

Sundram International Limited

ANNUAL REPORT

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

Sundram International Limited

COMPANY INFORMATION

Directors	R Dilipkumar D Bartle N Balakrishnan S Rose
Company number	09969988
Registered office	Eversheds Central Square South Orchard Street Newcastle upon Tyne NE1 3XX
Auditor	RSM UK Audit LLP Chartered Accountants 1 St James' Gate Newcastle upon Tyne NE1 4AD

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2016

The directors present their annual report and financial statements for the Period ended 31 December 2016.

Principal activities

The company was incorporated on 26 January 2016. Its principal activity is that of a non-trading holding company.

Directors

The directors who held office during the Period and up to the date of signature of the financial statements were as follows:

R Dilipkumar	(Appointed 26 January 2016)
D Bartle	(Appointed 26 January 2016)
N Balakrishnan	(Appointed 26 January 2016)
S Rose	(Appointed 26 January 2016)

Results and dividends

The results for the Period are set out on page 4.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Auditor

RSM UK Audit LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

D Bartle

Director

3 April 2017

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE PERIOD ENDED 31 DECEMBER 2016

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUNDRAM INTERNATIONAL LIMITED

Opinion on financial statements

We have audited the financial statements on pages 4 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the Period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial Period for which the financial statements are prepared is consistent with the financial statements and, based on the work undertaken in the course of our audit, the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report or in preparing the directors' report.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Steven Cleugh (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

1 St James' Gate

Newcastle upon Tyne

NE1 4AD

4/4/17

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2016

		Period ended 31 December 2016 £
Administrative expenses	Notes	(12,246)
Interest payable and similar expenses	3	(1,695)
Loss before taxation		<u>(13,941)</u>
Taxation	4	-
Loss for the financial Period	10	<u><u>(13,941)</u></u>

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Notes	2016 £	£
Fixed assets			
Investments	5	29,178,378	
Current assets		-	
Creditors: amounts falling due within one year		(741)	
Net current liabilities			(741)
Total assets less current liabilities		29,177,637	
Creditors: amounts falling due after more than one year	7	(3,000,000)	
Net assets		26,177,637	
Capital and reserves			
Called up share capital	9	3,500	
Share premium account	10	26,188,078	
Profit and loss reserves	10	(13,941)	
Total equity		26,177,637	

The financial statements were approved by the board of directors and authorised for issue on 3 April 2017 and are signed on its behalf by:

D Bartle
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2016

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Period ended 31 December 2016:					
Loss and total comprehensive income for the period		-	-	(13,941)	(13,941)
Issue of share capital	9	3,500	26,188,078	-	26,191,578
Balance at 31 December 2016		<u>3,500</u>	<u>26,188,078</u>	<u>(13,941)</u>	<u>26,177,637</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

Sundram International Limited is a private company limited by shares incorporated in England and Wales. The registered office is Eversheds Central Square South, Orchard Street, Newcastle upon Tyne, NE1 3XX.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Reduced disclosures

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;

The financial statements of the company are consolidated in the financial statements of Sundram Fasteners Limited. These consolidated financial statements are available from its registered office, 98A, VII Floor, Dr Radhakrishnan Salai, Mylapore, Chennai 600 004, India.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2016

1 Accounting policies (Continued)

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Cash and cash equivalents

Cash and cash equivalents are comprised of deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include loans to fellow group companies and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Other financial assets, including trade investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2016

1 Accounting policies (Continued)

Basic financial liabilities

Basic financial liabilities, including bank loans and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments where the contractual returns, repayment of the principal, or other terms (such as prepayment provisions or term extensions) do not meet the conditions to be measured at amortised cost, are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2016

1 Accounting policies (Continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income and expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the company is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the company to consume substantially all of its economic benefit), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Interest payable and similar expenses

	2016
	£
Interest on bank overdrafts and loans	1,695
	<u><u> </u></u>

4 Taxation

	2016
	£
Total current tax	-
	<u><u> </u></u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2016

