

**Sundram Precision Components Limited**  
(Formerly Sundram Bleistahl Limited)

**ANNUAL REPORT**

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

# Sundram Precision Components Limited

(Formerly Sundram Bleistahl Limited)

## REPORT OF DIRECTORS TO THE SHAREHOLDERS

The Directors have pleasure in presenting the Twelfth Annual Report, together with the audited accounts for the year ended 31st March 2016.

	` in Thousands	
FINANCIAL RESULTS	2015-16	2014-15
Revenue from Operations	250,713	257,518
Gross Profit / (Loss) before interest & depreciation	31,801	43,818
Less: Interest	2	1,383
Less: Depreciation	14,219	16,493
Profit / (Loss) before tax	17,580	25,942
Add / (Less): Provision for Tax (including Deferred Tax)	5,795	6,568
Profit / (Loss) after tax	11,785	19,374
Add / (Less): Balance brought forward	66,862	47,700
Add / (Less): Transfer of accumulated depreciation on transitional provisions under Companies Act, 2013	-	(212)
Balance carried forward	<u>78,647</u>	<u>66,862</u>

## OPERATIONS

The Sales and other income during the year under review was at ` 250,713 (thousands) as against ` 257,518 (thousands) in the previous year. The operating Profit for the year was at ` 31,801 (thousands) as against ` 43,818 (thousands) in the previous year. The net profit was at ` 11,785 (thousands) as against ` 19,374 (thousands) in the previous year.

## DIVIDEND

With a view to conserving financial resources, the Directors do not recommend any dividend for the year.

## TRANSFER TO RESERVES

The Company does not propose to transfer any amount to reserves.

## BOARD MEETINGS

During the year, five Board meetings were held respectively on 11th May, 2015 (two meetings, of which one meeting was held through video conference), 08th September, 2015, 30th December, 2015 and 10th February, 2016.

Sri V G Jaganathan, Director and Sri S V Mahesh, Director attended three meetings during the year. Sri R Dilip Kumar, Director attended all the meetings during the year. Dr Ekkehard Koehler, Director attended one meeting (present through video conference) during the year.

## DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that: -

- in the preparation of annual accounts, the applicable accounting standards had been followed and there were no material departures.
- 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 31st March 2016.
- 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.
- they had prepared the annual accounts on a going concern basis.
- they had devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has not given any loans or guarantees covered under the provisions of Section 186 of the Companies Act, 2013.

## DIRECTORS

Sri V G Jaganathan, Director retires from the Board by rotation and being eligible, offers himself for re-appointment.

The provisions of Section 149 pertaining to the appointment of Independent Directors do not apply to our Company.

## AUDIT COMMITTEE

The company is not required to have an Audit Committee as per Section 177 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of the Board) Rules, 2014, which came into effect from 1st April 2014.

## RELATED PARTY TRANSACTIONS

All related party transactions were entered at arms' length basis and in the ordinary course of business. The particulars of contracts or arrangements with related parties referred to in sub-section (1) of Section 188 prepared in Form AOC-2 pursuant to Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 is enclosed vide **Annexure - I** forming part of this report.

## EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT-9 is annexed herewith as **Annexure - II**.

## 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 this report.

## CONSERVATION OF ENERGY

- The steps taken or impact on conservation of energy  
The Company has initiated measures in the form of carrying out certain modifications in the process / equipments as well as the pattern of loading in Sintering Furnace which would bring about savings in consumption of power in future. Hydraulic press idle timer has been installed for auto switch off.
- The steps taken by the company for utilising alternate sources of energy - Nil.
- There were no capital investments on energy conservation requirements.

## TECHNOLOGY ABSORPTION

- The efforts made towards technology adoption  
With respect to absorption of foreign technology, Company had received technical inputs from Bleistahl Produktions GmbH and Co KG, Germany (Bleistahl) relating to continuous improvement in the process of manufacture and inspection of valve guides. However, the termination of Joint Venture with Bleistahl may be referred under the heading 'Termination of Joint Venture (JV) with Bleistahl Produktions - GmbH & Co. KG, Germany.
- The benefits like product improvement cost reduction, product development or import substitution - Import substitution of forming tools.
- The Company has not imported any technology.
- No expenditure was incurred on research and development.

## FOREIGN EXCHANGE EARNINGS AND OUTGO

The total foreign exchange earned and used are as under:

Foreign exchange earned (` in thousands)	162,618
Foreign exchange used (` in thousands)	77,790

## DETAILS OF DIRECTORS OR KEY MANAGERIAL PERSONNEL APPOINTED OR HAVE RESIGNED DURING THE YEAR

Nil.

It may be noted that in terms of Section 203(1) of the Companies Act, 2013, the Company is not required to have any whole-time key managerial personnel other than a Company Secretary.

# Sundram Precision Components Limited

(Formerly Sundram Bleistahl Limited)

## CHANGE IN THE NATURE OF BUSINESS

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

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

The Company does not have any subsidiary, joint venture or associate company.

## PUBLIC DEPOSITS

During the year under review, the Company has not accepted any deposits from the public within the meaning of Section 73 of the Companies Act, 2013. Further, the company had no deposits as on 31st March 2016.

## REGULATORY / COURT ORDERS

During the year 2015-2016, no significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

## INTERNAL FINANCIAL CONTROLS

The company has internal control procedures and sufficient internal control checks considering the size and nature of its business and the Board of directors are of the view that those controls are adequate with reference to the financial statements.

