



## Sundram Fasteners Limited

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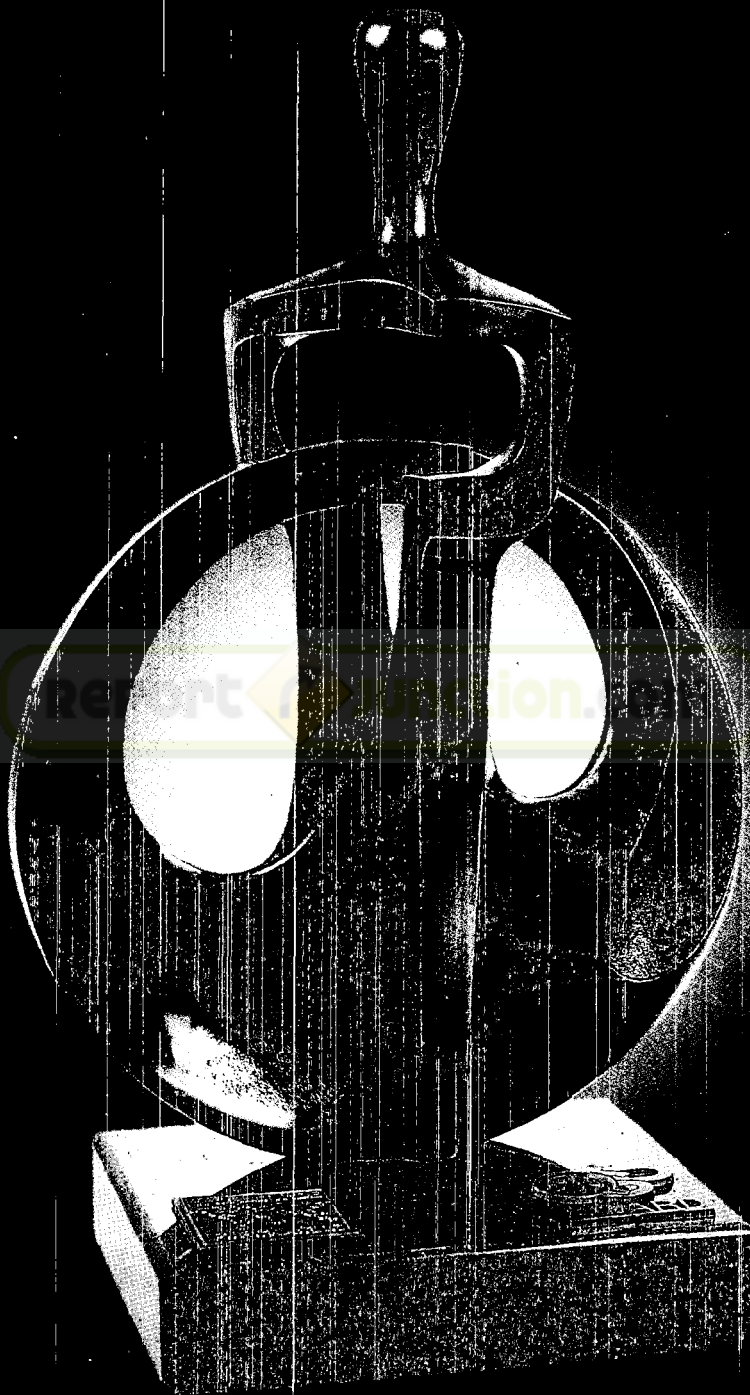
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## ANNUAL REPORT

for the year ended  
31st March, 1997

GENERAL

MOTORS



**BEST *of* BEST**  
SUPPLIERS AWARD '96

## **Sundram Fasteners Limited**

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### **BOARD OF DIRECTORS**

Sri SURESH KRISHNA  
*Chairman & Managing Director*  
Sri K RAMESH  
Sri VENU SRINIVASAN  
Sri K R RAMAMANI  
Sri V NARAYANAN  
Sri R SRINIVASAN

### **SECRETARY**

Sri V G JAGANATHAN

### **BANKERS**

UNITED BANK OF INDIA  
STATE BANK OF MYSORE  
ANZ GRINDLAYS BANK LIMITED

### **AUDITORS**

M/s SUNDARAM & SRINIVASAN  
Chartered Accountants  
23 C P Ramaswamy Road  
Alwarpet Chennai 600 018

