38</b>	<b>158,884.20</b>	<b>149,364.46</b>
<b>B Depreciation /Amortization</b>											
As at 01-4-2015	-	58.15	4,319.32	62,634.27	497.32	1,652.41	204.89	69,366.36	490.38	<b>69,856.74</b>	60,246.56
For the year	-	6.38	484.11	7,886.06	52.49	274.82	48.79	8,752.65	-	<b>8,752.65</b>	8,831.50
Impairment for the year	-	-	-	427.90	-	0.02	-	427.92	-	<b>427.92</b>	-
	-	6.38	484.11	8,313.96	52.49	274.84	48.79	9,180.57	-	<b>9,180.57</b>	8,831.50
Deduction on sale or discards	-	-	-	(1,939.45)	(31.57)	(151.42)	(14.25)	(2,136.69)	-	<b>(2,136.69)</b>	(766.10)
Other Adjustments											
- Transfer	-	-	9.85	(11.87)	0.15	1.87	-	-	-	-	-
- Impairment loss / (reversal)	-	-	-	(8.81)	-	-	-	(8.81)	-	<b>(8.81)</b>	(12.16)
- Charged to Retained Earnings as per requirement of Companies Act, 2013	-	-	-	-	-	-	-	-	-	-	1,556.94
<b>As at 31-3-2016</b>	<b>-</b>	<b>64.53</b>	<b>4,813.28</b>	<b>68,988.10</b>	<b>518.39</b>	<b>1,777.70</b>	<b>239.43</b>	<b>76,401.43</b>	<b>490.38</b>	<b>76,891.81</b>	<b>69,856.74</b>
<b>C Written Down Value</b>											
<b>As at 31-3-2016</b>	<b>3,992.03</b>	<b>909.26</b>	<b>12,210.29</b>	<b>63,360.78</b>	<b>283.20</b>	<b>999.18</b>	<b>237.65</b>	<b>81,992.39</b>	<b>-</b>	<b>81,992.39</b>	
As at 31-3-2015	3,992.03	680.04	11,983.07	61,544.40	273.55	827.08	207.55	79,507.72	-	79,507.72	
<b>D Capital Work-in-Progress</b>											
<b>As at 31-3-2016</b>	-	-	<b>631.75</b>	<b>4,722.07</b>	-	<b>44.29</b>	-	<b>5,398.11</b>	-	<b>5,398.11</b>	
As at 31-3-2015	-	-	249.10	1,218.99	4.56	-	-	1,472.65	-	1,472.65	

# Includes assets leased out;

Particulars	2015 -16	2014 -15
Cost	<b>2,880.57</b>	2,932.99
Accumulated depreciation	<b>2,383.04</b>	1,935.97
Written Down Value	<b>497.53</b>	997.02

# Sundram Fasteners Limited

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

		₹ lakhs	
		As at	As at
		31-3-2016	31-3-2015
<b>9</b>	<b>A. INVESTMENTS – Long-Term / Non-Current</b>		
	<b>1. Non-Trade (Valued at Cost unless otherwise stated)</b>		
	<b>Quoted equity instruments</b>		
	a) 75,000 Equity Shares of ₹ 2 each in Housing Development Finance Corporation Limited, Mumbai	<b>0.94</b>	0.94
	b) 2,500 Equity Shares of ₹ 2 each in HDFC Bank Limited, Mumbai	<b>0.05</b>	0.05
	c) 20,439 Equity Shares of ₹ 10 each in IDBI Bank Limited, Mumbai	<b>9.23</b>	9.23
	Sub Total	<b>10.22</b>	10.22
	<b>Unquoted equity instruments</b>		
	a) 1,25,000 Equity Shares of ₹ 10 each in Madras Engineering Industries Private Limited, Chennai	<b>12.50</b>	12.50
	b) 100 Shares of ₹ 5 each in TVS- Co-operative Stores Limited, Madurai	–	–
	Sub Total	<b>12.50</b>	12.50
	Total of 1	<b>22.72</b>	22.72
	<b>2. Trade - (Valued at Cost unless otherwise stated)</b>		
	<b>Unquoted equity instruments / preference instruments / capital contribution</b>		
	<b>Investment in subsidiaries</b>		
	a) 24,90,000 Equity Shares of ₹ 10 each in Sundram Fasteners Investments Limited, Chennai (extent of holding - 100%)	<b>249.00</b>	249.00
	b) 14,00,000 Equity Shares of £ 1 each fully paid up in Cramlington Precision Forge Limited, Northumberland, UK (extent of holding - 100%)	–	1,117.12
	5,00,000 6% Redeemable Preference shares of £ 1 each fully paid up in Cramlington Precision Forge Limited (Redeemed during the year) (Refer Note No.31 (5))	–	406.02
	c) 3,50,000 Ordinary Shares of RM 1 each in Sundram RBI Sdn. Bhd. Kuala Lumpur, (Formerly RBI Auto Parts Sdn. Bhd., Kuala Lumpur, Malaysia) (extent of holding - 70%) (Refer Note No.31 (5))	–	68.00
	Less : Provision for diminution in value of investments [Vide Note No. 31 (13) (a)]	–	(68.00)
	d) 53,20,000 Equity Shares of ₹ 10 each in Sundram Precision Components Ltd, Chennai (Formerly Sundram Bleistahl Limited, Chennai (extent of holding - 76%))	<b>532.00</b>	532.00
	e) 18,215 Shares of US \$ 10 each in Sundram International Inc., Michigan, USA (extent of holding - 100%)	<b>81.46</b>	81.46
	Less : Provision for diminution in value of investments [Vide Note No. 31 (13) (a)]	<b>(81.46)</b>	(81.46)
	f) Equity Share Capital in Peiner Umformtechnik, GmbH, Peine, Federal Republic of Germany (extent of holding - 100%) (Refer Note No.31 (5))	–	4,791.55
	Less : Provision for diminution in value of investments [Vide Note No. 31 (13) (a)]	–	(3,000.00)

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

9 INVESTMENTS (Contd.)	As at 31-3-2016	₹ lakhs As at 31-3-2015
g) Capital Contribution in PUT Grundstucks GmbH, Peine, Federal Republic of Germany (extent of holding - 100%) (Refer Note No.31 (5))	-	15.23
h) Capital Contribution in Sundram Fasteners (Zhejiang) Limited, Zhejiang, People's Republic of China (extent of holding - 100%) (Refer Note No.31 (5))	-	5,687.60
i) 1,18,99,674 Equity Shares of ₹ 10 each in TVS Upasana Ltd, Chennai ( Formerly Upasana Engineering Ltd) (extent of holding -100%)	1,191.70	1,191.70
j) 2,64,691 Equity Shares of ₹ 10 each fully paid up in Sundram Non-Conventional Energy Systems Limited, Chennai (extent of holding - 52.94%)	92.87	92.87
k) Capital Contribution in TVS Peiner Services, GmbH (Formerly Peiner Logistik, GmbH), Peine, Federal Republic of Germany (extent of holding - 100%) (Refer Note No.31 (5))	-	15.34
l) 1,25,00,000 Equity shares of Rs 10 each fully paid up in TVS Infotech Limited, Chennai (extent of holding 49.16 %)	1,250.00	-
m) 1,000 Equity shares of £ 1 each fully paid up in Sundram International Ltd, UK (extent of holding -100%)	0.95	-
n) 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 Ltd (Refer Note No.31 (13))#	24,998.90	-
<b>Investment in Associate / Joint Venture</b>		
Capital Contribution in Windbolt, GmbH, Hohenstein-Ernstthal, Federal Republic of Germany (extent of holding - 10%) [Last year - 24.99%] (Refer Note No.31 (5))	-	22.22
Total of 2	<u>28,315.42</u>	<u>11,120.65</u>
<b>3. Other Investments (Valued at Cost)</b>		
<b>Unquoted</b>		
<b>Investment in Venture Capital Fund [Non-Trade]</b>		
Venture Capital Fund - 168 Units of ₹ 100 each in the ICICI Emerging Sectors Fund , Bengaluru [Last year 3,626 Units]	0.17	3.63
<b>Investment in Equity Shares [Trade]</b>		
a) 3,51,00,000 shares of ₹ 1 each in Madurai Trans Carrier Limited, Chennai.	351.00	-
b) 35 Shares of ₹ 100 each (₹ 65 paid up) in The Adyar Property Holding Co. Ltd. [Vide Note No. 31 (29) (A) on Contingent Liabilities]	-	-

# Sundram Fasteners Limited

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

9 INVESTMENTS (Contd.)	₹ lakhs	
	As at 31-3-2016	As at 31-3-2015
c) 52,935 [Last year 45,788] equity shares of ₹ 10 each (Class A) and 2,84,169 [Last year 1,04,692] equity shares of ₹ 10 each (Class B) in PPS Enviro Power Pvt Ltd., Hyderabad*	122.97	54.99
d) 16,09,808 equity shares of ₹ 10 each in Clarion Wind Farm Pvt Ltd, Chennai* [Last Year 2,59,875 Equity shares]	160.98	25.99
e) 5,68,478 Equity Shares of ₹ 10 each of Class A in Beta Wind Farm Pvt. Ltd, Chennai* [Last Year 8,67,190 Equity Shares]	108.01	164.77
f) 11,00,000 equity shares of ₹ 10 each in Gayatri Green Power Ltd, Chennai*	110.00	–
g) 2,229 equity shares of ₹ 10 each in Suryadev Alloys and Power Pvt Ltd, Chennai*	3.40	–
h) Capital Contribution in PGSD engineering LLP, New Delhi (extent of holding - 13%)	0.13	–
Total of 3	<u>856.66</u>	<u>249.38</u>
Total(1 + 2 + 3)	<u>29,194.80</u>	<u>11,392.75</u>

### B. INVESTMENTS – Short-Term / Current

#### 1. Other Investments (Valued At Cost)

##### Investment in Mutual Funds [Non-Trade]

1024575.212 units in Sundaram Money Fund scheme of Sundaram Asset Management Co Ltd, Chennai.

Total	–	302.20
Total (A + B)	<u>–</u>	<u>302.20</u>
Total (A + B)	<u>29,194.80</u>	<u>11,694.95</u>

### C. TOTAL INVESTMENTS

a) Aggregate Cost of Quoted investments	10.22	10.22
b) Aggregate Cost of Unquoted Investments	<u>29,184.58</u>	<u>11,684.73</u>
Total (a + b)	<u>29,194.80</u>	<u>11,694.95</u>
c) Aggregate provision for diminution in value of unquoted investments	81.46	3,149.46
d) Market Value of Quoted Investments	870.16	1,026.85

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

# Share certificate for 1,800 number of ordinary shares were received subsequent to accounting year

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	₹ lakhs			
	Non-current		Current	
	As at 31-3-2016	As at 31-3-2015	As at 31-3-2016	As at 31-3-2015
<b>10 LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD UNLESS STATED OTHERWISE)</b>				
A) Capital Advance	1,313.42	1,415.72	-	-
B) Security Deposits	2,422.14	2,158.85	-	-
C) Loans and Advances to Related Parties (refer note on related party)	601.50	10,363.27	-	825.00
D) Other loans and advances				
Advance Income-tax (net of provision for taxation)	2,274.50	2,012.82	-	-
Prepaid Expenses	-	-	657.43	588.26
Loans / Advances to employees	275.52	282.86	107.27	97.12
Balance with statutory / government authorities	-	-	3,645.26	5,638.71
Advances to suppliers	-	-	1,209.18	576.07
Advances recoverable in Cash or in kind	-	-	4,060.47	8,423.58
Minimum Alternate Tax Credit Entitlement	3,163.76	-	-	-
Total (A + B + C + D)	<u>10,050.84</u>	<u>16,233.52</u>	<u>9,679.61</u>	<u>16,148.74</u>
<b>11 OTHER ASSETS (UNSECURED, CONSIDERED GOOD UNLESS STATED OTHERWISE)</b>				
a) Deposits with banks on lien with Electricity Board	2.11	33.57	-	-
b) Interest receivable	-	-	29.65	672.73
Less: Provision for doubtful debts-others	-	-	-	(136.01)
c) Others	-	-	-	1.50
Total (a + b + c)	<u>2.11</u>	<u>33.57</u>	<u>29.65</u>	<u>538.22</u>



# Sundram Fasteners Limited

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31-3-2016	₹ lakhs As at 31-3-2015
<b>12 INVENTORIES (VALUED AT LOWER OF COST AND NET REALIZABLE VALUE) *</b>		
a) Stores & Spares	1,021.72	937.86
b) Stores & Spares in Transit	–	35.99
c) Loose tools	2,229.86	2,386.94
d) Loose tools in Transit	0.63	2.28
e) Raw Materials and components	8,949.59	8,513.56
f) Raw Materials and components in Transit	1,396.23	1,317.64
g) Work-in-process	7,946.05	8,168.34
h) Work-in-process in Transit	57.11	20.03
i) Finished Goods	14,603.03	15,700.96
j) Finished Goods in Transit	395.24	5.57
Total	<u>36,599.46</u>	<u>37,089.17</u>
* Certified by Chairman and Managing Director		
<b>13 TRADE RECEIVABLES</b>		
<b>A) Unsecured, considered good unless stated otherwise</b>		
i) Outstanding for a period exceeding 6 months from the date they are due for payment	467.18	39.12
ii) Other Receivables	45,608.18	40,274.20
Sub Total	<u>46,075.36</u>	<u>40,313.32</u>
<b>B) Doubtful</b>	8.05	–
Less: Provision for bad and doubtful debts	(8.05)	–
Sub Total	–	–
Total (A + B)	<u>46,075.36</u>	<u>40,313.32</u>
<b>14 CASH AND BANK BALANCES</b>		
<b>Cash and Cash Equivalents</b>		
<b>a) Balances with Bank</b>		
i) Current Account	150.31	219.00
ii) Earmarked balances with banks - Dividend Warrant Accounts	275.47	171.05
<b>b) Cheques on hand</b>	19.83	370.32
<b>c) Cash on hand</b>	27.24	26.59
Total	<u>472.85</u>	<u>786.96</u>