## RISK MANAGEMENT

The Company follows the risk management policy laid down by the holding company (Sundram Fasteners Limited) and the risks are managed through continuous review of business processes on a regular basis by the management. Corrective actions and mitigation measures are taken as needed.

## TERMINATION OF JOINT VENTURE (JV) WITH BLEISTAHL PRODUKTIONS - GMBH & CO. KG, GERMANY (BLEISTAHL)

The Company's joint venture with Bleistahl Produktions GmbH 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.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

Section 135 is not applicable to the company as the company has not met the specified turnover or net worth or profit criteria and hence there is no requirement

for the company to either have a CSR committee of the Board or to undertake CSR activities.

## STATEMENT UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION) OF MANAGERIAL PERSONNEL) RULES, 2014

None of the employees was in receipt of remuneration in excess of the limit prescribed under Rule 5(2) of the Companies (Appointment and Remuneration) of Managerial Personnel) Rules, 2014.

## AUDITORS

Pursuant to Section 139 of the Companies Act, 2013, M/s Sundaram & Srinivasan, Chartered Accountants, Chennai, (Registration No. 004207S with the Institute of Chartered Accountants of India), were appointed as Auditors of the Company at the tenth annual general meeting (AGM) of the company for a consecutive period of 5 years commencing from the conclusion of the 10th AGM on 22nd September, 2014 till the conclusion of the 15th AGM relating to the financial year ending 31st March 2019. The Company has received a certificate from the statutory auditors to the effect that if ratification of their appointment, if made, would be in compliance with the requirements of the Companies Act, 2013 and the rules made thereunder. Accordingly, the Board of Directors propose to recommend ratification of their appointment as Auditors of the Company for the third consecutive year at the ensuing 12th AGM.

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

The Company has adopted the Anti-Sexual Harassment Policy laid down by the Holding Company (Sundram Fasteners Limited-SFL), which is in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) of SFL is entrusted to redress complaints regarding sexual harassment. No complaints were received during the year 2015.

## ACKNOWLEDGMENT

Your Directors thank the holding company, Sundram Fasteners Limited and Bleistahl Produktions GmbH & Co. KG, Germany for their support. They also place on record their appreciation of all the employees of the Company for their contribution and dedicated service.

On behalf of the Board

Chennai  
May 3, 2016

R DILIP KUMAR  
Director

V G JAGANATHAN  
Director

## 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 subsection (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 are on arms' length basis and in the ordinary course of business.

## 2. Details of material contracts or arrangement or transactions at arm's length basis

in thousands

a)	Name of the Related Party and nature of relationship	Sundram Fasteners Limited Holding Company		
b)	Nature of contracts / arrangements / transactions	Purchases of Raw Materials	Sales	Services
		₹ 43,079	₹ 65,202	₹ 7,780
c)	Duration of the contracts / arrangements / transactions	2015 - 2016	2015 - 2016	2015 - 2016
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Transactions are entered into on commercial pricing terms on arms' length basis as per the Price List of the company / related party or market price as may be applicable from time to time.		
e)	Date of approval by the Board, if any	As the transactions fall under the third proviso to Section 188(1), Board approval is not applicable.		
f)	Amount paid as advances, if any	Nil		

On behalf of the Board

Chennai  
May 3, 2016

R DILIP KUMAR  
Director

V G JAGANATHAN  
Director

# Sundram Precision Components Limited

(Formerly Sundram Bleistahl Limited)

ANNEXURE - II

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended 31st 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	U29130TN2004PLC054482
Registration Date	15th October, 2004
Name of the Company	Sundram Precision Components Limited (formerly Sundram Bleistahl Limited)
Category / Sub-Category of the Company	Public Company / Limited by Shares
Address of the Registered Office and contact details	98-A, Dr Radhakrishnan Salai Mylapore, Chennai – 600 004 Phone No.91-44-28478500 Fax No.91-44-28478510 Email: meenakshisundaram.s@sfl.co.in
Whether Listed Company	No
Name, Address and Contact details of the Registrar and Transfer Agent, if any.	Not Applicable

## 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	Valve guides / valve seats	Group – 293	92.80
2	Shaft idler, Spacer oil lock cover idler, pulley	Class - 2930	7.20

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

Name and address of the company	CIN / GLN	Holding / Subsidiary	% of votes held	Applicable Section
Sundram Fasteners Limited 98-A, VII Floor, Dr Radhakrishnan Salai, Mylapore, Chennai – 600 004	L35999TN1962PLC004943	Holding Company	76	2(46)

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

(i) Category wise shareholding

No. of shares held at the end of the year	No. of shares held at the beginning of the year and at the end				% change during the year
	Demat	Physical	Total	% of total shares	
<b>A. Promoters</b>					
<b>1. Indian</b>					
a) Individuals / HUF (Nominees of Bodies Corporate)	-	5	5	0.00	Nil
b) Central Govt.	-	-	-	-	-
c) Bodies Corporate	-	5319995	5319995	76.00	Nil
d) Banks / FI	-	-	-	-	-
e) Any other	-	-	-	-	-
<b>Sub-Total (A)(1)</b>	-	<b>5320000</b>	<b>5320000</b>	<b>76.00</b>	<b>Nil</b>
Foreign					
a) NRIs – Individuals	-	-	-	-	-
b) Other individuals	-	-	-	-	-
c) Bodies Corporate	-	1680000	1680000	24.00	Nil
d) Banks / FI	-	-	-	-	-
e) Any other	-	-	-	-	-
<b>Sub-Total (A)(2)</b>	-	<b>1680000</b>	<b>1680000</b>	<b>24.00</b>	<b>Nil</b>
<b>Total shareholding (A) = (A)(1) + (A)(2)</b>	-	<b>7000000</b>	<b>7000000</b>	<b>100.00</b>	<b>Nil</b>
<b>B. Public Shareholding</b>	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs and ADRs</b>	-	-	-	-	-
<b>Grand Total = A + B + C</b>	-	<b>7000000</b>	<b>7000000</b>	<b>100.00</b>	<b>Nil</b>