### **REGISTERED OFFICE**

98A Dr Radhakrishnan Salai  
Chennai 600 004

### **FACTORIES**

Padi Chennai 600 050

Harita Hosur 635 109  
Dharmapuri District

Krishnapuram Aviyur 626 160  
Kamarajar District

Bonthapally Village 502 313  
Medak District

Korkadu Village Nettapakkam Commune  
Bahur Taluk Pondicherry 605 110

### **SHARE REGISTRY**

98A III Floor  
Dr Radhakrishnan Salai  
Chennai 600 004

## Sundram Fasteners Limited

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### NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the **Thirty Fourth** Annual General Meeting of the Shareholders of the Company will be held at the Music Academy, 306, T T K Road (Mowbrays Road), Chennai 600 014 on Wednesday the 24th September 1997 at 10.00 a.m. to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March 1997, the Profit and Loss Account for the year ended on that date and Reports of the Directors and the Auditors of the Company.
2. To declare dividend.
3. To appoint a Director in place of Sri K Ramesh, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Sri V Narayanan, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint auditors and to fix their remuneration.

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By Order of the Board

Chennai  
August 11, 1997

V G JAGANATHAN  
President (Finance) & Secretary

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#### NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER.**
  2. The instrument appointing proxy should be deposited at the Share Registry at least 48 hours before the commencement of the meeting.
  3. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday the 2nd September 1997 to Wednesday the 24th September 1997 (both days inclusive) for the purpose of payment of dividend.
  4. The dividend, as recommended by the Board of Directors, if declared at the meeting, shall be paid to those members whose names appear in the Register of Members of the Company on 24th September 1997 or to their mandatees.
  5. Members desiring any information as regards accounts are requested to write to the Company at least 7 days before the meeting so as to enable the Management to keep the information ready.
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6. Members who have not furnished the bank account details viz. Name of the Bank, Name of the Branch and Bank account number, are requested to furnish the same to the Share Registry at the earliest, so as to incorporate the details in the dividend warrant, to prevent any fraudulent encashment of warrants after despatch.
7. As required under the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) (Amendment) Rules, 1988, we hereby confirm that unpaid/unclaimed dividend for the financial year ended 31st March 1993 was transferred to the General Revenue Account of the Central Government within the prescribed time as per details given below:

Dividend for the year ended	No. of Equity Shares	No. of holders	Amount Rs	Date of transfer
31-3-1993	20,316	366	60,651	20-11-1996

Shareholders who have not encashed the dividend warrants for the said period are requested to claim the amount from the Registrar of Companies (Tamil Nadu), Shastri Bhavan, Block No. 6, II Floor, 26 Haddows Road, Chennai 600 006. In case any assistance is required, members may write to the Share Registry.

8. Members who have not encashed the dividend warrants for the financial year ended 31st March 1994 are requested to surrender the unencashed warrants to the Share Registry and obtain payment. If the warrants are lost, member may write to the Share Registry, *immediately*, since the unclaimed dividend will be credited to the Central Government on 1st November 1997.

## Sundram Fasteners Limited

### FINANCIAL HIGHLIGHTS

Particulars	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97
<b>Operating results - Rs lakhs</b>										
Sales	5,654	7,089	9,250	10,786	13,705	14,408	17,390	23,967	30,309	34,686
PBIDT	882	1,109	1,442	1,518	2,282	2,135	2,428	4,262	5,681	6,430
Interest	373	433	556	741	870	1,007	947	950	1,443	2,133
PBDT	509	676	886	777	1,412	1,128	1,481	3,312	4,238	4,297
Depreciation	227	251	304	387	438	487	343	373	551	762
Profit before tax	282	425	582	390	974	641	1,138	2,939	3,687	3,535
Tax	45	75	92	75	220	245	330	680	650	330
Profit after tax	237	350	490	315	754	396	808	2,259	3,037	3,205

### Financial status - Rs lakhs

Net fixed assets	1,767	2,044	2,891	3,191	3,699	3,721	4,671	6,938	10,432	14,086
Investments	12	12	20	35	29	67	75	256	257	257
Net current assets	2,201	2,756	2,894	4,246	4,228	5,452	5,198	6,386	8,561	9,579
Share capital	319	510	510	510	510	511	511	511	1,021	1,021
Reserves and surplus	1,171	1,205	1,570	1,746	2,134	2,380	2,989	4,992	7,023	9,671
Net worth	1,490	1,715	2,080	2,256	2,644	2,891	3,500	5,503	8,044	10,692
Loan funds	2,490	3,097	3,725	5,216	5,312	6,349	6,444	8,077	11,206	13,230
Total capital employed	3,980	4,812	5,805	7,472	7,956	9,240	9,944	13,580	19,250	23,922