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	Year ended 31-3-2016	₹ lakhs Year ended 31-3-2015
<b>15 REVENUE FROM OPERATION</b>		
<b>a) Sales of Products</b> (Refer Note 15A)		
Domestic Sales	185,779.84	160,400.97
Export Sales	90,812.13	89,871.55
Sub Total	<u>276,591.97</u>	<u>250,272.52</u>
<b>b) Sales of Service</b>		
Sub Contract Receipts	98.73	93.90
<b>c) Other Operating Revenues</b> (Refer Note 15B)	4,809.66	5,977.80
Sub Total (a + b + c)	<u>281,500.36</u>	<u>256,344.22</u>
Less : Excise Duty	20,842.45	17,767.64
Total	<u>260,657.91</u>	<u>238,576.58</u>
<b>15A DETAILS OF PRODUCTS SOLD</b>		
a) High tensile fasteners	103,328.71	89,502.11
b) Automotive & other miscellaneous cold formed / extruded parts / precision formed gears	15,914.57	15,301.34
c) Powder metal parts	24,193.36	22,541.64
d) Iron powder	1,292.19	1,535.07
e) Radiator caps	6,489.69	5,998.92
f) Gear Shifters	66.17	276.60
g) Tyre Carriers	112.63	118.99
h) Hot and warm forged parts	5,105.18	3,858.07
i) Pump Assemblies (Water / Oil / Fuel Pumps)	41,937.01	39,371.61
j) Engine Components	39,056.70	41,784.72
k) Water / Oil Pumps Kits and Spares	6,018.93	4,143.99
l) Shafts	17,550.39	12,777.67
m) Hubs	7,259.44	7,340.34
n) Sprockets	3,831.60	3,847.61
o) Nozzle Ring Assembly	4,432.10	1,867.21
p) Others	3.30	6.63
Total	<u>276,591.97</u>	<u>250,272.52</u>
<b>15B OTHER OPERATING REVENUE</b>		
a) Scrap Sales [Includes excise duty of ₹ 335.08 lakhs (₹ 377 lakhs)]	4,132.11	4,958.10
b) Lease Income	75.37	75.36
c) Export Incentives	602.18	944.34
Total	<u>4,809.66</u>	<u>5,977.80</u>

# Sundram Fasteners Limited

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	Year ended 31-3-2016	₹ lakhs Year ended 31-3-2015
<b>16 OTHER INCOME</b>		
a) Interest Income	817.23	864.06
b) Net Foreign exchange gain(net off loss)	1,882.39	113.32
c) Dividends - Subsidiary Companies	461.02	1,215.16
d) Dividends - From Others Companies	35.10	12.29
e) Miscellaneous Income	152.23	65.05
f) Profit on Sale of Assets	15.49	24.02
g) Profit on Sale of Investment in Mutual funds	78.76	41.60
Total	<u>3,442.22</u>	<u>2,335.50</u>
 <b>17 RAW MATERIALS INCLUDING PACKING MATERIALS CONSUMED</b>		
Opening Stock of Raw Material	8,513.56	7,081.22
Add: Purchase of materials	106,657.96	107,034.18
Less: Closing Stock of Raw Material	8,949.59	8,513.56
Total	<u>106,221.93</u>	<u>105,601.84</u>
 <b>Consumption of Raw Material under Broad Head</b>		
a) Steel	62,361.97	54,430.63
b) Metal Powder	4,232.60	3,309.41
c) Aluminium Ingots	1,295.56	1,737.45
d) MS Scrap	3,034.61	3,566.23
e) Other Components	35,346.19	42,669.41
Sub Total	<u>106,270.93</u>	<u>105,713.13</u>
Less: Amount relating to Research & Development Expenses (Refer Note 27A)	49.00	111.29
Consumption Total	<u>106,221.93</u>	<u>105,601.84</u>

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

		₹ lakhs	
		Year ended 31-3-2016	Year ended 31-3-2015
<b>18</b>	<b>CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK-IN-TRADE</b>		
	A. Opening Stock:		
	Work-in-Process	<b>8,168.34</b>	7,066.73
	Finished Goods	<b>15,700.96</b>	10,624.79
	Less: Excise Duty on Finished Goods	<b>856.69</b>	615.04
	Sub Total	<u><b>23,012.61</b></u>	<u>17,076.48</u>
	B. Less:		
	Closing Stock:		
	Work-in-Process (Refer Note 18A)	<b>7,946.05</b>	8,168.34
	Finished Goods	<b>14,603.03</b>	15,700.96
	Less: Excise Duty on Finished Goods	<b>770.20</b>	856.69
	Sub Total	<u><b>21,778.88</b></u>	<u>23,012.61</u>
	Total (A - B)	<b>1,233.73</b>	(5,936.13)
	Add / (Less): Excise Duty on opening and closing of Finished Goods (Net)	<b>86.49</b>	(241.65)
	Total	<u><b>1,320.22</b></u>	<u>(6,177.78)</u>
<b>18A</b>	<b>WORK-IN-PROCESS – UNDER BROAD HEADS</b>		
	a) High tensile fasteners	<b>4,010.05</b>	3,834.00
	b) Automotive & other miscellaneous cold formed / extruded parts / precision formed gears	<b>596.19</b>	433.17
	c) Powder metal parts	<b>720.39</b>	670.54
	d) Iron powder	<b>78.88</b>	127.01
	e) Radiator caps	<b>102.03</b>	89.55
	f) Gear shifters	<b>12.83</b>	11.97
	g) Tyre carriers	<b>2.88</b>	1.65
	h) Hot and warm forged parts	<b>477.92</b>	416.28
	i) Pump Assemblies & Engine Components (Water / Oil / Fuel Pumps Kits & Spares)	<b>1,048.09</b>	1,472.93
	j) Shafts, Hubs & Sprockets	<b>850.09</b>	1,069.13
	k) Nozzle ring assembly	<b>46.70</b>	42.11
	Total	<u><b>7,946.05</b></u>	<u>8,168.34</u>

# Sundram Fasteners Limited

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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	Year ended 31-3-2016	₹ lakhs Year ended 31-3-2015
<b>19 EMPLOYEE BENEFIT EXPENSES</b>		
a) Salaries, Wages, Bonus and Allowances	<b>21,810.21</b>	19,732.06
b) Leave travel assistance	<b>96.23</b>	60.27
c) Provident and Other Funds	<b>1,500.77</b>	1,736.67
d) Welfare expenses	<b>2,465.10</b>	2,403.45
Total	<b><u>25,872.31</u></b>	<u>23,932.45</u>
<b>20 FINANCE COST</b>		
a) Interest expense	<b>1,999.47</b>	2,088.89
b) Other borrowing costs	<b>22.86</b>	48.92
c) Applicable net loss on foreign currency transactions and translation including borrowing cost	<b>3,975.29</b>	6,000.79
Total	<b><u>5,997.62</u></b>	<u>8,138.60</u>
<b>21 OTHER EXPENSES</b>		
a) Stores and Tools consumed	<b>27,099.13</b>	26,800.43
b) Power & Fuel	<b>13,421.73</b>	12,737.95
c) Rent	<b>687.04</b>	642.77
d) Rates & Taxes [Excluding taxes on Income]	<b>1,143.44</b>	1,054.85
e) Insurance	<b>822.98</b>	671.42
f) Repairs & Maintenance - Building	<b>2,360.34</b>	1,829.97
g) Repairs & Maintenance - Plant & Equipment	<b>2,996.60</b>	2,738.40
h) Miscellaneous expenses [Refer Note 22]	<b>40,203.63</b>	35,401.11
Total	<b><u>88,734.89</u></b>	<u>81,876.90</u>

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	Year ended 31-3-2016	₹ lakhs Year ended 31-3-2015
<b>22 MISCELLANEOUS EXPENSES</b>		
a) Sub-contract expenses	<b>20,637.88</b>	17,914.31
b) Freight & Cartage Inward	<b>1,844.54</b>	1,648.78
c) Repairs & Maintenance - Other assets	<b>553.95</b>	571.61
d) Commission on sales	<b>668.66</b>	579.94
e) Directors' Sitting Fees	<b>29.20</b>	8.20
f) Remuneration to Auditors including Reimbursement of expenditure [Refer Note 23]	<b>72.34</b>	68.66
g) Loss on sale / discarded assets	<b>21.18</b>	74.19
h) Loss on sale of investments	<b>1.41</b>	-
i) Research and Development Expenditure [Refer Note 27A]	<b>996.84</b>	1,137.61
j) Corporate Social Responsibility Expenditure [Refer Note 27B]	<b>173.40</b>	218.32
k) Freight & Cartage Outward	<b>5,574.69</b>	5,492.18
l) Travel Expenses	<b>1,139.65</b>	1,052.91
m) Postage & Telecom Expenses	<b>307.59</b>	320.52
n) Customer claims - Warranty and Other claims	<b>3,672.47</b>	2,795.47
o) Consultancy	<b>2,286.02</b>	1,814.65
p) Sundry Expenses [Under this head there is no expenditure which is in excess of 1% of revenue from operations or ₹ 1 lakhs whichever is higher]	<b>2,223.81</b>	1,703.76
Total	<b>40,203.63</b>	35,401.11
<b>23 REMUNERATION TO AUDITORS CONSIST OF</b>		
a) As Auditors	<b>32.50</b>	32.50
b) Taxation Matters	<b>6.00</b>	4.25
c) Company Law Matters	<b>0.01</b>	0.01
d) Other Services	<b>21.47</b>	21.05
e) Reimbursement of expenses	<b>12.36</b>	10.85
Total	<b>72.34</b>	68.66
<b>24 CIF VALUE OF IMPORTS</b>		
a) Raw Materials	<b>19,333.61</b>	23,816.41
b) Components & Spare Parts	<b>1,929.90</b>	1,984.87
c) Capital Goods	<b>7,659.78</b>	4,216.70
d) Tool Steel, Tools, Gauges etc.,	<b>1,452.19</b>	1,214.44
e) Others	<b>969.68</b>	59.90
Total	<b>31,345.16</b>	31,292.32

# Sundram Fasteners Limited

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	Year ended 31-3-2016	Year ended 31-3-2015
		₹ lakhs
<b>25 EARNINGS IN FOREIGN EXCHANGE</b>		
a) FOB value of exports	<b>90,812.13</b>	89,871.55
b) Dividend income	<b>211.74</b>	1,135.75
c) Interest income	<b>10.74</b>	310.55
d) Others	<b>723.39</b>	270.31
Total	<b>91,758.00</b>	91,588.16
<b>26 EXPENDITURE IN FOREIGN CURRENCY</b>		
a) Agency Commission	<b>47.80</b>	56.31
b) Consultancy Fee	<b>344.28</b>	101.70
c) Interest on foreign currency loans	<b>998.73</b>	1,181.93
d) Royalty	<b>150.67</b>	137.16
e) Others	<b>6,137.18</b>	4,065.99
Total	<b>7,678.66</b>	5,543.09
<b>27 (A) DETAILS OF RESEARCH AND DEVELOPMENT EXPENDITURE *</b>		
i) Capital Expenditure	<b>390.58</b>	65.20
ii) Revenue Expenditure		
a) Raw material and components consumed	<b>49.00</b>	111.29
b) Salaries, Wages, Bonus and Allowances	<b>606.68</b>	549.38
c) Staff and Labour Welfare expenses	<b>3.50</b>	3.52
d) Stores and Tools consumed	<b>216.74</b>	373.64
e) Travelling expenses	<b>8.29</b>	20.28
f) Freight and Cartages	<b>0.59</b>	7.36
g) Sub-Contract expenses	<b>85.87</b>	76.23
h) Repairs and Maintenance		
– Building	<b>0.04</b>	0.02
– Plant & Equipment	<b>13.73</b>	36.29
– Other Assets	<b>0.24</b>	–
i) Product Development expenses	–	0.51
j) Consultancy	<b>4.28</b>	0.28
k) Software expenses	<b>20.82</b>	7.94
l) Other expenses	<b>24.78</b>	13.12
m) Sale of products	<b>(37.72)</b>	(62.25)
Net Revenue Expenditure	<b>996.84</b>	1,137.61
iii) Total Research and Development Expenditures [(i) + (ii)]	<b>1,387.42</b>	1,202.81

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

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

		₹ lakhs	
		Year ended 31-3-2016	Year ended 31-3-2015
<b>27</b>	<b>(B) EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY (CSR)</b>		
a)	Gross amount required to be spent	<b>319.81</b>	299.85
b)	Amount Spent on*:		
	(i) Construction / acquisition of any asset	–	–
	(ii) On purposes other than (i) above		
	a) Education	<b>114.95</b>	184.95
	b) Healthcare	<b>13.12</b>	4.37
	c) Mental Health Education	<b>29.00</b>	29.00
	d) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art	<b>16.33</b>	–
	Total	<b>173.40</b>	218.32

\* All the amount has been spent in cash.

## 28 DISCLOSURE IN RESPECT OF DERIVATIVE INSTRUMENTS

a)	Derivative Instruments outstanding*:		
	Forward Contracts	<b>35,922.74</b>	50,852.71
b)	Foreign Currency exposures that are not hedged by derivative instruments:		
	– Loans	<b>9,939.00</b>	15,628.16
	– Interest on Foreign Currency Loans	<b>145.19</b>	155.01
	– Others	<b>24,744.34</b>	19,662.57

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



# Sundram Fasteners Limited

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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

	₹ lakhs			
	Year ended 31-3-2016		Year ended 31-3-2015	
	Value ₹ in lakhs	% to total consumption	Value ₹ in lakhs	% to total consumption
<b>A) Raw Materials, Components &amp; Finished Goods</b>				
<b>1. Imported:</b>				
a) Steel	<b>9,802.36</b>	<b>9.22</b>	10,204.73	9.65
b) Metal Powder	<b>1,755.44</b>	<b>1.65</b>	1,884.51	1.78
c) Aluminium Ingots	<b>1,218.75</b>	<b>1.15</b>	1,316.36	1.24
d) Other Components @	<b>5,865.16</b>	<b>5.52</b>	5,884.82	5.57
	<b><u>18,641.71</u></b>	<b><u>17.54</u></b>	<u>19,290.42</u>	<u>18.24</u>
<b>2. Indigenous:</b>				
a) Steel	<b>52,559.61</b>	<b>49.46</b>	44,225.90	41.84
b) Metal Powder *	<b>2,477.16</b>	<b>2.33</b>	1,424.90	1.35
c) Aluminium Ingots	<b>76.82</b>	<b>0.07</b>	421.09	0.40
d) Other Components @	<b>29,481.02</b>	<b>27.74</b>	36,784.59	34.80
e) M.S. Scrap	<b>3,034.61</b>	<b>2.86</b>	3,566.23	3.37
	<b><u>87,629.22</u></b>	<b><u>82.46</u></b>	<u>86,422.71</u>	<u>81.76</u>
	<b><u>106,270.93</u></b>	<b><u>100.00</u></b>	<u>105,713.13</u>	<u>100.00</u>
<b>B) Spares:</b>				
a) Imported	<b>579.97</b>	<b>14.16</b>	432.41	11.64
b) Indigenous	<b>3,515.61</b>	<b>85.84</b>	3,283.74	88.36
	<b><u>4,095.58</u></b>	<b><u>100.00</u></b>	<u>3,716.15</u>	<u>100.00</u>

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

\* The above particulars excludes inter unit transfers.

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

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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

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

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

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

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

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

Cash flow statement is attached to the balance sheet and statement of profit and loss.