(ii) Shareholding of Promoters

S. No.	Shareholders' Name	Shareholding at the beginning of the year			% change during the year
		No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	
1	Sundram Fasteners Ltd	5319995	76.00	0.00	Nil
2	Bleistahl Produktions GmbH and Co KG	1680000	24.00	0.00	Nil
3	Nominees of Sundram Fasteners Limited	5	0.00	0.00	Nil
	<b>Total</b>	<b>7000000</b>	<b>100.00</b>	<b>0.00</b>	<b>Nil</b>

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

There have been no changes in the Promoters' shareholding during the year.

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

Not Applicable.

# Sundram Precision Components Limited

(Formerly Sundram Bleistahl Limited)

(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, during and end of the year	*V G Jaganathan, Director	1	0.00	1	0.00
2	At the beginning, during and end of the year	*R Dilipkumar, Director	1	0.00	1	0.00
3	At the beginning, during and end of the year	*S Meenakshisundaram, Company Secretary	1	0.00	1	0.00

\* Nominees of Sundram Fasteners Limited (Holding Company)

Note: There have been no changes in the shareholding of Directors and Key Managerial Personnel during the year.

## V. INDEBTEDNESS

As at 31<sup>st</sup> March, 2016 - NIL

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year 2015-2016, no remuneration was paid to Directors and Key Managerial Personnel.

## VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

During the year 2015-2016, there were no penalties levied by the Regional Director on the company / directors / officers in default or any compounding of offences by the company / directors / officers in default or any punishment granted by any Court against the company / directors / officers in default.

**Sundaram & Srinivasan**  
Chartered Accountants

New No. 4 (Old No. 23), C P Ramaswamy Road  
Alwarpet, Chennai 600 018

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF  
SUNDRAM PRECISION COMPONENTS LIMITED (Formerly Sundram Bleistahl  
Limited) FOR THE YEAR ENDED 31ST MARCH 2016**

To

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of SUNDRAM PRECISION COMPONENTS LIMITED ("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, a summary of significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting 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 the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 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 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 financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 term of sub-section (11) of section 143 of the Act, we give in the Annexure 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 Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid 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 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 internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company did not have any litigation on its financial position.
    - ii. The Company did not have any long-term contracts including derivative contract for which there were any material foreseeable losses.
    - iii. During the year, there was no requirement on the part of the Company to transfer to the Investors Education and Protection Fund.

Chennai  
May 3, 2016

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



# Sundram Precision Components Limited

(Formerly Sundram Bleistahl Limited)

## Sundaram & Srinivasan

Chartered Accountants

### ANNEXURE TO INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SUNDARAM PRECISION COMPONENTS LIMITED (Formerly Sundram Bleistahl Limited) 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. In our opinion, the frequency of such verification is adequate.  
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 not granted any loan or has made any investments, furnished any guarantees or provided any security. Hence reporting on whether there is compliance with provisions of section 185 and 186 of the Companies Act, 2013 does not arise.
5. The company has not accepted any deposit within the meaning of sections 73 to 76 of the Companies Act, 2013, during the year.
6. According to the information and explanations given to us, the requirement for maintenance of cost records pursuant to the Companies (Cost Records and Audit) Rules, 2014 specified by the Central Government of India under Section 148 of the Companies Act, 2013 are not applicable to the Company for the year under audit.
7. 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 an instance of delay in remittance of Income tax deduction.
8. The company has not availed any term loan from banks or financial institutions. Hence the question of reporting on default in repayment thereof does not arise.
9. (a) The company has not raised any money by the way of initial public offer or further public offers including debt instruments during the year. Hence reporting on utilization of such money does not arise.
- (b) The company has not availed any fresh term loan during the year. The loans availed in earlier years were applied for the purpose for which they were availed.
10. Based on the audit procedures adopted and information and explanations given to us by the management, no fraud on or by the company has been noticed or reported during the course of our audit.
11. There are no managerial personnel in the Company and hence the provisions of Section 197 read with Schedule V of the Companies Act, 2013 are not applicable.

New No. 4 (Old No. 23), C P Ramaswamy Road  
Alwarpet, Chennai 600 018

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 given to us, all transactions with the related parties are in compliance with sections 177 and 188 of 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 - 27 (1) (13) to 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.

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

Chennai  
May 3, 2016

### ANNEXURE - A TO INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SUNDARAM PRECISION COMPONENTS LIMITED (Formerly Sundram Bleistahl 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 Precision Components Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the 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. 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.

