



## **Sundram Fasteners Limited**



## **ANNUAL REPORT**

**for the year ended  
31st March 2007**

## Sundram Fasteners Limited

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### NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Forty Fourth Annual General Meeting of the Shareholders of the Company will be held at the Music Academy, New No. 168, T T K Road (Mowbrays Road), Chennai 600 014 on Monday the 10<sup>th</sup> September 2007 at 10.00 a.m. to transact the following business:

#### Ordinary Business

- 1) To consider and, if thought fit, to pass, with or without modification the following Resolution as an Ordinary Resolution:

“RESOLVED that the Audited Balance Sheet as at 31<sup>st</sup> March 2007, the Profit and Loss Account for the year ended 31<sup>st</sup> March 2007 and the Reports of the Directors and the Auditors of the Company, be and are hereby approved and adopted.”

- 2) To consider and, if thought fit, to pass, with or without modification the following Resolution as an Ordinary Resolution:

“RESOLVED that pursuant to the approval of the Board of Directors, an interim dividend of Re 0.85 per share, absorbing a sum of Rs 893.05 lakhs (excluding dividend tax) paid by the Company on 11<sup>th</sup> December 2006 on 10,50,64,185 equity shares of Re 1 each fully paid up (pre-bonus) and a second interim dividend of Re 0.45 per share, absorbing a sum of Rs 945.58 lakhs (excluding dividend tax) paid by the Company on 23<sup>rd</sup> March 2007 on 21,01,28,370 equity shares of Re 1 each fully paid up (post-bonus), declared for the year ended 31<sup>st</sup> March 2007 and paid to those members whose names appeared in the Register of Members of the Company on Record Dates fixed for this purpose, be and are hereby approved and ratified.”

- 3) To consider and, if thought fit, to pass, with or without modification the following Resolution as an Ordinary Resolution:

“RESOLVED that Sri V Narayanan, who retires by rotation and being eligible for re-appointment, be and is hereby appointed as a Director of the Company.”

- 4) To consider and, if thought fit, to pass, with or without modification the following Resolution as an Ordinary Resolution:

“RESOLVED that Sri R Ramakrishnan, who retires by rotation and being eligible for re-appointment, be and is hereby appointed as a Director of the Company.”

- 5) To consider and, if thought fit, to pass, with or without modification the following Resolution as an Ordinary Resolution:

“RESOLVED that M/s Sundaram & Srinivasan, Chartered Accountants, Chennai, Auditors of the Company, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company on such remuneration as may be determined by the Board of Directors of the Company, in addition to reimbursement of travelling and other out-of-pocket expenses actually incurred by them in connection with the audit.”

By Order of the Board

V G Jaganathan  
President (Finance) & Secretary

Chennai  
June 29, 2007

## Sundram Fasteners Limited

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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 office of the Company's Share Transfer Agents viz. Integrated Enterprises (India) Limited, Kences Towers, 2nd Floor, No. 1 Ramakrishna Street, North Usman Road, T Nagar, Chennai 600 017 at least 48 hours before the commencement of the meeting.
- 3) The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday the 1st September 2007 to Monday the 10th September 2007 (both days inclusive).
- 4) 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.
- 5) Members, holding shares in physical form, are requested to notify/send the following to the Registrar and Share Transfer Agent of the Company:
  - a) any change in their address/mandate/bank details
  - b) particulars of their bank account, in case they have not been sent earlier
  - c) nomination in Form 2B, in duplicate, as provided under Section 109A of the Companies Act, 1956, in case they have not been sent earlier
  - d) share certificate(s) held in multiple accounts in identical names or joint accounts in the same order of names, for consolidation of such shareholdings into one account.
- 6) Members, holding shares in electronic form, may please note that, as per the applicable regulations of the Depositories, the bank details as furnished by the respective Depositories to the Company will be printed on the dividend warrants issued from time to time. The Company will not entertain any direct request from such members for deletion of/change in such bank details. Further, instructions if any, already given by members in respect of shares in physical form will not be automatically applicable to the dividend paid on shares in electronic form. Members may, therefore, give instructions regarding bank accounts in which they wish to receive dividend, directly to their Depository Participants.
- 7) As required under the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government)(Amendment) Rules, 1988, the unpaid/unclaimed dividend for the financial year ended upto 31<sup>st</sup> March 1995 was transferred to the General Revenue Account of the Central Government. Members who have not encashed the dividend warrants for the said periods are requested to claim the amount from the Registrar of Companies (Tamil Nadu), Shastri Bhavan, Block No.6, II Floor, 26, Haddows Road, Chennai 600 006. In case any assistance is required, members may write to the Registrar and Share Transfer Agent of the Company.