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

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

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

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

All items of income and expense in the period are included in the determination of net profit for the period, unless specifically mentioned elsewhere in the financial statements or is required by an Accounting Standard. Following are the details of income and expenses in the period which are exceptional:

Particulars	₹ lakhs	
	2015-16	2014-15
<b>A - Write off of loan / investments / interest recoverable from Subsidiary Companies / Joint venture</b>		
a) Write off of loans receivable	10,437.82	-
b) Loss on loan acquisition towards meeting guarantee obligations	9,530.09	-
c) Investments write off	4,899.01	-
Less: Provision made for diminution in the value of investments in earlier years	(3,068.00)	-
Net write off of Investments	1,831.01	-
d) Write off of Interest receivable	1,091.23	-
Less: Provision made for interest receivable in earlier years	(136.01)	-
Net write off of interest receivable	955.22	-
Total of A (a + b + c + d)	22,754.14	-
<b>B - Profit on sale of investments of Subsidiary Companies</b>	18,194.18	-
Total (A-B)	4,559.96	-
<b>C - Provision for diminution in value of investments</b>	-	1,000.00
Total	4,559.96	1,000.00

# Sundram Fasteners Limited

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

### (ii) Prior period items:

Particulars	₹ lakhs	
	2015-16	2014-15
Prior Period Expenses		
1) Stores & Tools Consumed	0.13	–
2) Sales Discount / Commission	0.45	–
3) Freight & Cartage	17.46	–
4) Others	5.36	4.88
Total	23.40	4.88

### (iii) Changes in accounting policies

There is no change in the accounting policies of the Company from that of the previous year.

#### 6) AS 6: Depreciation Accounting

The standard is withdrawn with effect from March 30, 2016 and included in AS 10 “Property, Plant and Equipment”.

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

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

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

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

#### (9) AS 9: Revenue recognition

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

Export sales are recognized on the basis of ‘on board’ bills of lading and on the dates of ‘LET’ export certificate. Export benefits are recognized on post shipment basis.

Revenue and expenditure are accounted on a going concern basis.

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

Dividend income is recognized when the right to receive dividend is established as on the Balance Sheet date.

#### (10) AS 10: Property, Plant and Equipment

Depreciation is provided on Straight Line Method based on the useful life defined in the Schedule II of the Companies Act, 2013, except in respect of certain category of plant and equipments, where useful life is different than those prescribed under schedule II. In respect of these assets, the useful life has been determined based on technical assessments.

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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Component Accounting - Useful life of whole asset and part of the asset:

There is no significant variance in the useful life between the component of assets (whose cost is significant in relation to total cost of respective assets) and the useful life of respective assets. Hence, the depreciation has been computed for the whole of assets.

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

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

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

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

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

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

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

Net exchange difference is recognised in the Statement of Profit and Loss - loss of ₹ 2,092.90 lakhs (₹ 5,887.47 lakhs loss in the previous year).

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

The Company has not received any grant from the Government during the year.

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

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

Provision for diminution in value of investments stands as follows:

	₹ lakhs	
	31-03-2016	31-03-2015
i) Sundram International Inc, Michigan, USA	81.46	81.46
ii) Sundram RBI Sdn. Bhd, Kuala Lumpur, Malaysia	-	68.00
iii) Peiner Umformtechnik, GmbH, Peine, Germany	-	3,000.00
Total	<u>81.46</u>	<u>3,149.46</u>

Current investment is carried at lower of cost and realisable value.

# Sundram Fasteners Limited

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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- (b) The investments have been held by the Company in its own name except to the extent of exemption granted under Section 187 of the Companies Act, 2013 in respect of shares held in subsidiary companies through the nominees.
- (c) Investments in Sundram Fasteners (Zhejiang) Limited, Zhejiang, People's Republic of China and Cramlington Precision Forge Limited, Northumberland, United Kingdom were transferred to Sundram International Limited, New Castle, United Kingdom.

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

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

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

**(A) Defined Contribution Plan**

- a. Contribution to Provident Fund is in the nature of defined contribution plan and are made to a recognised fund.
- b. Contribution to Superannuation Fund is in the nature of defined contribution plan and is remitted to Life Insurance Corporation of India in accordance with the scheme framed by the Corporation.
- c. Contribution to Defined Contribution Plan, recognised as expense for the year are as under:
  - (i) Employer's Contribution to Provident Fund during the year ₹ 1,007.42 lakhs previous year ₹ 987.15 lakhs.
  - ii) Employer's Contribution to Superannuation Fund during the year ₹ 69.32 lakhs previous year ₹ 71.88 lakhs.

**(B) Defined Benefit Plan**

**(i) Provident Fund**

The Provident Fund being administered by a Trust is a defined benefit scheme whereby the Company deposits an amount determined as a fixed percentage of basic pay to the fund every month. The benefit vests upon commencement of employment. The interest credited to the accounts of the employees is adjusted on an annual basis to conform to the interest rate declared by the Government for the Employees Provident fund. The Guidance Note on implementing AS-15, Employee Benefits (Revised 2005) issued by the Accounting Standard Board (ASB) states that, interest shortfall in respect of provident fund set up by employers are to be met by employer and hence such fund need to be treated as defined benefit plan. There is no liability due to interest shortfall determined under paragraphs 58 & 59 of AS-15 (Revised).

**(ii) Gratuity**

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

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:

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	₹ lakhs	
	2015-16	2014-15
<b>1) Statement of Profit and Loss</b>		
<b>Net employee benefit expense (recognised in Employee Cost)</b>		
Current service cost	274.86	251.28
Interest cost on benefit obligation	294.25	280.53
Expected return on plan assets	(308.92)	(260.43)
Net actuarial gain recognised in the year	(29.73)	201.43
Past service cost	-	-
Liability not accounted as at the end of the year	-	-
<b>Net benefit expense</b>	<b>230.46</b>	<b>472.81</b>
<b>Actual return on Plan assets</b>	<b>308.92</b>	<b>260.43</b>
<b>2) Balance sheet</b>		
<b>Details of Provision for Gratuity</b>		
Defined benefit obligation - Opening	4,095.81	3,799.56
Fair value of plan assets	(3,866.29)	(3,307.37)
Less: Unrecognised past service cost	-	-
Less: Liability not funded as on 31.3.16	-	-
<b>Plan Liability (adjusted from operating revenue / retained earning)</b>	<b>229.52</b>	<b>492.19</b>
<b>3) Changes in present value of the defined benefit obligation are as follows:</b>		
Defined benefit obligation as at April 1, 2015	3,799.56	3,221.21
Interest cost	294.25	280.53
Current service cost	274.86	251.28
Benefits paid	(242.94)	(188.19)
Actuarial (gain) / loss on obligation	(29.92)	234.73
<b>Defined benefit obligation as at end of the year</b>	<b>4,095.81</b>	<b>3,799.56</b>
<b>4) Changes in the fair value of plan assets are as follows:</b>		
Fair value of plan assets as at April 1,2015	3,307.37	2,773.73
Expected return	308.92	260.43
Contribution by employer	493.13	448.34
Benefits paid	(242.94)	(188.19)
Actuarial (loss) / gain	(0.19)	13.06
<b>Fair value of plan assets as at March 31,2016</b>	<b>3,866.29</b>	<b>3,307.37</b>

# Sundram Fasteners Limited

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	₹ lakhs	
	2015-16	2014-15
The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:	%	%
Investment with insurer	99.95	99.95
Investment in Government Bonds	-	-
Bank Balance	0.05	0.05
Total	<u>100.00</u>	<u>100.00</u>

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

### (iii) Leave Salary - Compensated Absences

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

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

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

(a) Current service cost	22.72	25.32
(b) Interest cost	39.09	40.52
(c) Net actuarial (gain) / loss	(16.40)	(1.56)
Total	<u>45.41</u>	<u>64.28</u>

### Actuarial Assumptions:

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

	%	%
Discount rate - Gratuity	<u>7.75</u>	<u>8.00</u>
Discount rate - Leave Salary	<u>7.75</u>	<u>7.80</u>

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

### (16) AS 16: Borrowing costs

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

There is no borrowing cost capitalised during the year.

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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(17) **AS 17: Segment reporting**

The Company operates in the single segment.

(18) **AS 18: 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 Limited, Chennai
4. Sundram Precision Components Ltd., Chennai (Formerly Sundram Bleistahl Limited)
5. TVS Infotech Ltd., Chennai

**Foreign Subsidiaries**

1. Sundram International Ltd., New Castle, United Kingdom
2. TVS Infotech Inc., Michigan, USA (Subsidiary of TVS Infotech Ltd, Chennai )
3. Sundram International Inc., Michigan, USA
4. Cramlington Precision Forge Ltd., Northumberland, United Kingdom (Subsidiary of Sundram International Ltd, New Castle, United Kingdom )
5. Sundram Fasteners (Zhejiang) Ltd., Zhejiang, Peoples Republic of China (Subsidiary of Sundram International Ltd, New Castle, United Kingdom)
6. Peiner Umformtechnik GmbH, Peine, Federal Republic of Germany (Transferred effective 30th March, 2016)
7. PUT Grundstrucks GmbH, Peine, Federal Republic of Germany (Transferred effective 30th March, 2016)
8. TVS Peiner Services, GmbH (Formerly Peiner Logistick GmbH), Peine, Federal Republic of Germany (Transferred effective 30th March, 2016)

**(B) Associate**

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

**(C) Joint Venture**

Windbolt GmbH, Germany

(ceased to be a joint venture in financial year 2014-15, RBI approval filing completed during financial year 2015-16)

**(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 V.G.Jaganathan\*#  
Mr S Meenakshisundaram\*@  
Mr R Dilip Kumar\*@

\* Key Management Personnel as per Companies Act, 2013

# retired with effect from April 01, 2016

@ with effect from April 04, 2016



# Sundram Fasteners Limited

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

### (B) Relatives of Key Management Personnel

Ms Usha Krishna and  
Ms Preethi Krishna

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

Upasana Finance Limited, Chennai

### (III) Transactions with related parties referred in (I) and (II) above, in 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	<b>2,740.90</b> (2,371.18)	<b>0.98</b> (1.83)	-	-	-	-
Shares by cash	<b>1,250.95</b> -	-	-	-	-	-
Value of Shares (allotted in pursuant to sale of subsidiary company's shareholdings)	<b>24,998.90</b> -	-	-	-	-	-
Fixed Assets	<b>8.19</b> -	-	-	-	-	-
<b>Sales</b>						
Goods and Materials	<b>571.54</b> (998.37)	<b>16,814.09</b> (8,346.18)	-	-	-	-
Shares	<b>7210.73</b> -	-	<b>14.20</b> -	-	-	-
Fixed Assets	- (0.58)	-	-	-	-	-
<b>Services Rendered</b>						
Rendered	<b>141.82</b> (104.49)	-	-	-	-	-
Received	<b>1,295.21</b> (1113.53)	<b>428.46</b> (412.95)	-	-	-	<b>48.19</b> (43.51)
<b>Finance*</b>						
Inter Corporate Deposit Repayment (Net)	<b>285.15</b>	-	-	-	-	-
Inter Corporate Deposit Paid (Net)	(3,016.68)	-	-	-	-	-
Interest on Inter Corporate Deposit	<b>500.34</b> (244.31)	-	<b>102.31</b> (157.08)	-	-	-
Loans & Interest receivable write - off #	-	-	-	-	-	-
Dividend Received	<b>461.02</b> (1215.16)	-	-	-	-	-
Dividend Paid	-	<b>3,174.60</b> (1,925.58)	-	<b>4.12</b> (2.50)	-	-

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

₹ 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>Others</b>						
Leasing or hire purchase arrangements	75.32 (75.32)	– –	– –	19.20 (19.20)	6.20 (6.20)	– –
Guarantees & Collaterals	2,314.76 (3,463.59)	– –	– –	– –	– –	– –
Management contracts, Including deputation of employees	– –	– –	– –	1,336.32 (1,097.72)	– –	– –
<b>Outstanding balances</b>						
Due to the Company	752.08 (9,741.11)	2,330.30 (1,026.19)	– (1,991.52)	– –	– –	– –
Due by the Company	534.87 (756.09)	24.76 (15.33)	– –	1,000.00 (800.00)	– –	– –

# Refer Note no. 31 (5) - AS 5

(Previous year figures are in brackets)

₹ lakhs

2015-16 2014-15

### (IV) Transactions with related parties required to be disclosed pursuant to New Listing Obligation and Disclosure Requirements:

#### Loans and advances (without repayment schedule) given to Subsidiaries:

(i) Sundram Fasteners Investments Limited, Chennai [maximum outstanding during the year - ₹ 1,234.52 lakhs (₹ 1,196.89 lakhs) (includes interest free loan of ₹ 564.14 lakhs (₹ 571.03 lakhs))]	–	1,190.30
(ii) TVS Upasana Ltd, Chennai (formerly Upasana Engineering Ltd.) [maximum outstanding during the year ₹ 825.00 lakhs (₹ 1,180.00 lakhs)]	575.00	825.00
(iii) TVS Peiner Services GmbH, Peine, Germany [maximum outstanding during the year ₹ 458.73 lakhs (₹ 458.73 lakhs)]**	–	458.73
(iv) Sundram International Inc. Michigan, USA [maximum outstanding during the year ₹ 26.50 lakhs (₹ 25.00 lakhs)]	26.50	25.00
(v) Peiner Umformtechnik GmbH, Peine, Germany [maximum outstanding during the year - ₹ 8,009.94 lakhs (₹ 6,801.89 lakhs)]	–	6,801.89

\* Finance includes loans                      \*\* Including interest

(Previous Year figures are in brackets)

# Sundram Fasteners Limited

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Particulars of Loans, Guarantees and Investments under Section 186 of the Companies Act, 2013 during the financial year 2015-16:

S. No.	Name of the Body Corporate	Nature of relationship	Nature of transaction (loan / security / acquisition / guarantee)	Amount of loan / security / acquisition / guarantee (Rs in lakhs)	Purpose for which the loan / security / acquisition / guarantee utilised by the recipient
1	TVS Upasana Limited, Chennai (formerly Upasana Engineering Limited)	Wholly-owned subsidiary	Guarantee	1,500.00	For availing working capital facilities from Bank
2	TVS Infotech Limited, Chennai	Step down subsidiary	Acquisition	1,250.00	Investment in Equity Shares
3	Peiner Umformtechnik GmbH, Germany	Wholly-owned subsidiary	Guarantee	8,794.98	For availing working capital facilities from Banks
4	Peiner Umformtechnik GmbH, Germany	Wholly-owned subsidiary	Loans	1,150.86	For working capital purposes
5	PUT Grundstücks GmbH, Germany	Wholly-owned subsidiary	Guarantee	1,779.25	For availing working capital facilities from Bank
6	Sundram International Limited, United Kingdom	Wholly-owned subsidiary	Acquisition	24,999.85	Investment in Equity Shares
7	Clarion Wind Farm Private Limited, Chennai	-	Acquisition	134.99	Investment in Equity Shares - For purchase of power
8	PGSD Engineering LLP, New Delhi	-	Acquisition	0.13	Investment - For purchase of power
9	Gayatri Green Power Private Limited, Chennai	-	Acquisition	110.00	Investment in Equity Shares - For purchase of power
10	Suryadev Alloys and Power Private Limited, Chennai	-	Acquisition	3.40	Investment in Equity Shares - For purchase of power
11	PPS Enviro Power Private Limited, Hyderabad	-	Acquisition	67.98	Investment in Equity Shares - For purchase of power
12	Madurai Trans Carrier Limited, Chennai	-	Acquisition	351.00	To facilitate using of aircraft by the Company, owned by Madurai Trans Carrier Limited, Chennai
13	Sundaram Money Fund Scheme of Sundaram Asset Management Co Ltd., Chennai	-	Investment in Mutual Funds	65,760.00	Treasury investments