#### 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 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 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 3, 2016

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

#### Balance Sheet as at 31st March 2016

	Note No.	As at 31-03-2016		As at 31-03-2015	
<b>I EQUITY AND LIABILITIES</b>					
<b>1. Shareholders' Funds</b>					
a) Share Capital	1	70,000	70,000		
b) Reserves & Surplus	2	78,647	66,862	148,647	1,36,862
<b>2. Non-current Liabilities</b>					
Deferred Tax Liabilities (Net)	3	-	-	1,680	1,680
<b>3. Current Liabilities</b>					
a) Trade payables	4				
(i) Total outstanding dues of micro enterprises and small enterprises		-	-		
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		43,814	24,352		
(b) Other current liabilities	5	5,167	3,386		
(c) Short-term provisions	6	169	2,102	19,840	29,840
Total		197,797	168,382	197,797	168,382
<b>II ASSETS</b>					
<b>1. Non-current Assets</b>					
a) Fixed Assets					
Tangible Assets	7	56,313	63,444		
b) Deferred Tax Asset (Net)	3	281	-		
c) Long-term Loans and Advances	8	4,730	3,443	61,324	66,887
<b>2. Current Assets</b>					
a) Inventories	10	15,160	27,062		
(b) Trade receivables	11	63,529	43,179		
(c) Cash and cash equivalents	12	40,344	20,659		
(d) Short-term loans and advances	8	17,372	9,445		
(e) Other Current Assets	9	68	1,150	136,473	101,495
Total		197,797	168,382	197,797	168,382

S MEENAKSHISUNDARAM  
Secretary

R DILIP KUMAR  
V G JAGANATHAN  
Directors

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

Chennai  
May 3, 2016

M BALASUBRAMANIAM  
Partner  
Membership No. F7945

# Sundram Precision Components Limited

(Formerly Sundram Bleistahl Limited)

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2016

	Note No.	Year ended 31-03-2016	Thousands Year ended 31-03-2015
I Revenue from Operations	13	2,62,919	2,67,512
Less : Excise Duty		12,206	9,994
		<u>2,50,713</u>	<u>2,57,518</u>
II Other Income	14	4,194	2,291
III Total Revenue (I + II)		<u>2,54,907</u>	<u>2,59,809</u>
IV Expenses:			
Cost of Materials Consumed	15	1,25,793	1,23,410
Changes in inventories of Finished Goods, Work-in-Process and Stock-in-Trade	16	1,132	(4,374)
Employee benefit expense	17	14,172	11,827
Finance Costs	18	2	1,383
Depreciation, obsolescence and amortization expenses	7	14,219	16,493
Other Expenses	19	82,009	85,128
Total Expenses		<u>2,37,327</u>	<u>2,33,867</u>
V Profit before exceptional and extraordinary items and tax (III-IV)		<u>17,580</u>	<u>25,942</u>
VI Exceptional Items		-	-
VII Profit before extraordinary items and tax (V-VI)		<u>17,580</u>	<u>25,942</u>
VIII Extraordinary Items		-	-
IX Profit before tax (VII-VIII)		<u>17,580</u>	<u>25,942</u>
X Tax Expense:			
1) Current Tax		7,805	11,076
2) Deferred tax (Deferred Tax Liability (Rs.1824) & Deferred Tax Asset Rs.137)		(1,961)	(4,570)
3) Tax relating to earlier year		(49)	62
XI Profit / (Loss) for the period from continuing operations (IX-X)		<u>11,785</u>	<u>19,374</u>
XII Profit / (Loss) from discontinuing operations		-	-
XIII Tax expense of discontinuing operations		-	-
XIV Profit / (Loss) from discontinuing operations (after tax) (XII-XIII)		-	-
XV Profit / (Loss) for the period (XI+XIV)		<u>11,785</u>	<u>19,374</u>
XVI Earnings per equity share:			
1) Basic		1.68	2.77
2) Diluted		1.68	2.77
3) No. of Shares		70,00,000	70,00,000

S MEENAKSHISUNDARAM  
Secretary

R DILIP KUMAR  
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Directors

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

M BALASUBRAMANIAM  
Partner  
Membership No. F7945

Chennai  
May 3, 2016

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2016

	Year ended 31-3-2016	Thousands Year ended 31-3-2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before Tax	17,580	25,942
Adjustments For:		
Depreciation	14,219	16,493
Interest (income) / expense (Net)	(2,182)	545
	<u>12,037</u>	<u>17,038</u>
Operating Profit before Extraordinary items & Working Capital changes:	29,617	42,980
Adjustments for Changes in Working Capital:		
Trade and other receivables	(32,855)	11,952
Inventories	11,902	(9,178)
Trade and other Payables	21,246	293
Cash Generated From Operations	<u>29,910</u>	<u>51,976</u>
Less: Direct Taxes Paid (Net)	5,319	3,318
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>24,591</u>	<u>48,658</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(7,088)	(308)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(7,088)</u>	<u>(308)</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Cash Credit from bank	-	-
Interest income / (expense) (Net)	2,182	(545)
Rupee packing Loan Repaid	-	(54,000)
Rupee packing Loan Raised	-	25,000
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<u>2,182</u>	<u>(29,545)</u>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<u>19,685</u>	<u>18,805</u>
<b>CASH AND CASH EQUIVALENTS - Opening Balance</b>	20,659	1,854
<b>CASH AND CASH EQUIVALENTS - Closing Balance</b>	<u>40,344</u>	<u>20,659</u>
Notes:		
<b>CASH AND CASH EQUIVALENTS include:</b>		
a) Cash and Cheques on hand	41	11
b) With Scheduled Banks:		
i) Current Account	40,303	5,648
ii) Deposit Accounts	-	15,000
Total	<u>40,344</u>	<u>20,659</u>