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

Accordingly, unclaimed dividend for the financial years ended 31<sup>st</sup> March 1996, 31<sup>st</sup> March 1997, 31<sup>st</sup> March 1998, 31<sup>st</sup> March 1999 and 31<sup>st</sup> March 2000, including unclaimed dividend of erstwhile TVS Autolec Limited (TVSA) (since amalgamated with the Company) was transferred to IEPF. In respect of dividend declared by the Company which remains unclaimed for the financial year ended 31<sup>st</sup> March 2001 is due for transfer to the said Fund in September 2008. In terms of the provisions of Section 205C of the Companies Act, 1956, no claim shall lie against the Company or the said Fund after the said transfer.

Details of dividend declared by the Company for the financial year 2000-2001 and onwards are given below:

| Financial Year | Declared on  | Dividend % | Amount per share Rs. |
|----------------|--|------------|----------------------|
| 2000-2001      | 27-09-2001   | 70         | 7.00                 |
| 2001-2002      | 15-06-2002 (Interim)   | 100        | 10.00                |
| 2002-2003      | 25-09-2003   | 120        | 12.00                |
| 2003-2004      | 26-11-2003 (Interim)   | 60         | 6.00                 |
| 2003-2004      | 28-05-2004 (Interim) in respect of shares of face value of Re 1 each fully paid-up allotted consequent to Amalgamation of TVS Autolec Ltd with the Company | 60         | 0.60                 |
| 2003-2004      | 16-08-2004 (Final)   | 80         | 0.80                 |
| 2004-2005      | 30-10-2004 (Interim)   | 70         | 0.70                 |
| 2004-2005      | 30-06-2005 (2 <sup>nd</sup> Interim)   | 100        | 1.00                 |
| 2005-2006      | 29-10-2005 (Interim)   | 85         | 0.85                 |
| 2005-2006      | 17-06-2006 (2 <sup>nd</sup> Interim)   | 85         | 0.85                 |
| 2006-2007      | 26-11-2006 (Interim) (pre-bonus)   | 85         | 0.85                 |
| 2006-2007      | 12-03-2007 (2 <sup>nd</sup> Interim) (post-bonus)  | 45         | 0.45                 |

Details of dividend declared by erstwhile TVSA for the financial year 2002-2003 is given below:

| Financial Year | Declared on | Dividend % | Amount per share-Rs |
|----------------|-------------|------------|---------------------|
| 2002-2003      | 25-09-2003  | 10         | 1.00                |

Members who have not encashed the dividend warrant(s) so far for the financial year ended 31<sup>st</sup> March 2001 and/or any subsequent financial years are requested to make their claim to the Registrar and Share Transfer Agents of the Company. Members who have not encashed the dividend warrant(s) issued by TVSA for the financial year ended 31<sup>st</sup> March 2003 are requested to make their claim to Sundram Fasteners Limited, Autolec Division, 47/2-A, Poonamallee High Road, Velappanchavadi, Chennai 600 077.

- 8) The equity shares of the Company are listed with the following Stock Exchanges:  
 Madras Stock Exchange Limited, Exchange Building, 11, Second Line Beach, Chennai 600 001.  
 Bombay Stock Exchange Limited, Rotunda Building, P J Towers, Dalal Street, Fort, Mumbai 400 001.  
 National Stock Exchange of India Limited, Exchange Plaza, 5<sup>th</sup> Floor, Plot No.C/1 G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051.  
 The Listing Fees for the year 2007-2008 have been paid to the above Stock Exchanges.
- 9) Members who hold shares in the dematerialised form are requested to bring their Client\_id and DP\_id to the meeting for easier identification.
- 10) At this annual general meeting Sri V Narayanan, Director and Sri R Ramakrishnan, Director, retire by rotation and being eligible, offer themselves for re-appointment.

The particulars of the above Directors as required to be furnished under the Listing Agreement are provided hereunder:

#### **Sri V Narayanan**

Sri V Narayanan, aged about 69 years, is an M Sc (Chem) from Madras University and has managerial experience spanning over 45 years. He was the Chairman and Managing Director of erstwhile Pond's (India) Limited. He has been associated with the Company as Director since September 1994.