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	2015-16	2014-15
		₹ lakhs
<b>(19) AS 19: Accounting for Leases</b>		
<p>The company has entered into lease agreements for a period up to five years, which are in the nature of operating leases as defined in the Accounting Standard prescribed by the Institute of Chartered Accountants of India.</p>		
(a) Future minimum lease payments under non cancellable operating leases in respect of lease agreements entered into on or after 01.04.2001:		
Upto One year	39.27	46.10
One to Five years	72.41	76.51
Total	111.68	122.61
<p>(b) During the year Rs.450.71 lakhs(Rs.453.10 lakhs) of Lease payments recognised in the statement of profit and loss, in respect of operating lease agreements entered into on or after 01.04.2001 as well as share of lease rent for aircraft under joint ownership.</p>		
<p>(c) Significant Leasing arrangements: The company has entered into leasing arrangements in respect of vehicles.</p>		
<p>(i) <b>Basis of determining contingent rent:</b> 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.</p>		
<p>(ii) <b>Renewal / purchase options and escalation clauses:</b> 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.</p>		
<p>(iii) There are no restrictions imposed by the lease arrangements, concerning dividends, additional debt &amp; further leasing.</p>		

## (20) AS 20: Earnings per share

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

Particulars	2015-16	2014-15
Basic / Diluted EPS before considering Extraordinary items (₹)	10.05	6.44
Basic / Diluted EPS after considering Extraordinary items (₹)	10.05	6.44
Weighted average number of shares	21,01,28,370	21,01,28,370
Face Value per share (fully paid up)	₹ 1/-	₹ 1/-

# Sundram Fasteners Limited

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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

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

- a) Sundram Fasteners Investments Ltd., Chennai
  - b) TVS Upasana Limited, (Formerly Upasana Engineering Limited) , Chennai
  - c) Sundram Fasteners (Zhejiang) Limited, Zhejiang, People's Republic of China
  - d) Cramlington Precision Forge Limited, Northumberland, UK
  - e) Sundram Non-Conventional Energy Systems Limited, Chennai
  - f) Sundram International Inc, Michigan, USA
  - g) Peiner Umformtechnik GmbH, Peine, Federal Republic of Germany (Sold / transferred effective 30th March, 2016)
  - h) PUT Grundstücks GmbH, Peine, Federal Republic of Germany (Sold / transferred effective 30th March, 2016)
  - i) Sundram Precision Components Limited, (Formerly Sundram Bleistahl Limited) Chennai
  - j) TVS Peiner Services GmbH (Formerly Peiner Logistik GmbH), Peine, Federal Republic of Germany (Sold / transferred effective 30th March, 2016)
  - k) TVS Infotech Limited, Chennai
  - l) TVS Infotech Inc, Michigan, USA
- are annexed.

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

Refer Note 4 to the Accounts

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

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

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

Company has no associates as defined in AS 23.

### (24) AS 24: Discontinuing Operations

The Company has not discontinued any operations during the year.

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

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

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	₹ lakhs	
	2015-16	2014-15
<b>(26) AS 26: Intangible Assets</b>		
The Company has not acquired any intangible asset during the year. With respect to fees paid for acquiring Technical Know how before 01-04-2003, the amount capitalised has been amortised over the currency of the collaboration agreement.		
<b>(27) AS 27: Financial Reporting of Interests in Joint Ventures</b>		
Company has no joint venture as defined in AS 27.		
<b>(28) AS 28: Impairment of Assets</b>		
At the Balance Sheet date, an assessment is done to determine whether there is impairment in the carrying amount of the Company's fixed assets. Impairment of asset during the year amounted to Rs.427.92 lakhs and is included in depreciation ( previous year nil).		
<b>(29) AS 29: Provisions, Contingent Liabilities and Contingent Assets</b>		
<b>(A) (i) Contingent Liabilities :</b>		
a) On Letters of Guarantee	<b>2,314.76</b>	3,463.59
b) On Letters of Credit	<b>146.73</b>	271.84
c) On partly paid shares of The Adyar Property Holding Co. Ltd., Chennai	<b>0.01</b>	0.01
d) The Company has furnished guarantees to fulfil various obligations of Cramlington Precision Forge Limited, UK subsidiaries of the Company, the amount of which is to the extent of non fulfilment of obligations of the subsidiaries which is not ascertainable.		
e) 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.	<b>1,292.17</b>	–
<b>(ii) Liabilities disputed and not provided for:</b>		
a) Sales Tax / entry tax - under appeal	<b>2,421.01</b>	3,347.84
b) Excise Duty / Customs Duty / Service Tax - under appeal	<b>640.99</b>	633.89
c) Income-tax - under appeal	<b>46.29</b>	46.29
d) Others	<b>106.20</b>	212.92
<b>(iii) Estimated amount of contracts remaining to be executed on capital account and not provided for</b>	<b>5,321.38</b>	4,784.42
<b>(iv) Contingent Assets:</b>		
Claim of additional compensation against land acquisition	<b>23.29</b>	23.29

## Sundram Fasteners Limited

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### (30) AS 30: Financial Instruments: Recognition and Measurement

- a) AS 30 was issued by the Institute of Chartered Accountants of India (ICAI) in 2007 but has not yet been notified by the Government under Section 133 of the Companies Act, 2013.
- b) The Institute of Chartered Accountants of India has clarified that to the extent of accounting treatments covered by any of the existing notified accounting standards (for eg. AS 11, AS 13 etc,) the existing Accounting Standards would continue to prevail over AS 30.
- c) Since the company follows the accounting treatment specified in the AS 30 through the accounting treatment under existing Accounting Standards i.e AS 11 & AS 13 etc, AS 30 is not followed.

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**ARUNDATHI KRISHNA**  
Deputy Managing Director

**ARATHI KRISHNA**  
Joint Managing Director

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

**S MEENAKSHISUNDARAM**  
Chief Financial Officer

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

**M BALASUBRAMANIAM**  
Partner  
Membership No. F7945

Chennai  
May 20, 2016

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS ON CONSOLIDATED FINANCIAL STATEMENTS OF  
SUNDRAM FASTENERS LIMITED, CHENNAI FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

To

The Members of Sundram Fasteners Limited,  
Chennai - 600 004.

**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, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement 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 and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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.

**Auditors' 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 (the "ICAI"). 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 fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding



## INDEPENDENT AUDITORS' REPORT (Contd.)

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 given 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, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

### Other Matters

- (a) We did not audit the financial statements of two subsidiary companies whose financial statements reflect total assets of ₹ 18,008.10 Lakhs as at 31st December, 2015, total revenues of ₹ 19,589.04 Lakhs and net cash inflow amounting to ₹ 528.12 Lakhs for the year ended on that date, as considered in the consolidated financial statements. The subsidiaries 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 the subsidiaries, and our report in terms of sub-sections (3) and (11) 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 three subsidiary companies whose reporting date ends with 31st December, 2015 and two subsidiary company whose reporting date ends with 31st March, 2016, the financials reflect total assets of ₹ 487.59 Lakhs, total revenues of ₹ 40,949.78 Lakhs and net cash outflow amounting to ₹ 185.95 Lakhs for the year ended on that date, as considered in the consolidated financial statements. These subsidiaries 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 the subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statements.

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.
- (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.

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## INDEPENDENT AUDITORS' REPORT (Contd.)

- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement 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 Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 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 is disqualified as on 31st March, 2016 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 and its subsidiaries (incorporated in India) and the operating effectiveness of such controls, refer to our separate report in "Annexure - 1".
- (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 given to us and based on the consideration of the report of other auditors on separate financial statements of the 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. 24 (4) to the consolidated financial statements.
  - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative 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 subsidiaries company incorporated in India, wherever such amounts were required to be transferred.

Chennai  
May 20, 2016

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

**P MENAKSHISUNDARAM**  
Partner  
Membership No. 217914

### **ANNEXURE - 1 INDEPENDENT AUDITORS' REPORT TO THE MEMBERS ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SUNDRAM FASTENERS LIMITED, CHENNAI FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

#### **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, 2016 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.

#### **Auditors' 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 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.

#### **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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**Annexure referred to in our report of even date on the consolidated financial statements for the year ended March 31, 2016 (Contd.)**

- 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 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, 2016, 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 20, 2016

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

**P MENAKSHISUNDARAM**  
Partner  
Membership No. 217914

# Sundram Fasteners Limited (CONSOLIDATED)

## BALANCE SHEET AS AT 31ST MARCH 2016

				₹ lakhs	
I EQUITY AND LIABILITIES	Note No.	As at 31-3-2016		As at 31-3-2015	
<b>1. Shareholders' Funds</b>					
(a) Share Capital	1	<b>2,101.28</b>		2,101.28	
(b) Reserves and Surplus	2	<b>90,897.30</b>	<b>92,998.58</b>	<u>85,776.25</u>	87,877.53
<b>2. Minority Interest</b>					
(a) Share Capital		<b>1,243.10</b>		1,237.88	
(b) Reserves and Surplus		<b>(296.36)</b>	<b>946.74</b>	<u>(192.82)</u>	1,045.06
<b>3. Non-current Liabilities</b>					
(a) Long-term borrowings	3	<b>18,181.88</b>		20,300.05	
(b) Deferred tax liabilities (Net)	4	<b>9,225.32</b>		9,009.58	
(c) Trade payables	5	<b>23.00</b>		89.14	
(d) Long-term provisions	7	<b>610.23</b>	<b>28,040.43</b>	<u>493.04</u>	29,891.81
<b>4. Current Liabilities</b>					
(a) Short-term borrowings	3	<b>38,858.87</b>		54,233.81	
(b) Trade payables	5				
(i) Total outstanding dues of micro enterprises and small enterprises		<b>489.70</b>		347.73	
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		<b>33,056.99</b>		29,416.46	
(c) Other current liabilities	6	<b>24,794.19</b>		23,204.17	
(d) Short-term provisions	7	<b>2,085.85</b>	<b>99,285.60</b>	<u>8,095.08</u>	115,297.25
Total			<b><u>221,271.35</u></b>	<u>234,111.65</u>	<u>234,111.65</u>
<b>II ASSETS</b>					
<b>1. Non-Current Assets</b>					
(a) Fixed Assets					
i) Tangible Assets	8	<b>93,763.26</b>		101,489.43	
ii) Intangible Assets	8	<b>108.20</b>		392.75	
iii) Capital work-in-progress	8	<b>5,398.11</b>		2,174.79	
(b) Non-current Investments	9	<b>892.36</b>		336.70	
(c) Long-term Loans and Advances	10	<b>10,494.57</b>		6,909.94	
(d) Other Non-current Assets	11	<b>2.85</b>	<b>110,659.35</b>	<u>34.35</u>	111,337.96
<b>2. Current Assets</b>					
(a) Current investments	9	<b>35.85</b>		337.66	
(b) Inventories	12	<b>42,421.77</b>		52,644.50	
(c) Trade receivables	13	<b>54,129.49</b>		49,186.10	
(d) Cash and cash equivalents	14	<b>2,678.56</b>		2,484.49	
(e) Short-term loans and advances	10	<b>10,638.68</b>		16,950.10	
(f) Other current assets	11	<b>707.65</b>	<b>110,612.00</b>	<u>1,170.84</u>	122,773.69
Total			<b><u>221,271.35</u></b>	<u>234,111.65</u>	<u>234,111.65</u>

**ARUNDATHI KRISHNA**  
Deputy Managing Director

**ARATHI KRISHNA**  
Joint Managing Director

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

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

**S MEENAKSHISUNDARAM**  
Chief Financial Officer

**P MENAKSHISUNDARAM**  
Partner  
Membership No. 217914

Chennai  
May 20, 2016

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2016

	Note No.	Year ended 31-3-2016	₹ lakhs Year ended 31-3-2015
I. Revenue from Operations	15	<b>326,101.06</b>	315,613.83
II. Other Non - operating Income	16	<b>6,091.78</b>	1,665.72
III. Total Revenue (I + II)		<b><u>332,192.84</u></b>	<u>317,279.55</u>
IV. <b>EXPENSES</b>			
Cost of Materials Consumed	17	<b>131,204.55</b>	135,352.22
Changes in inventories of Finished goods, Work-in-process and Stock-in-Trade	18	<b>956.81</b>	(6,533.44)
Employee benefit expense	19	<b>45,745.28</b>	44,113.40
Finance Costs	20	<b>7,171.78</b>	9,446.56
Depreciation, amortization expenses and impairment losses	8	<b>11,717.76</b>	11,575.34
Other Expenses	21	<b>109,663.91</b>	105,107.62
Share of loss / (profits) of Associate Company		<b>—</b>	(14.61)
Total Expenses		<b><u>306,460.09</u></b>	<u>299,047.09</u>
V. <b>Profit before exceptional and extraordinary items and tax (III - IV)</b>		<b><u>25,732.75</u></b>	<u>18,232.46</u>
VI. Exceptional Items		<b><u>11,760.43</u></b>	<u>(14.07)</u>
VII. <b>Profit before extraordinary items and tax (V - VI)</b>		<b><u>13,972.32</u></b>	<u>18,246.53</u>
VIII. Extraordinary Items		<b><u>8.08</u></b>	<u>9.18</u>
IX. <b>Profit before tax (VII - VIII)</b>		<b><u>13,964.24</u></b>	<u>18,237.35</u>
X. Tax expense :			
1. Current Tax		<b>4,708.75</b>	5,509.91
2. Deferred Tax		<b>216.73</b>	(93.75)
3. Minimum Alternate Tax Credit		<b>(3,163.76)</b>	—
4. Earlier years		<b>8.23</b>	(380.25)
XI. <b>Profit / (Loss) for the period before Minority Interest (IX - X)</b>		<b><u>12,194.29</u></b>	<u>13,201.44</u>
XII. Profit / (Loss) from discontinuing operations		<b><u>(0.26)</u></b>	<u>(7.27)</u>
XIII. Tax expense of discontinuing operations		<b>—</b>	—
XIV. <b>Profit / (Loss) from Discontinuing operations (after tax) (XII - XIII)</b>		<b><u>(0.26)</u></b>	<u>(7.27)</u>
XV. <b>Profit / (Loss) for the period before Minority Interest (XI - XIV)</b>		<b><u>12,194.03</u></b>	<u>13,194.17</u>
XVI. Minority's share of profit / (loss) for the current year		<b><u>(103.54)</u></b>	<u>70.37</u>
XVII. <b>Profit / (Loss) for the period after Minority Interest (XV - XVI)</b>		<b><u>12,297.57</u></b>	<u>13,123.80</u>
XVIII. Earnings per equity share :			
1. Basic		<b>5.85</b>	6.25
2. Diluted		<b>5.85</b>	6.25
Weighted average No. of Equity Shares of ₹ 1/- each.		<b>210,128,370</b>	210,128,370

The Notes are an integral part of these financial statements.