S MEENAKSHISUNDARAM  
Secretary

R DILIP KUMAR  
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Directors

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

M BALASUBRAMANIAM  
Partner  
Membership No. F7945

Chennai  
May 3, 2016

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

Thousands

	As at 31-3-2016	As at 31-3-2015		
<b>1 SHARE CAPITAL</b>				
<b>a. Authorised</b>				
1,25,00,000 Equity Shares of ₹ 10 each	1,25,000	1,25,000		
<b>b. Issued</b>				
70,00,000 Equity Shares of ₹ 10 each	70,000	70,000		
<b>c. Subscribed and Paid-up</b>				
70,00,000 Equity Shares of ₹ 10 each fully paid-up	70,000	70,000		
<b>d. Reconciliation of number of shares outstanding at the beginning of the year and at the end of the year</b>				
	No. of Shares	Value ` 000s	No. of Shares	Value ` 000s
1. Balance at the beginning of the year	70,00,000	70,000	70,00,000	70,000
2. Add : Shares issued during the year	-	-	-	-
3. Bonus Shares issued during the year	-	-	-	-
4. Balance as at the end of the year	70,00,000	70,000	70,00,000	70,000

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

Name of the Shareholder	No. of Shares	Shares as % of Total	No. of Shares	Shares as % of Total
	No. of Shares	No. of Shares	No. of Shares	No. of Shares
1. Sundram Fasteners Limited, Chennai & its five nominees	53,20,000	76	53,20,000	76
2. Bleistahl Produktions GmbH & Co KG, Germany	16,80,000	24	16,80,000	24
Sub Total	70,00,000	100	70,00,000	100
3. Total No. of Shares of the Company	70,00,000	100	70,00,000	100

**f. Shares allotted as fully paid up by way of Bonus Shares (during 5 years immediately preceding March 31, 2016)**

Equity shares allotted as fully paid up bonus shares by capitalization of capital redemption reserve Nil

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

The Company has only one class of equity shares having a face value of Rs.10/- per share. Each holder of equity share is entitled to one vote per share. As and when the Company declares dividend, it will be paid 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.

**h. Shares held by holding company and subsidiary of holding company**

	As at 31-03-2016	As at 31-03-2015
1. Sundram Fasteners Ltd., Chennai - Holding Company	53,20,000	53,20,000

**2 RESERVES & SURPLUS**

**a. Surplus in Statement of Profit and Loss**

	As at 31-03-2016	As at 31-03-2015
1. Balance as at the beginning of the year	66,862	47,700
2. Add: Profit for the Year	11,785	19,374
3. Balance available for appropriation (1+2)	78,647	67,074
4. Differential depreciation charged to retained earning as per Schedule II of Companies Act, 2013	-	314
Deferred tax reversal consequent to above	-	(102)
5. Total Reserves and Surplus (3-4)	78,647	66,862

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

Thousands

	As at 31-3-2016	As at 31-3-2015
<b>3. DEFERRED TAX LIABILITY / (ASSETS)</b>		
<b>a. Deferred Tax Liability:</b>		
<b>On Depreciation :</b>		
i. As per last Balance Sheet	1,696	6,352
For the current year (transferred from Statement of Profit & Loss)	(1,824)	(4,554)
ii. Less : Tax effect differential on depreciation as per Companies Act, 2013 transferred to Retained earnings	-	(102)
Sub Total	(128)	1,696
<b>b. Deferred Tax Asset:</b>		
<b>On Provision for Leave Salary &amp; Gratuity</b>		
i. As per last Balance Sheet	-	-
For the current year (transferred from Statement of Profit & Loss)	-	-
ii. Unabsorbed Depreciation & Business Losses		
As per last Balance Sheet	-	-
For the current year (transferred from Statement of Profit & Loss)	-	-
iii. Others		
As per last Balance Sheet	(16)	-
For the current year (transferred from Statement of Profit & Loss)	(137)	(16)
Sub Total	(153)	(16)
<b>Net Deferred Tax Liability / (Asset) (a+b)</b>	<b>(281)</b>	<b>1,680</b>

**4. TRADE PAYABLES**

	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>A. Sundry Creditors for Goods Purchased / Services Availed</b>				
	-	-	43,814	24,352
Total	-	-	43,814	24,352
<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	-	-	-	-
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	-	-	43,814	24,352

**5. OTHER LIABILITIES**

1. Statutory Dues	-	-	1,049	541
2. Unclaimed Wages & Salaries	-	-	9	34
3. Non Statutory dues	-	-	4,098	2,787
4. Customer Advances	-	-	11	24
Total	-	-	5,167	3,386

**6. PROVISIONS**

a. Gratuity	-	-	153	166
b. Leave Salary	-	-	16	-
c. Provision for Taxation (Net of Advance Income Tax and Tax Deducted at Source)	-	-	-	1,936
Total	-	-	169	2,102

# Sundram Precision Components Limited

(Formerly Sundram Bleistahl Limited)