4 Taxation (Continued)

The total tax charge for the Period included in the income statement can be reconciled to the loss before tax multiplied by the standard rate of tax as follows:

	2016 £
Loss before taxation	(13,941)
Expected tax credit based on the standard rate of corporation tax in the UK of 20.00%	(2,788)
Group relief	2,788
Taxation for the period	-

5 Fixed asset investments

	Notes	2016 £
Investments in subsidiaries	6	29,178,378

Movements in fixed asset investments

	Shares in group undertakings £
Cost	
At 26 January 2016	-
Additions	29,178,378
At 31 December 2016	29,178,378
Carrying amount	
At 31 December 2016	29,178,378

6 Subsidiaries

Details of the company's subsidiaries at 31 December 2016 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect
Cramlington Precision Forge Limited	United Kingdom	Manufacturing of precision forgings	Ordinary	100.00
Sundram Fasteners (Zhejiang) Limited	China	Manufacture of high tensile fasteners	Ordinary	100.00

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2016

7 Creditors: amounts falling due after more than one year

	Notes	2016 £
Bank loans and overdrafts	8	3,000,000

8 Borrowings

	2016 £
Bank loans	3,000,000
Bank overdrafts	741
	<u>3,000,741</u>
Payable within one year	741
Payable after one year	<u>3,000,000</u>

The long-term loans are unsecured, ranking pari passu with the claims of all other unsecured and unsubordinated creditors.

Borrowings are denominated and repaid in pounds sterling, have contractual interest rates that are rates linked to LIBOR and are not leveraged, and do not contain conditional returns or repayment provisions other than to protect the lender against credit deterioration or changes in relevant legislation or taxation.

The loan from HSBC Bank Plc accrues interest at LIBOR plus 2.50%, payable in half yearly instalments. The borrowed capital is repayable in two instalments of 50% each, the first being on 19 August 2020 and the second on 19 July 2021. The agreement contains a negative pledge preventing the company from creating or allowing to subsist and security over any of its assets. The company is also prevented for entering into any sale and leaseback or debt factoring arrangements as a method of raising Financial Indebtedness or of financing the acquisition of an asset.

9 Share capital

	2016 £
Ordinary share capital	
Issued and fully paid	
3,500 Ordinary share of £1 each	<u>3,500</u>

The company's Ordinary shares each have full rights in the company in respect to voting, dividends and distributions.

On 26 January 2016, 1 Ordinary share of £1 was issued at par on incorporation.

Subsequently, on 24 March 2016, a further 3,499 Ordinary share of £1 each were issued for consideration of £26,191,577.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2016

10 Reserves

Share premium

Consideration received for shares issued above their nominal value net of transaction costs.

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

11 Controlling party

Sundram Fasteners Limited, a company incorporated in India, is the immediate and ultimate parent undertaking, and is the smallest and largest group for which consolidated accounts including Cramlington Precision Forge Limited are prepared. The consolidated accounts are available from its registered office, 98A, VII Floor, Dr Radhakrishnan Salai, Mylapore, Chennai, 600 004.

MANAGEMENT INFORMATION
FOR THE PERIOD ENDED 31 DECEMBER 2016

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 DECEMBER 2016

	Period ended 31 December 2016 £
Administrative expenses	(12,246)
Operating loss	(12,246)
Interest payable and similar expenses	
Bank interest on loans and overdrafts	(1,695)
Loss before taxation	- (13,941)

SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE PERIOD ENDED 31 DECEMBER 2016

	Period ended 31 December 2016 £
Administrative expenses	
Bank charges	12,246
	12,246