**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

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

Chennai  
May 20, 2016

**P MENAKSHISUNDARAM**  
Partner  
Membership No. 217914

# Sundram Fasteners Limited (CONSOLIDATED)

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

	Year ended 31-3-2016	₹ lakhs Year ended 31-3-2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax	13,964.24	18,237.35
<b>Adjustments for :</b>		
<b>Add :</b>		
Depreciation	11,717.76	11,575.34
Unrealised Profit on Closing Stock	1.30	16.58
Interest expense (Net)	3,853.82	3,902.45
(Profit) / loss on Sale of Assets (Net)	-	11.53
Exceptional items	11,760.43	-
Investments in Windbolt written off	38.36	-
Effect on consolidation in respect of subsidiary	-	2,211.02
Unrealised Exchange (gain) / loss - Loans	2,089.66	4,574.02
	<b>29,461.33</b>	22,290.94
<b>(Less) :</b>		
(Profit) / loss on Sale of Investments	(77.35)	(41.60)
Exchange loss / (gain) arising on Application of AS 11	(220.96)	(93.00)
Impairment of Fixed Assets	(8.81)	(12.16)
Dividend Received	(36.63)	(13.06)
(Profit) / loss of sale of Associate	-	(14.61)
(Profit) / loss on Sale of Assets (Net)	(7.97)	-
Provision for Diminution in Investments (Net)	(0.01)	(0.01)
Profit / (loss) on Discontinuing operation	(0.26)	(7.27)
Effect on consolidation in respect of subsidiary	(1,119.82)	-
Unrealised Exchange (gain) / loss - Others	(1,970.08)	(113.32)
	<b>(3,441.89)</b>	(295.03)
	<b>26,019.44</b>	21,995.91
<b>Operating Profit before Extraordinary Items &amp; Working Capital changes :</b>	<b>39,983.68</b>	40,233.26
<b>Adjustments for Changes in Working Capital :</b>		
Trade and other receivables #	3,566.17	(11,021.34)
Inventories	10,222.73	(8,549.22)
Trade and other Payables #	10,601.30	(3,740.56)
	<b>24,390.20</b>	(23,311.12)
Cash Generated From Operations	<b>64,373.88</b>	16,922.14
Less: Direct Taxes Paid (Net)	<b>(5,065.25)</b>	(6,322.68)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>59,308.63</b>	10,599.46

## CONSOLIDATED CASH FLOW STATEMENT (Contd.)

	Year ended 31-3-2016	₹ lakhs Year ended 31-3-2015
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(19,122.93)	(14,092.00)
Sale of Fixed Assets	68.46	744.49
Sale of Investments	66,210.51	45,339.43
Purchase of Investments	(66,428.85)	(45,700.37)
Interest received	1,228.30	970.09
Dividend received	36.63	13.06
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(18,007.88)</b>	<b>(12,725.30)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Term Loans raised #	6,708.78	10,817.00
Term Loans repaid	(18,102.31)	(10,409.22)
Proceeds from other borrowings(net of repayments) #	(17,136.45)	11,106.68
Interest paid	(5,084.84)	(4,927.50)
Dividend & Corporate Dividend Taxes Paid	(7,491.86)	(4,558.92)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(41,106.68)</b>	<b>2,028.04</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>194.07</b>	<b>(97.80)</b>
<b>CASH AND CASH EQUIVALENTS - Opening Balance</b>	<b>2,484.49</b>	<b>2,582.29</b>
<b>CASH AND CASH EQUIVALENTS - Closing Balance</b>	<b>2,678.56</b>	<b>2,484.49</b>
<b>Notes :</b>		
<b>CASH AND CASH EQUIVALENTS include</b>		
a) Cash and Cheques on hand	49.99	402.52
b) With Scheduled Banks:		
i) Current Account & Cash Credit a/c	1,839.36	1,361.13
ii) Deposit Accounts	513.74	549.79
iii) Dividend Warrant Accounts	275.47	171.05
	<b>2,678.56</b>	<b>2,484.49</b>

# Excludes unrealised exchange loss of ₹ 119.58 lakhs (Last year loss of ₹ 4,460.70 lakhs).

**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

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

Chennai  
May 20, 2016

**P MENAKSHISUNDARAM**  
Partner  
Membership No. 217914



# Sundram Fasteners Limited (CONSOLIDATED)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

	As at 31-3-2016	₹ lakhs As at 31-3-2015
<b>1 SHARE CAPITAL</b>		
<b>a) Authorised</b>		
25,00,00,000 Equity Shares of ₹ 1 each	<u>2,500.00</u>	<u>2,500.00</u>
<b>b) Issued</b>		
21,01,28,370 Equity Shares of ₹ 1 each	<u>2,101.28</u>	<u>2,101.28</u>
<b>c) Subscribed and Paid-up</b>		
21,01,28,370 Equity Shares of ₹ 1 each fully paid-up	<u>2,101.28</u>	<u>2,101.28</u>

**d) Reconciliation of number of shares**

Equity Shares	As at 31-3-2016		As at 31-3-2015	
	No. of Shares	Value in ₹ lakhs	No. of shares	Value in ₹ lakhs
1 Balance at the beginning of the year	210,128,370	2,101.28	210,128,370	2,101.28
2 Add: Shares issued during the year	-	-	-	-
3 Bonus Shares issued during the year	-	-	-	-
4 Balance as at the end of the year	<u>210,128,370</u>	<u>2,101.28</u>	210,128,370	2,101.28

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

Name of the Shareholder	As at 31-3-2016		As at 31-3-2015	
	No. of Shares	Shares as % of Total No. of Shares	No. of shares	Shares as % of Total No. of Shares
1. T V Sundram Iyengar & Sons Private Ltd., Madurai	53,312,000	25.37	53,312,000	25.37
2. Southern Roadways Limited, Madurai	50,773,280	24.16	50,773,280	24.16
3. HDFC Trustee Company Ltd., Mumbai	18,914,297	9.00	-	-
Sub Total	<u>122,999,577</u>	<u>58.53</u>	104,085,280	49.53
4. Total No. of shares of the Company	<u>210,128,370</u>	<u>100.00</u>	210,128,370	100.00

**f) Bonus Shares / Buy Back / Shares for consideration other than cash issued during the period of five years immediately preceding the financial year ended 31<sup>st</sup> March, 2016 :**

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

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

The Company has only one class of equity shares having a face value of ₹ 1/- each. 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 shareholder.

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31-3-2016	₹ lakhs As at 31-3-2015
<b>2 RESERVES AND SURPLUS</b>		
<b>a) General Reserve</b>		
1 Balance as at the beginning of the year	66,624.98	67,647.83
2 Add : Transfer from Surplus in Statement of Profit and Loss	15,000.00	-
3 Less: Depreciation charged to retained earnings as per Schedule II of the Companies Act, 2013	-	1,028.40
Sub Total	<u>81,624.98</u>	<u>66,619.43</u>
4 Stock Reserve	1.30	16.58
5 Profit on sale of intangible assets to Cramlington Precision Forge Ltd. by TVS Infotech Ltd. in prior years	(7.06)	-
6 Less: Pre-acquisition profit of Minority Interest - TVS Infotech Limited & TVS Infotech Inc.	-	11.03
7 Balance as at the end of the year	<u>81,619.22</u>	<u>66,624.98</u>
<b>b) Surplus in Statement of Profit and Loss</b>		
1 Balance as at the beginning of the year	11,786.15	2,674.95
2 Add: Exchange variation - balance brought forward in foreign subsidiaries	821.58	708.73
3 Add: Opening balance of Sundram RBI Sdn. Bhd. Add: Opening balance of Windbolt GmbH	98.17	291.82
4 Less : TVS Infotech Limited, Chennai accumulated losses	-	(1,407.44)
5 Sub total	<u>12,705.90</u>	<u>2,268.06</u>
6 Add: Effect on consolidation of TVS Infotech Limited	-	202.98
7 Adjusted Balance as at the beginning of the year (5 + 6)	<u>12,705.90</u>	<u>2,471.04</u>
8 Profit for the Year	<u>12,297.57</u>	<u>13,123.80</u>
9 Balance available for appropriation(7 + 8)	<u>25,003.47</u>	<u>15,594.84</u>
<b>Appropriations:</b>		
10 Interim Dividend Paid	1,833.15	1,856.68
11 Tax Paid there on	418.55	373.58
12 Second Interim Dividend payable	-	1,891.16
13 Tax Payable there on	-	148.39
14 Second Interim Dividend paid	2,731.67	-
15 Tax Paid thereon	468.94	-
16 Effect on elimination of Peiner Umformtechnik GmbH	1,089.15	-
17 Transfer to General Reserve	15,000.00	-
18 Depreciation charged to surplus as per Schedule II of the Companies Act, 2013	-	11.72
19 Minority share in opening balance of P & L	-	(472.84)
20 Amount appropriated during the year	<u>21,541.46</u>	<u>3,808.69</u>
21 Balance as at the end of the year (9-20)	<u>3,462.01</u>	<u>11,786.15</u>
<b>c) Capital Reserve</b>	<u>30.00</u>	<u>105.50</u>
<b>d) Special Reserve</b>		
Balance as at the beginning of the year	82.22	82.22
Add : Transfer from Surplus in Statement of Profit and Loss	-	-
	<u>82.22</u>	<u>82.22</u>
<b>e) Foreign Exchange Translation Reserve / (Asset)</b>		
Balance as at the beginning of the year	7,177.40	7,527.65
Opening balance of Windbolt GmbH	(14.63)	-
Elimination of Peiner group companies	(140.36)	-
Current year foreign exchange gain / (loss)	<u>(1,318.56)</u>	<u>(350.25)</u>
	<u>5,703.85</u>	<u>7,177.40</u>
Total Reserves and Surplus (a + b + c + d + e)	<u>90,897.30</u>	<u>85,776.25</u>

## Sundram Fasteners Limited (CONSOLIDATED)

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

	₹ lakhs			
	Long-term / Non-current		Short-term / Current	
	As at 31-3-2016	As at 31-3-2015	As at 31-3-2016	As at 31-3-2015
<b>3 BORROWINGS</b>				
<b>a) Secured</b>				
i) Term Loans	<b>18,167.80</b>	19,763.38	–	–
ii) Working Capital Loans*	–	–	<b>6,212.93</b>	16,691.30
* Secured by hypothecation of current assets viz., stocks of raw materials, work-in-process and finished goods				
	(A) <b>18,167.80</b>	19,763.38	<b>6,212.93</b>	16,691.30
<b>b) Unsecured</b>				
i) Term Loans	–	–	–	–
ii) Working Capital Loans	<b>14.08</b>	536.67	<b>32,645.94</b>	37,542.51
	(B) <b>14.08</b>	536.67	<b>32,645.94</b>	37,542.51
Total (A+B)	<b>18,181.88</b>	20,300.05	<b>38,858.87</b>	54,233.81
<b>4 DEFERRED TAX LIABILITY / (ASSETS)</b>				
<b>a) Deferred Tax Liability</b>				
On Depreciation	<b>10,380.27</b>	9,996.52		
<b>b) Deferred Tax Asset :</b>				
i) On Provision for Leave Salary	<b>(199.15)</b>	(175.25)		
ii) On Provision for Gratuity	<b>(27.72)</b>	(25.39)		
iii) Others	<b>(928.08)</b>	(786.30)		
<b>Net Deferred Tax Liability (a + b)</b>	<b>9,225.32</b>	9,009.58		

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

		₹ lakhs			
		Long-term / Non-current		Short-term / Current	
		As at 31-3-2016	As at 31-3-2015	As at 31-3-2016	As at 31-3-2015
<b>5</b>	<b>TRADE PAYABLES</b>				
A)	Sundry Creditors for Goods purchased / Services availed (Other than MSMEs)	<u>23.00</u>	<u>89.14</u>	<u>33,056.99</u>	<u>29,416.46</u>
	Total	<u>23.00</u>	<u>89.14</u>	<u>33,056.99</u>	<u>29,416.46</u>
<b>B)</b>	<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	-	-	<b>489.70</b>	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	-	-	-	-
	Total	-	-	<b>489.70</b>	347.73
a)	Total outstanding Dues of Micro, Small & Medium Enterprises (MSMEs) **	-	-	<b>489.70</b>	347.73
b)	Total outstanding Dues of creditors other than MSMEs	<u>23.00</u>	<u>89.14</u>	<u>33,056.99</u>	<u>29,416.46</u>
	Total (a + b)	<u>23.00</u>	<u>89.14</u>	<u>33,546.69</u>	<u>29,764.19</u>

\*\* Based on the information available with the Company in respect of Micro, Small & Medium Enterprises (as defined in 'The Micro, Small & Medium Enterprises Development Act, 2006'). The company is generally regular in making payments of dues to such enterprises. Hence the question of payments of interest or provision therefore towards belated payments does not arise.