### Performance parameters

PBIDT to Sales - %	15.6	15.6	15.6	14.1	16.7	14.8	14.0	17.8	18.7	18.5
PBIT to Sales - %	11.6	12.1	12.3	10.5	13.5	11.4	12.0	16.2	16.9	16.3
PBT to Sales - %	5.0	6.0	6.3	3.6	7.1	4.4	6.5	12.3	12.2	10.2
PBIDT/Avg cap empld - %	23.2	25.2	27.2	22.9	29.6	24.8	25.3	36.2	34.6	29.8
PAT/Avg net worth - %	16.8	21.8	25.8	14.5	30.8	14.3	25.3	50.2	44.8	34.2
Bonus issue	—	3:5	—	—	—	—	—	—	1:1	—
Earnings per share-Rs	7.43	6.86	9.61	6.18	14.78	7.77	15.82	44.22	29.73	31.38
Dividend per share-Rs	2.50	2.50	2.75	2.75	3.00	3.00	4.00	5.00	5.00	5.00
Dividend payout ratio	33.65	36.44	28.62	44.50	20.30	38.61	25.28	11.31	16.82	15.93
Book value per share-Rs	46.71	33.60	40.78	44.22	51.82	56.59	68.51	107.73	78.75	104.66
Market value per share-Rs	63	57	74	135	300	207	375	1,025	645	615

## REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

The Directors are pleased to present the thirty fourth Annual Report together with the audited accounts for the year ended 31st March 1997.

<b>FINANCIAL RESULTS</b>	<b>1996-97</b>	<b>1995-96</b>
	<b>Rs lakhs</b>	<b>Rs lakhs</b>
Sales	<b>34,686.29</b>	30,308.99
Gross profit before interest and depreciation	<b>6,429.86</b>	5,681.42
Less : Interest	<b>2,132.46</b>	1,442.76
Depreciation	<b>762.03</b>	551.55
	<b>2,894.49</b>	1,994.31
Profit before tax	<b>3,535.37</b>	3,687.11
Less : Provision for taxation	<b>330.00</b>	650.00
Profit after tax	<b>3,205.37</b>	3,037.11
Add : Other adjustments	<b>24.58</b>	33.41
	<b>3,229.95</b>	3,070.52
Add : Balance brought forward	<b>149.06</b>	103.65
	<b>3,379.01</b>	3,174.17
<b>Appropriations</b>		
Proposed Dividend	<b>510.73</b>	510.73
Provision for tax on Dividend	<b>51.07</b>	—
Transfer to General Reserve	<b>2,500.00</b>	2,500.00
Transfer to Investment Allowance Reserve	<b>—</b>	14.38
Balance carried forward	<b>317.21</b>	149.06
	<b>3,379.01</b>	3,174.17

## OPERATING PERFORMANCE AND PROSPECTS

The domestic market for auto components stagnated as the vehicle manufacturers could not sustain high levels of production achieved during the first half of the year due to recessionary conditions in the second half. Concerted action by vehicle manufacturers to control inventory also depressed the turnover. Stringent money market conditions resulted in lower off-take in the after-market. Despite sluggish conditions, the Company's sales grew by over 14%.

The Company added assets worth over Rs 4,400 lakhs during 1996-97. The Company's plant at Pondicherry for the manufacture of hexagonal fasteners commenced commercial production as scheduled. These investments were made in modernisation/expansion programmes. The additions have also enabled the Company to widen its product range. The Company is now in a position to meet a substantial portion of customers' requirements on "just-in-time" basis and at short notice.

## Sundram Fasteners Limited

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### PROFITS

The Company's Profit before interest, depreciation and tax rose by 13.2% to Rs 6,429.86 lakhs from Rs 5,681.42 lakhs in 1995-96. The steep increase in interest rates and substantial outlay in capital expenditure programmes over the last two years resulted in higher interest charges. The Profit after tax was higher by 5.5% at Rs 3,205.37 lakhs compared to Rs 3,037.11 lakhs earned during the previous year. The Earning per Share for the year works out to Rs 31.38 as against Rs 29.73 for 1995-96.