Sundram International Limited

BALANCE SHEET AS AT 31 DECEMBER 2016

Particulars	Note	As at 31 December 2016	
		GBP	₹
ASSETS			
Non-current assets			
Financial assets			
- Investments	5	29,178,378	2,436,978,131
		<u>29,178,378</u>	<u>2,436,978,131</u>
Current assets			
Other current assets	6	6,200	517,824
		<u>6,200</u>	<u>517,824</u>
Total assets		<u>29,184,578</u>	<u>2,437,495,955</u>
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	7	3,500	292,320
Other equity		26,154,842	2,184,452,392
Total equity		<u>26,158,342</u>	<u>2,184,744,712</u>
Liabilities			
Non-current liabilities			
Financial liabilities			
- Borrowings	8	2,994,000	250,058,880
		<u>2,994,000</u>	<u>250,058,880</u>
Current liabilities			
Financial liabilities			
- Borrowings	8	741	61,888
- Other financial liabilities	9	31,495	2,630,475
Total current liabilities		<u>32,236</u>	<u>2,692,363</u>
Total equity and liabilities		<u>29,184,578</u>	<u>2,437,495,955</u>

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Year ended 31 December 2016	
		GBP	₹
Revenue from operations		-	-
Other income		-	-
Total Income		-	-
Expenses			
Finance costs	10	33,190	3,004,027
Other expenses	11	46	4,163
Total expenses		<u>33,236</u>	<u>3,008,190</u>
Profit before exceptional items and tax		(33,236)	(3,008,190)
Exceptional item		-	-
Profit before tax		<u>(33,236)</u>	<u>(3,008,190)</u>
Tax expense			
a) Current tax		-	-
b) Deferred tax		-	-
c) Adjustment of tax relating to earlier periods		-	-
Profit for the Year from continuing operations		<u>(33,236)</u>	<u>(3,008,190)</u>
Profit/ (loss) from discontinued operations			
Tax income/(expense) of discontinued operations		-	-
Profit/ (loss) from discontinued operations (after tax)		-	-
Profit/(loss) for the period		<u>(33,236)</u>	<u>(3,008,190)</u>
Other comprehensive income			
i) Items that will not be reclassified to profit or loss		-	-
- Income tax relating to items that will not be reclassified to profit or loss		-	-
ii) Items that will be reclassified to profit or loss		-	-
- Income tax relating to items that will be reclassified to profit or loss		-	-
Total comprehensive income for the year		<u>(33,236)</u>	<u>(3,008,190)</u>
<i>(Comprising Profit and Other Comprehensive Income for the year)</i>			
Earnings per equity share			
Basic (in ₹)		(9.50)	
Diluted (in ₹)		(9.50)	
No. of Shares		3,500	

Statements of Changes in Equity for the year ended 31 December 2016

In ₹

A. Equity Share Capital

Particulars	Amount	
	GBP	₹
Issued on 26th January 2016 at par on incorporation	1	84
Issued on 24th March 2016 at premium	3,499	292,236
Balance at 31 December 2016	3,500	292,320

B. Other Equity

Particulars	Reserves and Surplus				Accumulated other comprehensive income		Total	
	Share Premium		Retained Earnings		Foreign currency translation reserve			
	GBP	₹	GBP	₹	GBP	₹	GBP	₹
Issue of 3499 ordinary shares on 24th March, 2016	26,188,078	2,187,228,275					26,188,078	2,187,228,275
Profit for the year			(33,236)	(3,008,190)			(33,236)	(3,008,190)
Other comprehensive income						232,307	-	232,307
Transferred from Retained earnings to general reserves							-	-
Dividends							-	-
Balances at 31 December 2016	26,188,078	2,187,228,275	(33,236)	(3,008,190)	-	232,307	26,154,842	2,184,452,392