## 7 NON-CURRENT ASSETS - FIXED ASSETS

Thousands

Particulars	Tangible Assets						Total
	Land - Free Hold	Buildings	Plant and Equipment	Furniture & fixtures	Office Equipment	Vehicles	
<b>A Cost of Assets</b>							
As at 1-4-2015	4,971	37,815	187,395	734	439	21	2,31,375
Additions	-	129	6,766	193	-	-	7,088
<b>As at 31-3-2016</b>	<b>4,971</b>	<b>37,944</b>	<b>1,94,161</b>	<b>927</b>	<b>439</b>	<b>21</b>	<b>2,38,463</b>
<b>B Depreciation / Amortization</b>							
As at 1-4-2015	-	11,357	155,586	571	405	12	167,931
Charges for the year	-	1,176	12,946	90	5	2	14,219
	-	12,533	168,532	661	410	14	182,150
Deduction on sale or discards	-	-	-	-	-	-	-
Transfer	-	-	-	-	-	-	-
<b>As at 31-3-2016</b>	<b>-</b>	<b>12,533</b>	<b>168,532</b>	<b>661</b>	<b>410</b>	<b>14</b>	<b>182,150</b>
<b>C Written Down Value</b>							
As at 31-3-2016	4,971	25,411	25,629	266	29	7	56,313
As at 31-3-2015	4,971	26,458	31,809	163	34	9	63,444

8. LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD UNLESS STATED OTHERWISE)	Non-current		Current	
	As at 31-3-2016	As at 31-3-2015	As at 31-3-2016	As at 31-3-2015
<b>A. Security Deposits</b>				
(A)	2,616	1,743	-	-
<b>B. Other Loans and Advances</b>				
Balance with Excise Authorities	-	-	13,205	607
Advance Income-tax (net of provision for taxation)	2,028	1,700	-	-
Prepaid Expenses	-	-	437	471
Capital Advances	86	-	-	-
Advances for supply of Raw Materials	-	-	61	549
Advances recoverable in Cash or in kind	-	-	73	86
Minimum Alternate Tax Credit Entitlement	-	-	3,596	7,732
(B)	2,114	1,700	17,372	9,445
Total (A+B)	4,730	3,443	17,372	9,445
<b>9. OTHER ASSETS (UNSECURED, CONSIDERED GOOD UNLESS STATED OTHERWISE)</b>				
a Claims receivable	-	-	68	1,146
b Interest receivable	-	-	-	4
Total	-	-	68	1,150
<b>10. INVENTORIES (VALUED AT LOWER OF COST OR NET REALISABLE VALUE)*</b>				
a. Stores & Spares	-	-	762	1,981
b. Raw Materials and Components	-	-	7,039	16,590
c. Work-in-Process - Valve guides	-	-	3,721	6,322
d. Finished Goods	-	-	162	554
e. Finished Goods in Transit	-	-	3,476	1,615
Total	-	-	15,160	27,062

\* Certified by Director

11. TRADE RECEIVABLES	Non-current		Current	
	As at 31-3-2016	As at 31-3-2015	As at 31-3-2016	As at 31-3-2015
<b>A. Outstanding for a period exceeding 6 months from the date they are due for payment</b>				
Unsecured, Considered Good	-	-	1,012	1,859
Doubtful	-	-	462	48
	-	-	1,474	1,907
Less : Provision for bad and doubtful debts	-	-	462	48
(A)	-	-	1,012	1,859
<b>B. Unsecured, Considered Good - Others</b>				
(B)	-	-	62,517	41,320
Total (A+B)	-	-	63,529	43,179
<b>12. CASH AND CASH EQUIVALENTS</b>				
<b>a. Balances with Bank</b>				
i) Current Account	-	-	40,303	5,648
ii) Deposit Accounts-maturity less than 3 months	-	-	-	15,000
<b>b. Cash on hand</b>				
(B)	-	-	41	11
Total	-	-	40,344	20,659
<b>13. REVENUE FROM OPERATION</b>				
<b>a. Sales of Products (Refer Note 13A)</b>				
Domestic			99,893	94,276
Export			162,618	172,498
			262,511	266,774
Sub Total			408	738
<b>b. Other Operating Revenues (Refer Note 14B)</b>				
Sub Total			262,919	267,512
Less : Excise Duty			12,206	9,994
Total			250,713	257,518

Thousands  
Year ended 31-3-2016  
Year ended 31-3-2015

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

	Year ended 31-3-2016	Thousands Year ended 31-3-2015
<b>13A. DETAILS OF PRODUCTS SOLD</b>		
Powder metal parts	262,511	266,774
Total	<u>262,511</u>	<u>266,774</u>
<b>13B. OTHER OPERATING REVENUE</b>		
Scrap Sales	408	738
Total	<u>408</u>	<u>738</u>
<b>14. OTHER INCOME</b>		
Interest Income	2,184	838
Net Foreign Exchange gain (Net of Loss)	1,930	-
Other non-operating income	80	1,453
Total	<u>4,194</u>	<u>2,291</u>
<b>15. RAW MATERIALS INCLUDING PACKING MATERIALS CONSUMED</b>		
Opening Stock of Raw Material	16,590	6,660
Add : Purchase of Materials	116,242	133,340
Sub Total	<u>132,832</u>	<u>140,000</u>
Less : Closing Stock of Raw Material	7,039	16,590
Total	<u>125,793</u>	<u>123,410</u>
Consumption of Raw Materials under Broad Head		
Metal Powder	125,793	123,410
Consumption Total	<u>125,793</u>	<u>123,410</u>
<b>16. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK-IN-TRADE</b>		
Opening Stock :		
Work-in-Process - Valve guides	6,322	2,600
Finished Goods - Valve guides	2,169	1,517
	<u>8,491</u>	<u>4,117</u>
Less : Closing Stock		
Work-in-Process - Valve guides	3,721	6,322
Finished Goods - Valve guides	3,638	2,169
	<u>7,359</u>	<u>8,491</u>
Changes in Inventories	<u>1,132</u>	<u>(4,374)</u>
<b>17. EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, Wages, Bonus and Allowances*	11,464	9,597
Provident and Other Funds	1,137	1,016
Welfare Expenses	1,571	1,214
Total	<u>14,172</u>	<u>11,827</u>
* Bonus includes provision of Rs.1,156 thousands towards bonus payable to employees in accordance with the Payment of Bonus (Amendment) Act, 2015 which has retrospective effect from 1st April, 2014.		
<b>18. FINANCE COST</b>		
Interest Expenses	2	1,383
Total	<u>2</u>	<u>1,383</u>
<b>19. OTHER EXPENSES</b>		
a) Stores and Tools consumed	25,835	29,639
b) Power & Fuel	19,235	18,132
c) Rent	154	202
d) Rates & Taxes	2,113	590
e) Insurance	231	193
f) Repairs & Maintenance - Building	1,071	1,147
g) Repairs & Maintenance - Plant & Equipment	4,324	4,726
h) Miscellaneous Expenses (refer note no.20)	29,046	30,499
Total	<u>82,009</u>	<u>85,128</u>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015**