## Sundram Fasteners Limited

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

| Directorship   | Committee Membership   |
|--|--|
| <b>Chairman</b><br>Pond's Exports Limited<br>MM Forgings Limited   | Audit Committee (Chairman)   |
| <b>Director in Public Limited Companies</b><br>Tamil Nadu Newsprint and Papers Limited<br>Samcor Glass Limited<br>GlaxoSmithKline Pharmaceuticals Limited<br>Rane (Madras) Limited<br>Rane Holdings Limited<br>Samtel Color Limited<br>Bata India Limited<br>Hindustan Unilever Limited<br>Ucal Fuel Systems Limited | Audit Committee (Chairman)<br><br>Audit Committee<br>Audit Committee<br><br>Audit Committee (Chairman)<br><br>Audit Committee (Chairman) |
| <b>Director in Private Limited Companies</b><br>Lafarge India Private Limited  |  |

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

### Sri R Ramakrishnan

Born on 15<sup>th</sup> May 1937, Sri R Ramakrishnan is a Bachelor of Science from Madras University. He underwent training in Tata Steel Limited (formerly Tata Iron & Steel Company Limited), Jamshedpur. He is a lifetime Member of Wire Association International, USA. He started Indian Reinforcing Co (Welded Mesh) Pvt Ltd in 1958 and Concord Arai Pvt Ltd in 1965. He was a Director of IndusInd Bank Limited, Mumbai, for 8 years from 1996 to 2004. He was a Director of SRP Tools Limited, Chennai, from 1990 to 2005. Sri R Ramakrishnan has more than 50 years of managerial experience in manufacturing and marketing, as an entrepreneur. He has 16 years experience in Finance and Banking. He has been associated with the Company since June 2003.

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

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

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

# Sundram Fasteners Limited

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## BOARD OF DIRECTORS

Sri SURESH KRISHNA  
*Chairman & Managing Director*

Ms ARATHI KRISHNA  
*Executive Director*

Sri K RAMESH

Sri VENU SRINIVASAN

Sri V NARAYANAN

Sri R SRINIVASAN

Sri R RAMAKRISHNAN

Sri C V KARTHIK NARAYANAN

## SECRETARY

Sri V G JAGANATHAN

## BANKERS

UNITED BANK OF INDIA  
STATE BANK OF MYSORE  
STANDARD CHARTERED BANK  
HDFC BANK LTD  
ICICI BANK LTD  
CANARA BANK

## AUDITORS

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

## REGISTERED OFFICE

98A, Dr Radhakrishnan Salai, Mylapore, Chennai 600 004  
Telephone : 044 - 28478500 Fax : 044 - 28478510  
Website : www.sundram.com

## FACTORIES

(In India)

Padi, Chingleput District, Chennai 600 050, Tamil Nadu  
Harita, Krishnagiri District, Hosur 635 109, Tamil Nadu  
Krishnapuram, Virudhunagar District, Aviyur 626 160, Tamil Nadu  
Mittamandagapet Village 605 106, Villupuram District, Tamil Nadu  
47/2A Poonamalle High Road, Velappanchavadi 600 077, Tamil Nadu  
SIPCOT Industrial Estate, Gummidipoondi 601 201, Tamil Nadu  
Korkadu Village, Nettapakkam Commune, Bahur Taluk 605 110, Puducherry  
Bonthapally Village, Medak District, Andhra Pradesh 502 313  
Auto Ancillary SEZ, Mahindra World City, Chingleput-Kanchipuram  
District 603 002, Tamil Nadu  
Pantnagar, Integrated Industrial Estate, Rudrapur,  
Dist. Udham Singh Nagar, Uttarakhand 263 153

## FACTORIES

(In India through subsidiaries)

222, 266, 298 and 428 SIDCO Industrial Estate  
Ambattur, Chennai - 600 098, Tamil Nadu  
C9, Industrial Estate, Ambattur, Chennai - 600 058, Tamil Nadu  
Harita, Krishnagiri District, Hosur 635 109, Tamil Nadu

## FACTORIES

(Outside India - through subsidiaries)