### DIVIDEND

The Directors recommend a dividend of 50% (Rs 5/- per Equity Share) subject to approval of the Financial Institutions.

### EXPORTS

Exports during the year amounted to Rs 4,550.03 lakhs as against Rs 3,853.97 lakhs in 1995-96, representing a 18% growth. Stiff competition and low growth in European markets resulted in stagnant sales in the region. The Company's efforts to increase exports to USA and South America have started yielding results. The Company continues to supply radiator caps and powder metal parts to General Motors Corporation, USA.

### SOFTWARE BUSINESSES

Sundram Information Systems, a division of the Company, is presently engaged mainly in meeting the in-house requirements of the Company.

Sundram Telematics Limited, the telecommunication software development subsidiary, has recorded a turnover of Rs 216.89 lakhs during 1996-97 as against Rs 139.02 lakhs achieved during 1995-96. The alliance with Lucent Technologies Network Systems GmbH, Germany (formerly AT&T Network Systems Deutschland GmbH) is working satisfactorily.

Sundram Numeric Private Limited, another subsidiary, formed in association with Grundig Numeric of Germany, engaged in development of software for CNC machines recorded a turnover of Rs 90.53 lakhs as against Rs 58.37 lakhs during 1995-96.

### PROGRESS THROUGH CONTINUOUS IMPROVEMENTS

The Company is implementing "Total Productive Maintenance" programme (TPM) - in consultation with Japan Institute of Plant Maintenance. This programme seeking to maximise overall equipment effectiveness, to eliminate breakdowns, to promote autonomous maintenance by workers through day-to-day activities and to achieve zero defects, has already started yielding results. The programme, when completed, will propel the Company towards achieving global standards and competitive ability.

The Radiator Caps Unit of the Company has achieved the distinction of getting its quality management systems certified for conformance to QS 9000. This highly coveted international accreditation has been awarded to the

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Unit by the Bureau Veritas Quality International (N.A) Inc, New York, USA, after comprehensive review of the quality management systems in practice. The Company is in the process of gearing up the systems in other units also to be in conformity with QS 9000.

### **STATUTORY STATEMENTS**

The amount of deposits held by the Company as at 31st March 1997 was Rs 600.28 lakhs. Deposits which matured during the year were either renewed or repaid on due dates with the exception of 128 deposits amounting to Rs 11.74 lakhs which remained unclaimed. Thirty one deposits amounting to Rs 4.05 lakhs have since been renewed or repaid.

Statement relating to the subsidiary companies viz. Sundram Fasteners Investments Limited, Sundram Telematics Limited, Sundram Numeric Private Limited and Aplomb Investments Limited and copies of audited accounts of these companies for the year ended 31st March, 1997 are attached to the Balance Sheet pursuant to Section 212 of the Companies Act, 1956.

Particulars regarding conservation of energy, technology absorption and foreign exchange earnings and outgo, pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are given in Annexure I which forms part of this report.

Particulars as required by Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, are furnished in Annexure II, forming part of this report.

### **DIRECTORS**

The Industrial Credit and Investment Corporation of India Limited has withdrawn the nomination of Sri S Raghothaman as a Director. The Directors wish to place on record their sincere appreciation of the services rendered by Sri S Raghothaman.

Sri K Ramesh and Sri V Narayanan retire from the Board by rotation and being eligible, offer themselves for re-appointment.

### **AUDITORS**

The Auditors, M/s Sundaram & Srinivasan retire and are eligible for re-appointment.

### **INDUSTRIAL RELATIONS**

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

### **ACKNOWLEDGEMENT**

The Directors also wish to thank United Bank of India, State Bank of Mysore, ANZ Grindlays Bank Limited, Corporation Bank, The Industrial Credit and Investment Corporation of India Limited, Unit Trust of India, Life

## **Sundram Fasteners Limited**

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Insurance Corporation of India, General Insurance Corporation of India and its subsidiaries, Export-Import Bank of India, Army Group Insurance Fund, State Industries Promotion Corporation of Tamil Nadu, Andhra Pradesh Industrial Development Corporation Ltd, Andhra Pradesh State Financial Corporation, Tamil Nadu State Electricity Board, customers and vendors, for all the assistance rendered by them from time to time.

On behalf of the Board

Chennai  
May 8, 1997

SURESH KRISHNA  
Chairman and Managing Director