	Year ended 31-3-2016	Thousands Year ended 31-3-2015		
<b>20. MISCELLANEOUS EXPENSES</b>				
a) Sub Contract Expenses	14,831	12,679		
b) Repairs & Maintenance - Other assets	1,478	866		
c) Remuneration to Auditors (Refer Note 21)	454	382		
d) Net Foreign exchange loss (net off gain)	-	3,874		
e) Export Expenses	3,057	9,339		
f) Corporate Service	5,006	-		
g) 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]	4,220	3,359		
Total	<u>29,046</u>	<u>30,499</u>		
<b>21. REMUNERATION TO AUDITORS CONSIST OF:</b>				
a) As Auditor	200	200		
b) For Taxation Matters	70	70		
c) For Company Law Matters	35	35		
d) For Other Services	66	25		
e) Reimbursement of expenses	48	17		
f) Cost Compliance fee paid to Cost Auditor	10	10		
g) Secretarial Audit fee paid to Secretarial Auditor	25	25		
Total	<u>454</u>	<u>382</u>		
<b>22. CIF VALUE OF IMPORTS</b>				
a) Raw Materials	70,903	83,592		
b) Components & Spare Parts	724	401		
c) Tool Steel, Tools, Gauges etc.,	2,585	3,771		
d) Others	521	1,009		
Total	<u>74,733</u>	<u>88,773</u>		
<b>23. EARNINGS IN FOREIGN EXCHANGE</b>				
FOB value of exports	162,618	172,498		
Total	<u>162,618</u>	<u>172,498</u>		
<b>24. EXPENDITURE IN FOREIGN CURRENCY</b>				
a) Travel	-	125		
b) Export Expenses	3,057	9,339		
c) Repairs & Maintenance - Plant and Equipmet	-	528		
Total	<u>3,057</u>	<u>9,992</u>		
<b>25. VALUE OF IMPORTED AND INDIGENOUS RAW MATERIALS CONSUMED AND THEIR PERCENTAGE TO TOTAL CONSUMPTION:</b>				
<b>A) Raw Materials, Components &amp; Finished Goods</b>				
1) Imported :				
Metal Powder	70,903	56	83,592	68
	<u>70,903</u>	<u>56</u>	<u>83,592</u>	<u>68</u>
2) Indigenous :				
Metal Powder	54,890	44	39,818	32
	<u>54,890</u>	<u>44</u>	<u>39,818</u>	<u>32</u>
Total	<u>125,793</u>	<u>100</u>	<u>123,410</u>	<u>100</u>
<b>B) Spares &amp; Tools :</b>				
a) Imported	3,830	15	5,181	17
b) Indigenous	22,005	85	24,458	83
Total	<u>25,835</u>	<u>100</u>	<u>29,639</u>	<u>100</u>
<b>26. Figures for the previous year have been re-grouped, wherever necessary to conform to current year classification.</b>				

# Sundram Precision Components Limited

(Formerly Sundram Bleistahl Limited)

## NOTES ON FINANCIAL STATEMENTS (Contd.)

### 27. SIGNIFICANT ACCOUNTING POLICIES

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

(1) AS - 1: Disclosure of Accounting Policies

In the preparation of the financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India.

The Significant accounting policies are set out hereunder:

(2) AS - 2: Valuation of Inventories

Inventories are valued at lower of cost or net realisable value. Raw materials, Stores & Tools are valued at cost of purchase and includes all expenses incurred in bringing the materials to their present location and condition. Work-in-process and finished goods include cost of direct materials and cost of conversion. Cost is determined on a weighted average basis.

(3) AS - 3: Cash Flow Statements

Cash flow statement is prepared under indirect method and the same has been 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 events occurring after the balance sheet date that require adjustment or disclosure.

(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.