Sundram Fasteners (Zhejiang) Limited  
No 1 Sundram Road, Wuyuan Town  
Haiyan county, Jiaxing city, Zhejiang Province, China 314 300  
Cramlington Precision Forge Limited,  
Unit 8, Atley Way, North Nelson Ind. Estate  
Cramlington, United Kingdom NE23 9WA  
Sundram RBI Sdn. Bhd.  
No 7, Jalan Teras 2, Kawasan Industri Teras, 43300 Balakong  
Selangor, Malaysia  
Peiner Umformtechnik GmbH, Wolterfer Str.20-24, D-31224  
Postfach 1649, D-31221, Peine, Germany

# Sundram Fasteners Limited

## FINANCIAL HIGHLIGHTS

| Particulars                           | 2006-07 | 2005-06 | 2004-05 | 2003-04 | 2002-03 | 2001-02 | 2000-01 | 1999-00 | 1998-99 | 1997-98 |
|---------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <b>Operating results - Rs lakhs</b>   |         |         |         |         |         |         |         |         |         |         |
| Sales                                 | 134,215 | 118,185 | 103,724 | 77,429  | 51,943  | 43,317  | 42,421  | 43,191  | 34,396  | 32,618  |
| EBIDT                                 | 17,178  | 15,312  | 13,197  | 10,223  | 8,536   | 6,712   | 6,565   | 7,654   | 5,777   | 5,707   |
| Interest and Exchange loss / (gains)  | 2,625   | 2,958   | 586     | (552)   | 610     | 1,297   | 1,672   | 1,408   | 1,467   | 1,892   |
| EBDT**                                | 14,205  | 12,354  | 12,611  | 10,776  | 7,926   | 5,415   | 4,893   | 6,246   | 4,310   | 3,815   |
| Depreciation                          | 3,012   | 2,739   | 2,333   | 1,977   | 1,299   | 1,322   | 1,195   | 1,115   | 1,026   | 952     |
| EBIT                                  | 13,819  | 12,573  | 10,864  | 8,246   | 7,237   | 5,390   | 5,370   | 6,539   | 4,751   | 4,755   |
| Profit before tax                     | 11,194  | 9,615   | 10,279  | 8,798   | 6,627   | 4,093   | 3,698   | 5,131   | 3,284   | 2,863   |
| Tax                                   | 4,008   | 3,422   | 3,339   | 3,008   | 2,088   | 1,172   | 820     | 869     | 330     | 310     |
| Profit after tax                      | 7,186   | 6,193   | 6,940   | 5,790   | 4,539   | 2,921   | 2,878   | 4,262   | 2,954   | 2,553   |
| <b>Financial status - Rs lakhs</b>    |         |         |         |         |         |         |         |         |         |         |
| Net fixed assets                      | 40,476  | 35,235  | 31,786  | 25,867  | 19,535  | 18,424  | 17,442  | 17,600  | 16,094  | 14,661  |
| Investments                           | 7,276   | 7,215   | 2,160   | 2,021   | 3,369   | 3,341   | 3,292   | 3,288   | 301     | 258     |
| Net current assets                    | 39,955  | 39,670  | 31,665  | 22,039  | 12,443  | 11,887  | 12,556  | 11,091  | 9,360   | 9,278   |
| Share capital                         | 2,101   | 1,051   | 1,051   | 1,051   | 1,021   | 1,021   | 1,021   | 1,021   | 1,021   | 1,021   |
| Reserves and surplus                  | 35,375  | 31,337  | 27,148  | 22,241  | 20,309  | 17,153# | 18,935  | 16,848  | 13,833  | 11,675  |
| Net worth                             | 37,476  | 32,387  | 28,199  | 23,292  | 21,330  | 18,174  | 19,956  | 17,870  | 14,855  | 12,696  |
| Loan funds                            | 43,969  | 43,860  | 32,056  | 21,754  | 9,504   | 11,734  | 13,334  | 14,110  | 10,901  | 11,501  |
| Deferred Tax Liability                | 6,261   | 5,873   | 5,356   | 4,881   | 3,906   | 3,744   | -       | -       | -       | -       |
| Total capital employed                | 87,707  | 82,120  | 65,611  | 49,927  | 34,740  | 33,652  | 33,290  | 31,980  | 25,756  | 24,197  |
| <b>Performance parameters - %</b>     |         |         |         |         |         |         |         |         |         |         |
| EBIDT to Sales                        | 12.8    | 13.0    | 12.7    | 13.2    | 16.4    | 15.5    | 15.5    | 17.7    | 16.8    | 17.5    |
| EBIT to Sales                         | 10.3    | 10.6    | 10.5    | 10.6    | 13.9    | 12.4    | 12.7    | 15.1    | 13.8    | 14.6    |
| PBT to Sales                          | 8.3     | 8.1     | 9.9     | 11.4    | 12.8    | 9.4     | 8.7     | 11.9    | 9.5     | 8.8     |
| EBIDT/Average capital employed [ROCE] | 20.2    | 20.7    | 22.8    | 24.1    | 25.0    | 20.1    | 20.1    | 26.5    | 23.1    | 23.7    |
| EBIT / Average capital employed       | 16.3    | 17.0    | 18.8    | 19.5    | 21.2    | 16.1    | 16.5    | 22.7    | 19.0    | 19.8    |
| PAT/Average net worth                 | 20.6    | 20.4    | 27.0    | 26.0    | 23.0    | 15.3    | 15.2    | 26.0    | 21.4    | 21.8    |
| Bonus issue                           | 1:1     | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| EPS before extra ordinary items - Rs  | 3.59*   | 5.92*   | 6.61*   | 5.51*   | 44.43   | 28.59   | 28.17   | 41.73   | 28.92   | 25.00   |
| EPS after extra ordinary items - Rs   | 3.42*   | 5.92*   | 6.61*   | 5.51*   | 44.43   | 28.59   | 28.17   | 41.73   | 28.92   | 25.00   |
| Dividend per share - Rs               | 1.75*   | 1.70*   | 1.70*   | 1.40*   | 12.00   | 10.00   | 7.00    | 11.00   | 7.00    | 5.00    |
| Dividend payout ratio                 | 25.59*† | 28.81   | 25.76   | 25.41   | 27.01   | 34.98   | 24.85   | 26.36   | 24.20   | 20.00   |
| Book value per share-Rs               | 17.84*  | 30.83*  | 26.83*  | 22.16*  | 208.91  | 177.92  | 195.38  | 174.94  | 145.41  | 124.28  |
| Market value per share-Rs             | 63.75*@ | 169.30* | 109.45* | 87.05*  | 362     | 236     | 215     | 550     | 350     | 346     |