Sundram International Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2016

	Year ended 31 December 16 GBP	Year ended 31 December 16 ₹
A. Cash flows from operating activities		
Profit before tax	(33,236)	(3,008,190)
<i>Adjustments to reconcile net income to net cash provided by operating activities</i>		
Interest Expense	33,190	3,004,027
Operating profit before working capital changes	(46)	(4,163)
Adjustments for:		
(Increase)/ decrease in other current assets	(6,200)	(561,162)
Cash from/ (used) in operating activities	(6,246)	(565,325)
Direct taxes paid, net		
Net cash from/ (used) in operating activities	<u>(6,246)</u>	<u>(565,325)</u>
B. Cash flow from investing activities		
Purchase of investments	<u>(2,987,800)</u>	<u>(270,425,778)</u>
Net cash from/ (used) in investing activities	<u>(2,987,800)</u>	<u>(270,425,778)</u>
C. Cash flow from financing activities		
Proceeds from long-term borrowings	2,994,000	270,986,940
Proceeds from fresh issue of shares including securities premium	1,000	90,510
Interest paid to banks and others	<u>(1,695)</u>	<u>(153,414)</u>
Net cash generated from financing activities	<u>2,993,305</u>	<u>270,924,036</u>
D. Net cash flows during the year	(741)	(67,068)
E. Foreign Translation impact on cash and cash equivalents		5,180
F. Cash and cash equivalents at the beginning	-	-
G. Cash and cash equivalents at the end	<u>(741)</u>	<u>(61,888)</u>
Cash and cash equivalents comprise of:		
Bank overdraft	(741)	(61,888)
Balances with banks in current accounts		
Cash and cash equivalents as per note 5		

Notes to Financial Statements for the year ended 31.12.2016

1 Corporate Information

Sundram International Limited ("SIL" or "the Company") is incorporated in UK and is a subsidiary of Sundram Fasteners Limited (SFL), Chennai.

The registered office of the Company is situated at Eversheds Central Square South, Orchard Street, Newcastle upon Tyne, NE1 3XX, United Kingdom

SIL was set up on 26 January 2016 in order to hold investments in Cramlington Precision Forge Limited and Sundram Fasteners (Zhejiang) Limited.

2 Basis of Preparation

The financial statements of the Company have been prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and translated into Indian rupees according to the Indian Accounting Standard (Ind AS) 21 in compliance of all Indian Accounting Standards as prescribed by Ministry of Corporate Affairs under Companies (Indian Accounting Standards) Rules, 2015, provisions of the Companies Act 2013, to the extent notified, and pronouncements of the Institute of Chartered Accountants of India, as well as giving effect to change in foreign exchange rate.

The financial statements for the year ended 31 December 2016 are duly adopted by the Board on 3rd April 2017 for consideration and approval by the shareholders.

3 Summary of accounting policies

Overall considerations

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

3.1 Financial instruments

Recognition, initial measurement and derecognition

Financial assets (other than trade receivables) and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

Classification and subsequent measurement of financial assets:

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

- Amortised cost
- Fair Value Through Other Comprehensive Income (FVTOCI) or
- Fair Value Through Profit or Loss (FVTPL)

All financial assets are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a Company of financial assets is impaired.

Classification, subsequent measurement and derecognition of financial liabilities

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

Notes to Financial Statements (Contd.)

Subsequent measurement

Financial liabilities are measured subsequently at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

Derecognition

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

3.2 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 3 months from the date of acquisition and that are readily convertible into known amounts of cash and which are subject to only an insignificant risk of changes in value.

3.3 Equity, reserves and dividend payments

Share capital represents the nominal (par) value of shares that have been issued and fully paid up.

Retained earnings includes all current and previous period retained profits.

All transactions with owners are recorded separately within equity.

3.4 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares). For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are considered for the effects of all dilutive potential equity shares.

Notes to Financial Statements (Contd.)

3.5 Cash flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) before tax is appropriately classifying for the effects of transactions of non-cash nature and any deferrals or accruals of past or future receipts or payments. In the cash flow statement, cash and cash equivalents includes cash in hand, cheques on hand, balances with banks in current accounts and other short-term highly liquid investments with maturities of 3 months or less, as applicable. Bank Overdraft is also Considered as Cash and Cash Equivalent.

3.6 Borrowing costs

Borrowing cost is not applicable since there are no qualifying assets.