# Sundram Fasteners Limited (CONSOLIDATED)

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	₹ lakhs			
	Long-term / Non-current		Short-term / Current	
	As at 31-3-2016	As at 31-3-2015	As at 31-3-2016	As at 31-3-2015
<b>6 OTHER LIABILITIES</b>				
1 Current Maturities of Long Term Debt	-	-	<b>3,913.00</b>	12,860.20
2 Interest accrued but not due	-	-	<b>162.93</b>	165.65
3 Unclaimed Dividend	-	-	<b>275.47</b>	171.05
4 Statutory Dues	-	-	<b>1,014.75</b>	977.54
5 Trade deposits	-	-	<b>400.20</b>	213.11
6 Unclaimed Wages & Salaries	-	-	<b>242.73</b>	241.13
7 Unclaimed Bonus	-	-	<b>5.49</b>	4.80
8 Bonus Payable	-	-	<b>622.79</b>	243.01
9 Outstanding Liabilities				
(i) expenses	-	-	<b>7,595.18</b>	7,259.57
(ii) other liabilities	-	-	<b>9,530.09</b>	-
10 Customer Advances	-	-	<b>344.50</b>	311.06
11 Non Statutory dues	-	-	<b>374.71</b>	283.67
12 Provision for income Tax less Advance Tax	-	-	<b>258.49</b>	395.99
13 Liabilities to Group companies	-	-	-	15.21
14 Income received in advance	-	-	<b>12.50</b>	12.50
15 Government Grant	-	-	-	8.32
16 Interest Payable on Income Tax	-	-	<b>41.36</b>	41.36
Total	<u>-</u>	<u>-</u>	<u><b>24,794.19</b></u>	<u>23,204.17</u>
<b>7 PROVISIONS</b>				
a) Leave Salary	<b>475.97</b>	380.41	<b>145.71</b>	189.49
b) Gratuity	<b>134.26</b>	112.63	<b>321.36</b>	504.50
c) Dividend Payable	-	-	-	2,039.55
d) Expenses	-	-	<b>1,618.78</b>	5,342.18
e) Provision for Taxation	-	-	-	19.36
Total	<u><b>610.23</b></u>	<u>493.04</u>	<u><b>2,085.85</b></u>	<u>8,095.08</u>

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

### 8 NON-CURRENT ASSETS : FIXED ASSETS

₹ lakhs

Particulars	Tangible								Intangible			Total
	Land - Free Hold	Land - Lease Hold	Buildings	Plant and Equip-ment #	Furniture & Fixtures	Office Equip-ment	Vehi-cles	Total	Technical Know How	Software	Total	
<b>A Cost of Assets</b>												
As at 01.04.2015	4,582.31	1,144.56	24,886.21	169,002.92	10,253.28	2,905.09	459.46	213,233.83	490.38	1,137.33	1,627.71	214,861.54
Write off of opening balance of JV (Windbolt) not considered for consolidation	-	-	(1,367.39)	(1,312.63)	-	(78.96)	-	(2,758.98)	-	(0.19)	(0.19)	(2,759.17)
<b>Revised Opening Balance</b>	<b>4,582.31</b>	<b>1,144.56</b>	<b>23,518.82</b>	<b>167,690.29</b>	<b>10,253.28</b>	<b>2,826.13</b>	<b>459.46</b>	<b>210,474.85</b>	<b>490.38</b>	<b>1,137.14</b>	<b>1,627.52</b>	<b>212,102.37</b>
Additions	-	235.60	708.58	11,699.58	2,664.49	460.63	108.19	15,877.07	-	22.54	22.54	15,899.61
Sales/Discards	-	-	-	(2,243.39)	(51.25)	(154.35)	(23.78)	(2,472.77)	-	-	-	(2,472.77)
Other Adjustments	-	-	69.54	(103.54)	(66.68)	32.36	-	(68.32)	-	68.32	68.32	-
- Exchange difference	-	0.80	(192.88)	(1,431.86)	(546.27)	0.55	0.09	(2,169.57)	-	(52.12)	(52.12)	(2,221.69)
Inter company elimination	-	-	-	(4.42)	-	-	-	(4.42)	-	(7.06)	(7.06)	(11.48)
Deletion on account of sale of Peiner group	-	-	(3,165.45)	(23,707.06)	(11,314.70)	-	-	(38,187.21)	-	(834.18)	(834.18)	(39,021.39)
<b>As at 31.03.2016</b>	<b>4,582.31</b>	<b>1,380.96</b>	<b>20,938.61</b>	<b>151,899.60</b>	<b>938.87</b>	<b>3,165.32</b>	<b>543.96</b>	<b>183,449.63</b>	<b>490.38</b>	<b>334.64</b>	<b>825.02</b>	<b>184,274.65</b>
<b>B Depreciation/ Amortization</b>												
As at 01.04.2015	-	170.98	5,967.11	95,458.06	8,005.78	1,910.27	232.19	111,744.39	490.38	744.58	1,234.96	112,979.35
Write off of opening balance of JV (Windbolt) not considered for consolidation	-	-	(84.40)	(205.88)	(10.06)	-	-	(300.34)	-	(0.07)	(0.07)	(300.41)
<b>Revised Opening Depreciation</b>	<b>-</b>	<b>170.98</b>	<b>5,882.71</b>	<b>95,252.18</b>	<b>7,995.72</b>	<b>1,910.27</b>	<b>232.19</b>	<b>111,444.05</b>	<b>490.38</b>	<b>744.51</b>	<b>1,234.89</b>	<b>112,678.94</b>
Charges for the year	-	14.04	691.54	9,804.89	266.40	298.64	54.25	11,129.76	-	160.08	160.08	11,289.84
Impairment for the year	-	-	-	427.90	-	0.02	-	427.92	-	-	-	427.92
	-	14.04	691.54	10,232.79	266.40	298.66	54.25	11,557.68	-	160.08	160.08	11,717.76
Deduction on sale or discards	-	-	-	(2,196.60)	(50.01)	(151.42)	(14.25)	(2,412.28)	-	-	-	(2,412.28)
Other Adjustments	-	-	9.85	(32.42)	(67.14)	22.42	-	(67.29)	-	67.29	67.29	-
Impairment reversal for the year	-	-	-	(8.81)	-	-	-	(8.81)	-	-	-	(8.81)
Exchange Difference	-	0.20	(24.91)	(1,303.98)	(427.90)	0.39	0.04	(1,756.16)	-	(34.52)	(34.52)	(1,790.68)
Deletion on account of sale of Peiner group	-	-	(489.76)	(21,488.40)	(7,092.66)	-	-	(29,070.82)	-	(710.92)	(710.92)	(29,781.74)
<b>As at 31.03.2016</b>	<b>-</b>	<b>185.22</b>	<b>6,069.43</b>	<b>80,454.76</b>	<b>624.41</b>	<b>2,080.32</b>	<b>272.23</b>	<b>89,686.37</b>	<b>490.38</b>	<b>226.44</b>	<b>716.82</b>	<b>90,403.19</b>
<b>C Written Down Value</b>												
As at 31.03.2016	4,582.31	1,195.74	14,869.18	71,444.84	314.46	1,085.00	271.73	93,763.26	-	108.20	108.20	93,871.46
As at 31.03.2015	4,582.31	973.58	18,919.10	73,544.86	2,247.50	994.82	227.27	101,489.43	-	392.75	392.75	101,882.18
<b>D Capital Work in Progress</b>												
As at 31.03.2016	-	-	631.75	4,722.07	-	44.29	-	5,398.11	-	-	-	5,398.11
As at 31.03.2015	-	-	249.10	1,921.13	4.56	-	-	2,174.79	-	-	-	2,174.79

# Includes assets leased out (Cost ₹ 2,880.57 Lakhs, Accumulated Depn ₹ 2,383.04 Lakhs, Written Down Value ₹ 497.53 Lakhs).

# Sundram Fasteners Limited (CONSOLIDATED)

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31-3-2016	₹ lakhs As at 31-3-2015
<b>9. A. INVESTMENTS - LONG TERM / NON CURRENT</b>		
<b>1 Non-Trade (Valued at Cost unless otherwise stated)</b>		
<b>Quoted Instruments</b>		
a. 75,000 Equity Shares of ₹ 2 each in Housing Development Finance Corporation Ltd, Mumbai.	<b>0.94</b>	0.94
b. 2,500 Equity Shares of ₹ 2 each in HDFC Bank Ltd, Mumbai	<b>0.05</b>	0.05
c. 20,439 Equity Shares of ₹ 10 each in IDBI Bank Ltd, Mumbai	<b>9.23</b>	9.23
d. 3,094 Equity Shares of ₹ 10 each fully paid up in India Nippon Electricals Limited, Chennai.	<b>0.94</b>	0.94
e. 7,800 Equity Shares of ₹10/- each fully paid up in Sundaram Brake Linings Limited, Chennai	<b>11.10</b>	11.10
Sub Total	<u><b>22.26</b></u>	<u>22.26</u>
<b>Unquoted equity Instruments</b>		
a. 1,25,000 Equity Shares of ₹ 10 each in Madras Engineering Private Ltd, Chennai.	<b>12.50</b>	12.50
b. 100 Shares of ₹ 5 each in TVS Co-operative Stores Ltd, Madurai	-	-
Sub Total	<u><b>12.50</b></u>	<u>12.50</u>
Total of 1	<u><b>34.76</b></u>	<u>34.76</u>
<b>2 Other Investments (Valued At Cost)</b>		
<b>Unquoted</b>		
<b>Investment in Venture Capital Fund [Non-Trade]</b>		
a. Venture Capital Fund - 168 Units of ₹100 each in the ICICI Emerging Sectors Fund, Bengaluru (Last year : 3,626 units)	<b>0.17</b>	3.63
<b>Investment in Equity Shares [Trade]</b>		
a. 52,935 (Last Year 45,788) equity shares of ₹ 10 each (Class A) and 2,84,169 (Last Year 1,04,692) equity shares of ₹ 10 each (Class B) in PPS Enviro Power Pvt Ltd., Hyderabad *	<b>122.97</b>	54.99
b. 16,09,808 (Last Year 2,59,875) equity shares of ₹ 10 each in Clarion Wind Farm Pvt Ltd, Chennai *	<b>160.98</b>	25.99
c. 5,68,478 Equity Shares of ₹ 10 each of Class A in Beta Wind Farm Pvt. Ltd, Chennai * (Last Year 8,67,190 Equity Shares)	<b>108.00</b>	164.77
d. 11,00,000 equity shares of ₹ 10 each in Gayatri Green Power Ltd., Chennai*	<b>110.00</b>	-
e. 2,229 equity shares of ₹ 10 each in Suryadev Alloys and Power Pvt Ltd, Chennai*	<b>3.40</b>	-
f. Capital Contribution in PGSD engineering LLP, New Delhi (extent of holding - 13%)	<b>0.13</b>	-
g. 1,000 Equity shares of GBP 1 each fully paid up in Sundram International Limited, UK (extent of holding 100%)	<b>0.95</b>	-
h. 3,51,00,000 shares of ₹ 1 each in Madurai Trans Carrier Limited, Chennai.	<b>351.00</b>	-
i. Investments made by Windbolt GmbH	-	52.56
Total of 2	<u><b>857.60</b></u>	<u>301.94</u>
Total (1 + 2)	<u><b>892.36</b></u>	<u>336.70</u>

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

	As at 31-3-2016	₹ lakhs As at 31-3-2015
<b>B. INVESTMENTS - SHORT-TERM / CURRENT</b>		
<b>1 Other Investments (Valued At Cost)</b>		
a. Investment in Mutual Funds [Non-Trade] 10,24,575.212 units in Sundaram Money Fund scheme of Sundaram Asset Management Co Ltd, Chennai.	-	302.20
<b>2 Non-Trade Investments (Valued At Cost unless otherwise stated)</b>		
Quoted equity instruments		
a. 300 Equity Shares of ₹ 10 each fully paid up in State Bank of Travancore, Tiruvananthapuram (Last year 250 shares)	0.35	0.15
b. 1 Equity Share of ₹ 5 each fully paid up in Maruti Suzuki India Limited, Delhi	0.01	0.01
c. 200 Equity shares of ₹ 10/- each fully paid up in Sterling Tools Ltd., New Delhi	0.07	0.07
d. 83 Equity Shares of ₹ 10/- each fully paid up in Lakshmi Precision Screws Limited, Rohtak	0.06	0.06
Less: Provision for Diminution in value of investments of Lakshmi Precision Screws Limited, Rohtak	(0.05)	(0.04)
e. 500 Equity Shares of ₹ 2/- each fully paid up in Simmonds- Marshall Limited, Pune	0.03	0.03
f. 25 Equity Shares of ₹ 2/- each fully paid up in Bharat Forge Limited, Pune	0.04	0.04
g. 13,900 Equity Shares of ₹ 10/- each fully paid up in Sundaram Brake Linings Limited, Chennai	10.08	10.08
h. 300 Equity Shares of ₹ 10/- each fully paid up in State Bank of Travancore, Thiruvananthapuram (Last Year 250 shares)	0.35	0.15
i. 1,994 Equity Shares of ₹ 5/- each fully paid up in Sundaram- Clayton Ltd, Chennai	0.51	0.51
j. 1,994 Equity Shares of ₹ 5/- each fully paid up in WABCO-INDIA Limited, Chennai	0.33	0.33
k. 1,968 Equity Shares of ₹ 10/- each fully paid up in India Motor Parts and Accessories Limited, Chennai	0.06	0.06
Unquoted equity instruments		
a. 37,240 Equity shares of ₹ 10/- each fully paid up PPS Enviro Power Pvt. Ltd., Hyderabad	24.01	24.01
	Total (1 + 2)	337.66
	Total (A + B)	674.36
<b>C. Total Investments</b>		
a) Aggregate Cost of Quoted Investments	34.10	33.71
b) Aggregate Cost of Unquoted Investments	894.11	640.65
	Total (a + b)	674.36
c) Aggregate provision for diminution in value of investments	(0.05)	(0.04)
d) Market Value of Quoted Investments	1,122.53	1,274.90



# Sundram Fasteners Limited (CONSOLIDATED)

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

		Non-current		Current	
		As at 31-3-2016	As at 31-3-2015	As at 31-3-2016	As at 31-3-2015
		₹ lakhs			
<b>10. LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD UNLESS STATED OTHERWISE)</b>					
<b>A) Capital Advance</b>		<b>1,367.16</b>	1,460.53	-	-
	(A)	<b>1,367.16</b>	1,460.53	-	-
<b>B) Security Deposits</b>		<b>2,550.50</b>	2,239.31	-	-
	(B)	<b>2,550.50</b>	2,239.31	-	-
<b>C) Other Loans and Advances</b>					
Advance Income-tax(net of provision for taxation)		<b>2,869.83</b>	2,600.70	-	17.00
Income Tax refundable		<b>50.09</b>	50.09	<b>11.33</b>	11.33
Prepaid Expenses		<b>46.85</b>	22.90	<b>755.18</b>	1,722.72
Loans / Advances to employees		<b>304.68</b>	395.04	<b>127.46</b>	37.60
Balance with statutory / government authorities		<b>4.82</b>	4.82	<b>4,078.79</b>	5,920.72
Advances to suppliers		-	-	<b>1,280.46</b>	636.03
Advances recoverable in Cash or in kind		<b>136.88</b>	136.55	<b>4,349.50</b>	8,527.38
Minimum Alternate Tax Credit Entitlement		<b>3,163.76</b>	-	<b>35.96</b>	77.32
	(C)	<b>6,576.91</b>	3,210.10	<b>10,638.68</b>	16,950.10
Total (A+B+C)		<b>10,494.57</b>	6,909.94	<b>10,638.68</b>	16,950.10
<b>11 OTHER ASSETS (UNSECURED, CONSIDERED GOOD UNLESS STATED OTHERWISE)</b>					
a) Non-Current Bank Balance		<b>2.11</b>	33.57	-	-
b) Other Assets		<b>0.53</b>	0.53	<b>318.10</b>	263.93
c) Prepaid expenses		-	-	<b>83.27</b>	27.20
d) Claim receivable		-	-	<b>273.36</b>	340.03
e) Interest receivable		<b>0.21</b>	0.25	<b>32.92</b>	539.68
Total		<b>2.85</b>	<b>34.35</b>	<b>707.65</b>	1,170.84