(ii) Prior period items:

Miscellaneous Expenses

	Thousands	
	Year ended 31-03-2016	Year ended 31-03-2015
a) Clearing and Forwarding Charges	-	70
b) Sub Contract Charges	-	2
c) Freight Outward	-	39
d) Courier Charges	-	1
e) Audit Fee	78	-
f) Repairs and maintenance	14	-
g) Consumable	9	-
h) Tools	12	-

(iii) Accounting policies

There are no changes 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 - 9: Revenue recognition

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

Income of the company is derived from Sale of Manufactured Components and includes excise duty and is net of sales returns. In case of export of goods, the sale is recognised on the basis of LET export date. In the case of domestic sales, sale is recognised only when the goods are inwarded by the customer.

## NOTES ON FINANCIAL STATEMENTS (Contd.)

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

(8) 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. The useful life for various class of assets as given below :

Class of Assets	Useful life (Years)
Building	30
Plant and Equipment	10
Computer and Data processing units	3
Furniture and Fittings	10
Office Equipment	5
Vehicles	10

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

In respect of all depreciable assets it was noticed that useful life of part of the asset is not significantly different from the "whole of the asset". Accordingly, measurement of depreciation is same for component asset and whole of asset.

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.

	Thousands	
	As at / year ended	As at / year ended
	31-03-2016	31-03-2015

(9) AS - 11: Effects of changes in foreign exchange rates

All loans in foreign currency and outstanding at the close of the period are expressed in Indian currency at the appropriate rates prevailing on the date of the balance sheet.

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 period. Such transactions not settled during the period are accounted on the rates prevailing on close of the period.

Export sale realisations are accounted at actuals and those not realised within the period are stated at rates prevailing on close of the period.

Net exchange difference recognised in Statement of Profit and Loss [gain / (loss)]	1,930	(3,874)
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(10) AS - 15: Employee Benefits

Contribution to Provident fund is in the nature of defined contribution plan and the same is made to Government. Gratuity liability under the Payment of Gratuity Act is based on actuarial valuation carried out at the close of the year.

(11) AS - 16: Borrowing cost

Interest on borrowings to acquire fixed assets are capitalised only if the borrowing costs are directly attributable to the acquisition of fixed assets that take a substantial period of time to get ready for its intended use. Other interest and borrowing costs are charged to revenue.

Borrowing cost capitalised during the period - NIL.

NOTES ON FINANCIAL STATEMENTS (Contd.)

(12) AS - 17: Segment reporting

The Company operates in single segment.

(13) AS - 18: Related party disclosure

Related Parties :

(i) Where Control exists:

(A) Holding Company

Sundram Fasteners Limited, Chennai - Holding Company

(B) Fellow Subsidiary Companies

Sundram Fasteners Investments Ltd., Chennai

TVS Upasana Ltd., Chennai (Formerly known as Upasana Engineering Limited)

Sundram Non-Conventional Energy Systems Ltd, Chennai

TVS Infotech Ltd, Chennai

Cramlington Precision Forge Ltd., Northumberland, United Kingdom

Sundram RBI Sdn. Bhd., Kuala Lumpur, Malaysia

Sundram Fasteners (Zhejiang) Ltd., Peoples Republic of China

Peiner Umformtechnik GmbH, Peine, Germany

PUT Grundstucks GmbH, Peine Germany

TVS Peiner Services GmbH, Peine Germany

Sundram International Inc, Michigan, USA

TVS Infotech Inc, Michigan, USA

Sundram International Ltd, New Castle, United Kingdom

(C) Key Management Personnel - Nil

	` Thousand	
	As at /	As at /
	Year ended	Year ended
	31-3-2016	31-3-2015

Transactions with related parties

i) Purchase of Goods:

– Holding Company 43,079 46,927

ii) Sale of Goods:

– Holding Company 65,202 68,774

iii) Services received:

–Holding Company 7,780 1,822

iv) Outstanding balances

Due to the company

– Holding Company (Sale Transactions) 15,677 9,372

Payable by the company

– Holding Company (Purchase & other Transactions) 12,842 3,782

(14) AS - 19: Leases

N.A. N.A.

(15) AS - 20: Earnings per share

Earnings per share is calculated by dividing the profit attributable to the shareholders by the weighted average number of equity shares outstanding during the year

Profit after tax	11,785	19,374
Weighted average number of shares	70,00,000	70,00,000
Face Value per share (fully paid up)	` 10	` 10
Basic and diluted Earnings per share	` 1.68	` 2.77

NOTES ON FINANCIAL STATEMENTS (Contd.)

` Thousands

As at / As at /  
Year ended Year ended  
31-3-2015 31-3-2015

(16) AS - 22: Accounting for Taxes on Income

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income tax Act, 1961.

Deferred Income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

The company has recognized deferred tax asset arising on account of timing differences on matters relating to depreciation and expenses admissible on payment basis.

The recognition is on basis that there is reasonable certainty of sufficient future income to recover such deferred tax asset.

Minimum Alternative Tax (MAT) credit was recognised as an asset and carried over since there is convincing evidence that company will pay normal income tax during the specified period.

The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that company will pay normal income tax during the specified period.

(17) AS - 29: Provisions, Contingent Liabilities and Contingent Assets

(i) Contingent Liabilities - Bank Guarantee – 1,500

(18) AS - 30: Financial Instruments: Recognition & 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.

b) ICAI has clarified that to the extent of accounting treatments covered by any one 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.

SMEENAKSHISUNDARAM Secretary	R DILIP KUMAR V G JAGANATHAN Directors	As per our report annexed For SUNDARAM & SRINIVASAN Chartered Accountants Regn. No. 0042075
Chennai May 3, 2016		M BALASUBRAMANIAM Partner Membership No. F7945