# After considering transfer of Rs 3,681 Lakhs on account of initial adoption of Deferred Tax Liability.

\* On face value of shares - Re 1 each

Note: 1 Lakh = Rs.100,000

Ten Lakhs = One Million

Ten Millions = One Crore

@ Post Bonus Issue

† First Interim Dividend of Re 0.85/share and Second Interim Dividend of Re 0.45/share (post bonus issue).

\*\* After considering provision for diminution in value of investments and losses of subsidiaries.

## REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

The Directors are pleased to present the Forty Fourth Annual Report together with the audited accounts for the year ended 31st March 2007.

### FINANCIAL RESULTS

|   |                          |                 | Rs lakhs          |
|---|--------------------------|-----------------|-------------------|
|   | 2006-2007                |                 | 2005-2006         |
| Sales – Domestic (including excise duty)  | <b>98,389.83</b>         |                 | 85,852.71         |
| – Exports   | <b>35,825.27</b>         |                 | 32,332.57         |
|   | <b><u>134,215.10</u></b> |                 | <u>118,185.28</u> |
| Gross Profit before interest, depreciation, extra-ordinary items and taxes                                | <b>17,178.02</b>         |                 | 15,311.99         |
| Less : Interest   | <b>2,446.13</b>          | 1,701.07        |                   |
| Exchange Losses/(Gains)   | <b>178.77</b>            | 1,257.01        |                   |
| Depreciation  | <b><u>3,011.60</u></b>   | <u>2,738.55</u> | <u>5,696.63</u>   |
| Profit before extra-ordinary items and tax  | <b>11,541.52</b>         |                 | 9,615.36          |
| Less : Extra-ordinary items - Provision for diminution in value of investments and losses of subsidiaries | <b>347.96</b>            |                 | –                 |
|   | <b><u>11,193.56</u></b>  |                 | <u>9,615.36</u>   |
| Less : Provision for taxation including earlier years   | <b>4,007.86</b>          |                 | 3,390.51          |
| Profit after tax  | <b>7,185.70</b>          |                 | 6,224.85          |
| Add : Balance brought forward   | <b>2,974.50</b>          |                 | 2,786.25          |
| Add : Transfer from Investment Allowance (Utilised) Account   | <b>7.12</b>              |                 | –                 |
|   | <b><u>10,167.32</u></b>  |                 | <u>9,011.10</u>   |
| <b>Appropriations</b>   |                          |                 |                   |
| Interim Dividend  | <b>1,838.62</b>          |                 | 1,786.10          |
| Tax on Interim Dividend   | <b>257.87</b>            |                 | 250.50            |
| Transfer to General Reserve   | <b>5,500.00</b>          |                 | 4,000.00          |
| Balance carried forward   | <b><u>2,570.83</u></b>   |                 | <u>2,974.50</u>   |
|   | <b><u>10,167.32</u></b>  |                 | <u>9,011.10</u>   |