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

		₹ lakhs	
		As at	As at
		31-3-2016	31-3-2015
<b>12</b>	<b>INVENTORIES (VALUED AT LOWER OF COST OR NET REALISABLE VALUE) - CURRENT</b>		
a)	Stores & Spares	1,233.87	1,146.75
b)	Stores & Spares in Transit	–	35.99
c)	Loose tools	2,716.23	2,831.10
d)	Loose tools in Transit	2.08	7.08
e)	Raw Materials and components	10,028.70	12,265.14
f)	Raw Materials and Components in Transit	1,399.57	1,377.83
g)	Work-in-process	9,917.47	12,122.57
h)	Work-in-process in Transit	57.11	20.03
i)	Finished Goods	16,353.69	22,799.99
j)	Finished Goods in Transit	698.89	21.72
k)	Packing Materials	14.16	16.30
	Total	<u>42,421.77</u>	<u>52,644.50</u>
<b>13</b>	<b>TRADE RECEIVABLES (UNSECURED, CONSIDERED GOOD UNLESS STATED OTHERWISE) - CURRENT</b>		
a)	Outstanding for a period exceeding 6 months from the date they are due for payment	2,067.68	1,651.81
b)	Other Receivables	52,066.43	47,575.02
	Sub Total (a + b)	<u>54,134.11</u>	<u>49,226.83</u>
c)	Provision for Doubtful Debts	(4.62)	(40.73)
	Total	<u>54,129.49</u>	<u>49,186.10</u>
<b>14</b>	<b>CASH AND CASH EQUIVALENTS</b>		
a)	Balances with Bank		
i)	Current Account	1,839.36	1,361.13
ii)	Deposit Accounts	416.65	474.02
iii)	Earmarked Balances with Banks – Dividend Warrant Accounts	275.47	171.05
b)	Cheques / drafts on hand	19.83	370.32
c)	Cash on hand	30.16	32.20
	Sub Total (A)	<u>2,581.47</u>	<u>2,408.72</u>
d)	Other Bank Balances		
Deposits with maturity for more than 3 months but less than 12 months		97.09	75.77
	Sub Total (B)	<u>97.09</u>	<u>75.77</u>
	Actual Balances with Bank (A + B)	<u>2,678.56</u>	<u>2,484.49</u>

# Sundram Fasteners Limited (CONSOLIDATED)

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

		₹ lakhs
	Year ended 31-3-2016	Year ended 31-3-2015
<b>15 REVENUE FROM OPERATION</b>		
<b>a) Sale of Products</b>		
Domestic Sales	228,743.57	208,015.68
Export Sales	112,432.30	117,704.34
Sub Total	<u>341,175.87</u>	<u>325,720.02</u>
<b>b) Other Operating Revenues (Refer Note 15A)</b>	<u>6,859.04</u>	<u>8,782.01</u>
Sub Total (a + b)	<u>348,034.91</u>	<u>334,502.03</u>
Less : Excise Duty	21,933.85	18,888.20
Total	<u>326,101.06</u>	<u>315,613.83</u>
<b>15A OTHER OPERATING REVENUE</b>		
Scrap Sales	4,724.72	5,854.09
Export Incentives	632.72	988.43
Others	1,501.60	1,939.49
Total	<u>6,859.04</u>	<u>8,782.01</u>
<b>16 OTHER NON-OPERATING INCOME</b>		
Interest Income	1,228.30	970.09
Net Foreign exchange gain (net off loss)	2,084.57	264.53
Dividends from Other Companies	36.63	13.06
Miscellaneous Income	2,633.23	312.76
Profit on Sale of Assets	30.29	63.68
Profit on Sale of Investment	78.76	41.60
Total	<u>6,091.78</u>	<u>1,665.72</u>
<b>17 RAW MATERIALS INCLUDING PACKING MATERIALS CONSUMED</b>		
Opening Stock of Raw Material	12,113.45	10,089.95
Add : Purchase of materials	131,155.80	137,527.40
Less : Closing Stock of Raw Material	12,064.70	12,265.13
Total	<u>131,204.55</u>	<u>135,352.22</u>

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

		₹ lakhs	
		Year ended 31-3-2016	Year ended 31-3-2015
<b>18</b>	<b>CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK-IN-TRADE</b>		
	(a) Opening Stock :		
	Work-in-Process	12,001.72	12,036.99
	Finished Goods	22,507.24	16,368.28
	Sub Total (a)	<u>34,508.96</u>	<u>28,405.27</u>
	(b) Less : Closing Stock		
	Work-in-Process	12,107.19	12,122.57
	Finished Goods	21,444.96	22,816.14
	Sub Total (b)	<u>33,552.15</u>	<u>34,938.71</u>
	Total (a-b)	<u>956.81</u>	<u>(6,533.44)</u>
<b>19</b>	<b>EMPLOYEE BENEFIT EXPENSES</b>		
	a) Salaries,Wages,Bonus and Allowances	38,319.76	36,448.19
	b) Provident and Other Funds	4,370.39	4,476.53
	c) Welfare expenses	3,055.13	3,188.68
	Total	<u>45,745.28</u>	<u>44,113.40</u>
<b>20</b>	<b>FINANCE COST</b>		
	a) Interest expense	3,200.11	3,326.04
	b) Other borrowing costs	26.06	52.50
	c) Net (gain) / loss on foreign currency loans	3,945.61	6,068.02
	Total	<u>7,171.78</u>	<u>9,446.56</u>
<b>21</b>	<b>OTHER EXPENSES</b>		
	a) Stores and Tools consumed	32,170.23	32,298.43
	b) Power & Fuel	16,477.21	16,338.11
	c) Rent	2,249.28	2,338.15
	d) Rates & Taxes	1,592.83	1,453.67
	e) Insurance	1,200.76	1,062.28
	f) Repairs & Maintenance - Building	2,932.85	2,468.71
	g) Repairs & Maintenance - Plant & Equipment	4,467.30	4,407.63
	h) Miscellaneous Expenses (Refer Note 22)	48,573.45	44,740.64
	Total	<u>109,663.91</u>	<u>105,107.62</u>

## Sundram Fasteners Limited (CONSOLIDATED)

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

		₹ lakhs
	Year ended 31-3-2016	Year ended 31-3-2015
<b>22 MISCELLANEOUS EXPENSES</b>		
a) Sub-contract expenses	<b>25,078.00</b>	22,754.35
b) Freight & Cartage Inward	<b>2,420.82</b>	2,279.51
c) Repairs & Maintenance - Other assets	<b>1,393.00</b>	1,504.54
d) Commission on sales	<b>1,420.01</b>	1,636.44
e) Directors' Sitting Fees	<b>33.91</b>	13.02
f) Remuneration to Auditors (Refer Note 23)	<b>153.56</b>	136.26
g) Loss on sale of assets	<b>22.32</b>	75.21
h) Loss on sale of investments	<b>1.41</b>	-
i) Corporate social responsibility expenditure	<b>190.05</b>	224.67
j) Research and development Expenditure	<b>996.84</b>	1,137.61
k) Freight & Cartage Outward	<b>5,940.54</b>	6,052.60
l) Travel Expenses	<b>1,464.96</b>	1,380.75
m) Postage & Telecom Expenses	<b>455.70</b>	475.63
n) Warranty Claims	<b>3,672.47</b>	2,795.47
o) Consultancy	<b>2,557.34</b>	2,046.45
p) Bad Debts	<b>19.09</b>	37.94
q) Net Foreign exchange loss(net off gain)	-	67.10
r) Export Expenses	<b>30.57</b>	81.39
s) Sundry Expenses	<b>2,722.86</b>	2,041.70
Total	<b>48,573.45</b>	44,740.64
<b>23 REMUNERATION TO AUDITORS CONSIST OF</b>		
a) As Auditor	<b>102.71</b>	92.60
b) Taxation Matters	<b>7.60</b>	5.63
c) Company Law Matters	<b>0.36</b>	0.61
d) Other Services	<b>28.16</b>	25.21
e) Reimbursement of expenses	<b>14.73</b>	12.21
Total	<b>153.56</b>	136.26

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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### 24 SIGNIFICANT ACCOUNTING POLICIES & OTHER INFORMATION

#### 1) CONSOLIDATION OF ACCOUNTS:

##### A. Basis of Accounting :

The Financial statements are prepared under the historical cost convention and comply with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 2013.

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

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

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

##### C. Principles of Consolidation:

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

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

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

## Sundram Fasteners Limited (CONSOLIDATED)

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

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

Name of the Company	Country of Incorporation	Proportion of ownership interest/voting power	Reporting date	Difference in Reporting date
<b>Subsidiary Companies</b>				
Sundram Fasteners Investments Limited, Chennai	India	100%	31.03.2016	--
Sundram Fasteners (Zhejiang) Limited, China (wholly owned subsidiary of Sundram International Limited, UK)	China	100%	31.12.2015	3 Months
TVS Upasana Limited, Chennai (Formerly Upasana Engineering Ltd)	India	100%	31.03.2016	--
Cramlington Precision Forge Limited, United Kingdom (wholly owned subsidiary of Sundram International Limited, UK)	UK	100%	31.12.2015	3 Months
Peiner Umformtechnik GmbH, Peine, Germany (divested effective 30th March, 2016)	Germany	100%	31.12.2015	3 Months
PUT Grundstücks GmbH, Peine, Germany (divested effective 30th March, 2016)	Germany	100%	31.12.2015	3 Months
TVS Peiner Services GmbH, Peine, Germany (divested effective 30th March, 2016)	Germany	100%	31.12.2015	3 months
Sundram Non-Conventional Energy Systems Limited, Chennai	India	52.94%	31.03.2016	--
Sundram International Inc, USA	USA	100.00%	31.03.2016	--
Sundram Precision Components Limited, Chennai (Formerly Sundram Bleistahl Limited)	India	76.00%	31.03.2016	--
TVS Infotech Limited, Chennai	India	62.26%	31.03.2016	--
TVS Infotech Inc. USA	USA	62.26%	31.03.2016	--

Note :

- 1 The Company formed a subsidiary company in United Kingdom under the name, Sundram International Limited (SIL) on 26th January, 2016 as part of restructuring of international operations and transferred shares of Cramlington Precision Forge Limited, UK and Sundram Fasteners (Zhejiang) Limited, China to Sundram International Limited, UK through swap of shares. As the first reporting period of SIL ends on 31st December, 2016, the financials of the newly formed subsidiary is not taken into account for the purpose of consolidated financial statements.
- 2 The company divested its entire shareholding in Peiner Umformtechnik GmbH, PUT Grundstucks GmbH, TVS Peiner Services GmbH, Germany (Peiner group) on 30th March, 2016, as a consequence the assets and liabilities of Peiner group had been eliminated for the purpose of preparing consolidated financials.

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

### D. Other Significant Accounting Policies:

These are set out in the Notes to the Accounts of the financial statements of the Company & its subsidiaries.

### E. 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	Net Assets		Share in Profit or Loss	
		As a % of Consolidated Net Assts	Amount (₹ in lakhs)	As a % of Consolidated Profit or (Loss)	Amount (₹ in lakhs)
	<b>Parent Company</b>				
1	Sundram Fasteners Limited	109.32	101,668.28	171.71	21,116.65
	<b>Indian Subsidiaries</b>				
2	Sundram Fasteners Investments Limited, Chennai	0.66	609.81	(0.10)	(11.80)
3	TVS Upasana Limited, Chennai	4.02	3,739.75	5.46	671.53
4	Sundram Non-Conventional Energy Systems Limited, Chennai	0.37	344.99	1.14	140.63
5	Sundram Precision Components Limited, Chennai	1.60	1,486.47	0.96	117.85
6	TVS Infotech Limited, Chennai (TVSI)	1.02	949.72	(2.69)	(331.23)
	<b>Foreign Subsidiaries</b>				
7	Sundram Fasteners (Zhejiang) Limited, China	11.88	11,047.39	2.06	252.99
8	Cramlington Precision Forge Limited, United Kingdom	3.35	3,112.86	4.13	507.57
9	Peiner Umformtechnik GmbH, Germany (divested effective 30th March, 2016)	-	-	(18.07)	(2,222.39)
10	PUT Grundstücks GmbH, Germany (divested effective 30th March, 2016)	-	-	(0.09)	(10.69)
11	TVS Peiner Services GmbH, Germany (divested effective 30th March, 2016)	-	-	(2.66)	(327.56)
12	Sundram International Inc., USA	-	(3.94)	-	(0.26)
13	TVS Infotech Inc., USA (TVSI Inc)	0.20	181.77	(0.35)	(43.36)
	Minority Interest in all subsidiaries	(1.02)	(946.74)	0.84	103.54
	<b>Sub Total</b>	<b>131.40</b>	<b>122,190.36</b>	<b>162.34</b>	<b>19,963.47</b>
	Less : Effect of Inter company adjustments / eliminations	31.40	29,191.78	62.34	7,665.90
	<b>Total</b>	<b>100.00</b>	<b>92,998.58</b>	<b>100.00</b>	<b>12,297.57</b>



## Sundram Fasteners Limited (CONSOLIDATED)

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

- 2) AS 5: Net profit or loss for the period, prior period items and changes in accounting policies
- The Company has divested its entire share capital in its three subsidiaries Peiner Umformtechnik GmbH, Germany, PUT Grundstücks GmbH, Germany and TVS Peiner Services GmbH, Germany on 30th March 2016. The loss on account of sale of this subsidiaries in terms of written off of loans and investments after considering the past losses already accounted in the earlier years have been disclosed as an exceptional item in the financial statements.
  - Consequent to filing of insolvency petition by Windbolt GmbH, Germany, investments made by the company in Windbolt GmbH, had been write off during the previous year ended March 31, 2016. This amount had been disclosed as an exceptional item for the year ended March 31, 2016.
  - The Company formed an Intermediate Holding Company in United Kingdom under the name, Sundram International Limited as part of restructuring of international operations and transferred shares of Cramlington Precision Forge Limited, UK and Sundram Fasteners (Zhejiang) Limited, China to Sundram International Limited, UK through swap of shares.

	₹ lakhs	
	As at / Year ended 31-03-2016	As at / Year ended 31-03-2015
3) Contingent Liabilities:		
a) On Letters of Guarantee	2,321.53	3,563.59
b) On Letters of Credit	322.75	472.19
c) On Guarantee issued to HDFC on behalf of employees	-	-
d) On partly paid shares of The Adayar Property Holding Co. Ltd.	0.01	0.01
e) Claims not acknowledged as debt	-	24.57
f) The Company has furnished guarantees to fulfil various obligations of Cramlington Precision Forge Limited, UK wholly owned subsidiaries of the Company, the amount of which is to the extent of non fulfilment of obligations of the subsidiaries which is not ascertainable.	-	-
g) 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	-
4) Liability disputed and not provided for:		
a) Sales Tax - under appeal	3,059.11	3,353.50
b) Excise Duty - under appeal	640.99	633.89
c) Income-tax - under appeal	135.62	125.12
d) Others	113.44	244.72
5) Estimated amount of contracts remaining to be executed on capital account and not provided for	5,972.97	5,032.98
6) Contingent Assets		
Claim of additional compensation against land acquisition	23.29	23.29
7) The Company and its Subsidiaries operates in only one Segment as the entire operations are subject to similar risks and returns. Hence there are no reportable segments.		

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

₹ lakhs  
**As at /**      **As at /**  
**Year ended**   **Year ended**  
**31-03-2016**   **31-03-2015**

8) As required by Accounting Standard - AS 18 "Related Parties Disclosures" issued by the Institute of Chartered Accountants of India, related party disclosures are as follows:

**(I) Where Control exists:**

**A) Associate**

T V Sundram Iyengar & Sons Private Ltd, Madurai  
 Southern Roadways Ltd, Madurai

**B) Joint Venture**

Windbolt GmbH, Germany, has ceased to be a joint venture in financial year 2014-15,  
 RBI approval filing completed during the financial year 2015-16

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

**A) Key Management Personnel [KMP]**

Mr. Suresh Krishna  
 Ms. Arathi Krishna  
 Ms. Arundathi Krishna  
 Mr. V G Jaganathan\*#  
 Mr. S Meenakshisundaram\*@  
 Mr. R Dilip Kumar\*@

**B) Relatives of Key Management Personnel**

Ms. Usha Krishna  
 Ms. Preethi Krishna

**C) Enterprise in which key management personnel have significant influence:**

Upasana Finance Ltd., Chennai

**(III) Transactions with related parties**

**A) Purchase of Goods :**

– Associate	0.98	1.83
– Key Management Personnel	–	–
– Relatives of Key Management Personnel	–	–

**B) Sale of Goods :**

– Associate	16,814.09	8,346.18
– Key Management Personnel	–	–
– Relatives of Key Management Personnel	–	–

**C) Services rendered :**

– Associate	–	–
– Key Management Personnel	–	–
– Relatives of Key Management Personnel	–	–

\* Key Management Personnel as per Companies Act, 2013.

# Retired with effect from April 01, 2016.

@ with effect from April 04, 2016.

# Sundram Fasteners Limited (CONSOLIDATED)

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at / Year ended 31-03-2016	₹ lakhs As at / Year ended 31-03-2015
<b>D) Services received :</b>		
– Associate	428.46	412.95
– Key Management Personnel	–	–
– Relatives of Key Management Personnel	–	–
– Enterprise in which key management personnel have significant influence	48.19	43.51
<b>E) Leasing or hire purchase arrangements :</b>		
– Associate	–	–
– Key Management Personnel (Lease rend paid)	19.20	19.20
– Relatives of Key Management Personnel (Lease rend paid)	6.20	6.20
– Enterprise in which key management personnel have significant influence	–	–
<b>F) Finance*</b>		
– Associate		
– Loans	–	–
– Equity Shares	–	–
– Joint Venture		
– Loans	–	–
– Equity Shares	14.20	–
– Interest received	102.31	157.08
– Loan write - off	1,991.52	–
– Key management Personnel	–	–
– Interest on loan to Associate	–	–
– Dividend Paid & Payable to Associate	3,174.60	1,925.58
– Dividend Paid & Payable to Key Management Personnel	4.12	2.50
– Loan due to Key Management Personnel	–	–
– Interest on loan to Key Management Personnel	–	–
– Enterprise in which key management personnel have significant influence	–	–
– ICD received from enterprise in which Key Management have a significant influence	–	–
– Interest on loan from enterprises in which Key Management Personnel has significant influence	11.50	11.50
* Finance includes loans		
<b>G) Guarantees &amp; collaterals</b>		
– Associate	–	–
– Key Management Personnel	–	–
– Relatives of Key Management Personnel	–	–
– Enterprise in which key management personnel have significant influence	–	–
<b>H) Management contracts, including deputation of employees</b>		
– Associate	–	–
– Key Management Personnel	1,336.32	1,097.72
– Relatives of Key Management Personnel	–	–

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at / Year ended 31-03-2016	₹ lakhs As at / Year ended 31-03-2015
<b>I) Outstanding balances</b>		
<b>Due to the Company :</b>		
– Associate	2,330.30	1,026.19
– Joint Venture	–	1,991.52
– Key Management Personnel	–	–
– Relatives of Key Management Personnel	–	–
<b>Payable by the Company :</b>		
– Associate	24.76	15.33
– Key Management Personnel	1,000.00	800.00
– Loan from Key Management Personnel	–	–
– Relatives of Key Management Personnel	–	–
– Enterprises in which Key Management Personnel has Significant influence	115.00	115.00
9) <b>Discontinuing Operations</b>		
<b>SUNDRAM INTERNATIONAL INC.</b>		
The Board of Directors of one of the Subsidiary of the Company viz. SUNDRAM INTERNATIONAL INC. USA has approved a plan for the discontinuance of its operations. As at 31st March 2016, the carrying amount of the assets and liabilities of subsidiary were at Rs.22.56 lakhs and liabilities were Rs.26.50 lakhs. The following statement shows the revenue and expenses of the discontinuing operations which has been included in the Statement of Profit and Loss :		
Revenue from operation	–	0.53
Cost of material consumed	–	–
Other expenses	0.04	7.79
Exchange gain / (loss)	(0.22)	0.01
Profit / (Loss) before tax from discontinued operations	(0.26)	(7.27)
Income Tax - Deferred Tax	–	–
Profit/(Loss) from discontinuing operations after tax	(0.26)	(7.27)
10) Figures for the previous year have been re-classified / re-arranged / re-grouped, wherever necessary to conform to current year classification.		

**ARUNDATHI KRISHNA**  
Deputy Managing Director

**ARATHI KRISHNA**  
Joint Managing Director

**SURESH KRISHNA**  
Chairman & Managing Director

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

**S MEENAKSHISUNDARAM**  
Chief Financial Officer

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

Chennai  
May 20, 2016

**P MENAKSHISUNDARAM**  
Partner  
Membership No. 217914

# 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

Part 'A' - Subsidiaries ₹ in Lakhs

S. No.	Particulars	Domestic Subsidiaries					Foreign Subsidiaries												
		TVS Upasana Limited (formerly Upasana Engineering Limited)	Sundram Precision Components Limited (formerly Sundram Bleistahl Limited)	Sundram Conventional Energy Systems Limited	Sundram Non-Investments Limited	Sundram Fasteners Limited	TVS Infotech Limited	Cramlington Precision Forge Limited	TVS Infotech Inc	Sundram Fasteners (Zhejiang) Limited	Sundram International Inc	TVS Peiner Services GmbH	Peiner Umformtechnik GmbH	PUT Grundstucks GmbH					
1	Name of the Subsidiary																		
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	01/04/2015 to 31/03/2016	01/04/2015 to 31/03/2016	01/04/2015 to 31/03/2016	01/04/2015 to 31/03/2016	01/04/2015 to 31/03/2016	01/04/2015 to 31/03/2016	01/04/2015 to 31/03/2016	01/01/2015 to 31/12/2015	01/04/2015 to 31/03/2016	01/01/2015 to 31/12/2015	01/01/2015 to 31/12/2015	01/01/2015 to 31/12/2015						
3	Reporting currency	INR	INR	INR	INR	INR	INR	INR	INR	GBP	USD	USD	RMB	USD	EUR	EUR	EUR	EUR	
	Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries																		
4	Share capital	1,189.97	700.00	50.00	249.00	2,542.40	1,862.00	243.95	10,238.70	81.21	18.05	4,891.95	18.05						
5	Reserves & surplus	2,549.78	786.47	294.99	360.81	(1,592.68)	1,250.86	62.18	808.69	(85.15)	(788.68)	(12,301.60)	946.36						
6	Total assets	8,878.99	1,977.97	389.52	610.11	1,747.19	4,465.54	465.03	13,542.56	22.56	313.83	18,086.35	2,834.16						
7	Total Liabilities	5,139.25	491.50	44.54	0.30	797.47	1,352.68	283.25	2,495.16	26.50	1,084.46	25,496.00	1,869.75						
8	Investments	35.49	-	-	345.48	168.73	-	-	-	-	-	-	-						
9	Turnover	10,770.73	2,549.07	270.60	0.28	2,374.86	8,006.78	1,076.21	11,582.26	-	3,335.88	36,060.73	476.95						
10	Profit before taxation	1,030.95	175.80	202.34	(11.80)	(343.00)	631.01	(43.36)	336.23	(0.04)	(327.55)	(2,222.39)	(10.69)						
11	Provision for taxation	359.42	57.95	61.70	-	(11.77)	123.44	-	83.24	-	-	-	-						
12	Profit after taxation	671.53	117.85	140.63	(11.80)	(331.23)	507.57	(43.36)	252.99	(0.26)	(327.55)	(2,222.39)	(10.69)						
13	Proposed dividend	-	-	-	-	-	-	-	-	-	-	-	-						
14	% of shareholding	100%	76%	52.94%	100%	62.26%	100%	62.26%	100%	100%	100%	100%	100%						

Notes: 1. Names of subsidiaries which are yet to commence operations: Nil

2. Names of subsidiaries which have been liquidated or sold during the year:

A new wholly-owned subsidiary company, Sundram International Limited (SIL) has been formed in United Kingdom. The company's shareholding in Cranlington Precision Forge Limited, UK and Sundram Fasteners (Zhejiang) Limited, China has been transferred to SIL, UK effective 31st March, 2016. The Company has divested its shareholdings in Peiner Umformtechnik GmbH, TVS Peiner Services, GmbH and PUT Grundstucks GmbH, (Peiner Group), the wholly owned subsidiaries in Germany. Hence, Peiner Group companies have ceased to be subsidiaries of the Company with effect from 30th March, 2016.

3. Currency	USD	EURO	GBP	RMB
Closing Rate	66.26	72.21	98.00	10.19

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**Part 'B' - Associates and Joint Ventures**

**Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

1. There is no associate or joint venture which is yet to commence operations.
2. Names of associates or joint ventures which have been liquidated or sold during the year - Windbolt GmbH, Germany has ceased being an associate of our Company effective November, 2015.

**ARUNDATHI KRISHNA**  
Deputy Managing Director

**ARATHI KRISHNA**  
Joint Managing Director

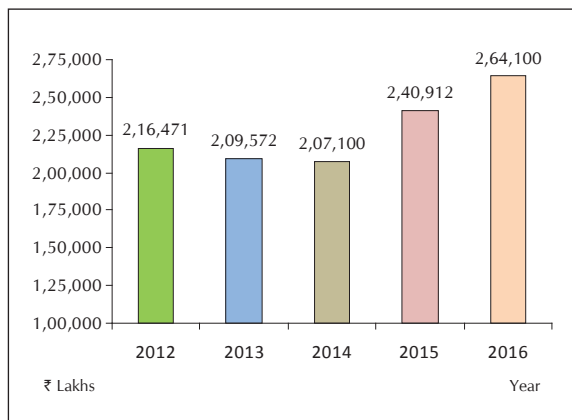
**SURESH KRISHNA**  
Chairman and Managing Director

**S MEENAKSHISUNDARAM**  
Chief Financial Officer

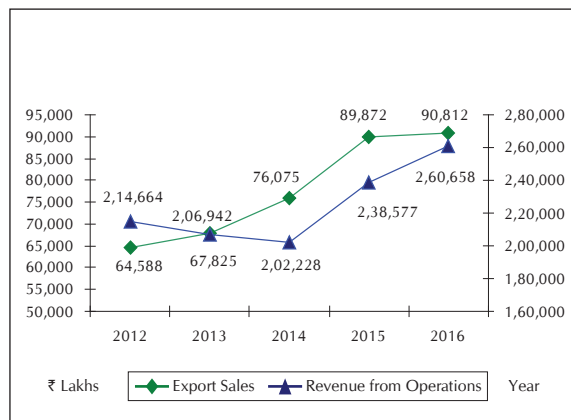
**R DILIP KUMAR**  
Vice President - Finance &  
Company Secretary

Chennai  
May 20, 2016

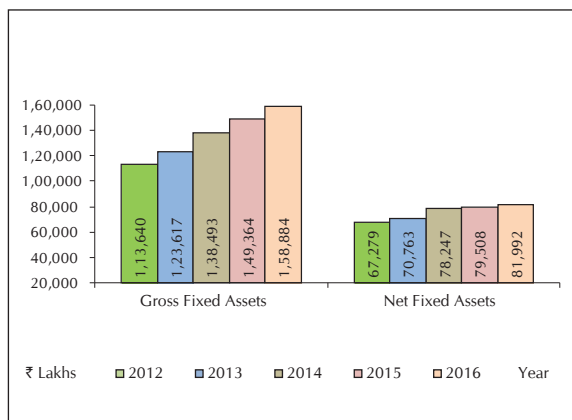
## Total Revenue



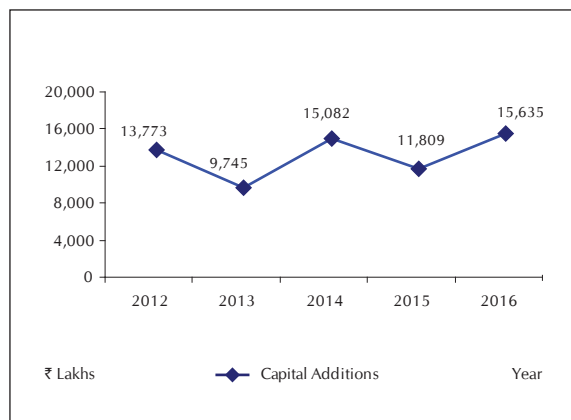
## Export Sales and Revenue from Operations



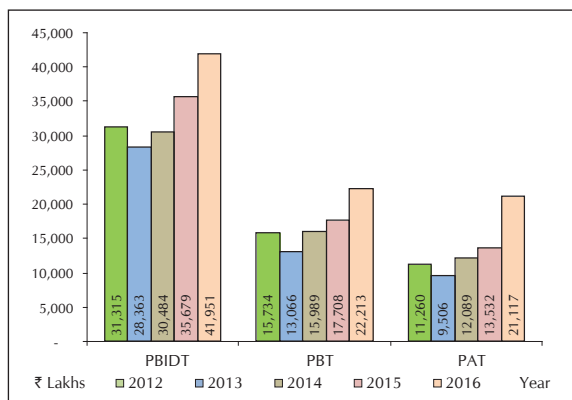
## Gross and Net Block of Fixed Assets



## Capital Expenditure



## Profits



## Funds Employed