### PROFITS

Export Sales of the Company, during the year ended 31st March 2007 were higher at Rs 35,825.27 lakhs. Exports have contributed significantly to the profits.

### DIVIDEND

The Directors had declared first interim dividend of Re 0.85 per share (of face value of Re 1 each), prior to issue of bonus shares in the ratio of 1:1. The Directors had declared a second interim dividend of Re 0.45 per share (of face value of Re 1 each), after bonus issue. The interim dividends disbursed amounted to Rs 1,838.62 lakhs. The directors do not recommend any final dividend.



## **Sundram Fasteners Limited**

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### **AWARDS**

#### **ACMA Award**

During the year, the Company received Certificate of Honour for excellence in export from Automotive Component Manufacturers Association (ACMA) for 2005-06. The Pondicherry unit received ACMA Silver Trophy for Excellence in Manufacturing from ACMA for 2005-06.

### **SUBSIDIARY COMPANIES**

TVS International Inc., Michigan, USA ceased to be a subsidiary of the Company.

### **STATUTORY STATEMENTS**

The amount of deposits held by the Company as at 31st March 2007 was Rs 1.00 lakh. Deposits which matured during the year were repaid on due dates. There were 11 deposits amounting to Rs. 1.00 lakh which remained unclaimed.

Statement relating to the subsidiary companies viz. Sundram Fasteners Investments Limited, Upasana Engineering Limited, Sundram Non-Conventional Energy Systems Limited, Sundram Bleistahl Limited, Sundram International Inc., Sundram Fasteners (Zhejiang) Limited, Cramlington Precision Forge Limited, Sundram RBI Sdn. Bhd, Peiner Umformtechnik GmbH is attached pursuant to Section 212 of the Companies Act, 1956.

The information required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in the Annexure to this report.

The information required under the provisions of Section 217(2A) of the Companies Act, 1956 and the rules made thereunder, is given in the annexure appended hereto and forms part of this report. In terms of Section 219(1)(b)(iv) of the Act, the Report and Accounts are being sent to the Members excluding the aforesaid annexure. Interested Members may write to the Company Secretary, at the Registered Office of the Company, for obtaining a copy of the said annexure.

### **CONSOLIDATED FINANCIAL STATEMENTS**

As required by Accounting Standard - AS 21 on Consolidated Financial Statements issued by The Institute of Chartered Accountants of India, the audited Consolidated Financial Statements of the Company and its subsidiaries are attached.

### **SUBSIDIARY ACCOUNTS**

The Company has obtained permission from Central Government under Section 212(8) of the Companies Act, 1956 exempting the Company from attaching a copy of the Balance sheet, Profit and Loss account and other documents of the subsidiary companies. The accounts, reports and other documents of the subsidiary companies will be made available to the members upon receipt of a written request. These documents will also be made available to the members through SEBI-EDIFAR website ([www.sebiedifar.nic.in](http://www.sebiedifar.nic.in)). This will help the Company save considerable costs in connection with printing and mailing.

### **CORPORATE GOVERNANCE**

As per Clause 49 of the Listing Agreement with the Stock Exchanges, a separate report on Corporate Governance and Management Discussion and Analysis together with a certificate from the Company's Auditors confirming the compliance of conditions of Corporate Governance is attached to this report.

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## DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that :

1. in the preparation of annual accounts, the applicable accounting standards have been followed.
2. appropriate accounting policies have been selected and applied consistently, and judgements and estimates that have been made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.
3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. the annual accounts have been prepared on a going concern basis.

## DIRECTORS

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

## AUDITORS

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

## INDUSTRIAL RELATIONS

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

## GENERAL

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

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

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

On behalf of the Board

Chennai  
June 29, 2007

SURESH KRISHNA  
Chairman & Managing Director