3.7 Accounting for effect of change in foreign exchange rates

The Assets and Liabilities as at 31st december 2016 has been translated from UK Pound sterling to Indian Rupees by applying the year end interbank exchange rate of UK 1 = Rs. 83.52. The incomes and expenses for the year ended 31st december 2016 has been translated from UK Pound sterling to Indian Rupees by applying Average interbank exchange rate UK 1 = Rs. 90.51. Exchange differences arising out of the translation have been dealt with in accordance with Ind AS 21

SIL's Functional Currency is UK Pound sterling. But these financial statements are presented in Indian Rupees in order to facilitate the preparation of consolidated financial statements by Sundram Fasteners Limited, which is the holding company of SIL.

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

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

Significant management judgment

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

(i) Current and non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of business and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

Sundram International Limited

Notes to Financial Statements (Contd.)

	As at 31 December 2016	As at 31 December 2016	
	GBP		₹
5 NON-CURRENT INVESTMENTS			
a) Investment in Subsidiaries			
Unquoted			
a) Investment in Cramlington Precision Forge Limited, UK	6,694,184	559,098,248	
b) Investment in Sundram Fasteners (Zhejiang) Limited, China	22,484,194	1,877,879,883	
Total	<u>29,178,378</u>	<u>2,436,978,131</u>	
Other details			
Aggregate cost of quoted investments	-	-	
Aggregate market value of quoted investments	-	-	
Aggregate cost of unquoted investments	29,178,378	2,436,978,131	
Aggregate amount of impairment in value of investments	-	-	

	As at 31 December 2016			
	Long-term		Short-term	
	GBP	₹	GBP	₹
6 OTHER ASSETS				
(Unsecured, considered good)				
Prepaid expenses		6,200	517,824	
	-	-	<u>6,200</u>	<u>517,824</u>

	As at 31 December 2016		
	Number	GBP	₹
7 SHARE CAPITAL			
a) Issued, subscribed and fully paid up			
3500 Ordinary shares of GBP 1 each	3,500	3,500	292,320
	<u>3,500</u>	<u>3,500</u>	<u>292,320</u>
b) Shareholders holding more than 5% of the aggregate shares in the Company	Nos.	% holding	
Sundram Fasteners Limited, Chennai		3,500	100%
		<u>3,500</u>	<u>100%</u>

Notes to Financial Statements (Contd.)

c) Rights, preferences, restrictions

Equity shares

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

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

d) Bonus Shares/ Buy Back/ Shares for consideration other than cash issued during the period of five years immediately preceding the financial year ended 31 December 2016:

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

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

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

e) Capital Management

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern

- to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk

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

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. The amounts managed as capital by the Company for the reporting periods under review are summarised as follows:

	As at 31 December 2016	
	GBP	Rupees
Borrowings	2,994,000	250,058,880
Cash and cash equivalents	-	-
Capital	2,994,000	250,058,880
Total equity	26,158,342	2,184,744,712
Overall financing	29,152,342	2,434,803,592
Gearing ratio	10%	10%

Notes to Financial Statements (Contd.)

		As at 31 December 2016			
		Long-term		Short-term	
		GBP	₹	GBP	₹
8	BORROWINGS				
a)	Unsecured				
	Term loan from banks	₹ 2,994,000	250,058,880		
	Bank Overdraft			741	61,888
	Total	<u>2,994,000</u>	<u>250,058,880</u>	<u>741</u>	<u>61,888</u>
b)	Terms of interest, guarantee and repayment of long term loans				
i)	Term loans include borrowings from HSBC bank Plc which is repayable in two installments of 50% each, the first being on 19 August 2020 and the second on 19 July 2021. These loans are unsecured, ranking pari passu with the claims of all other unsecured and unsubordinated creditors. The loan accrues interest at LIBOR plus 2.5%, payable in half yearly instalments.				
ii)	The agreement Contains a negative pledge preventing the company from creating or allowing to subsist and secure over any of its assets				
iii)	No loans have been guaranteed by the directors and others.				
iv)	There is no default as on the balance sheet date in the repayment of borrowings and interest thereon.				
c)	Maturity profile of the loans are as follows			GBP	
	Particulars 2017	2018	2019	2020	2021
i)	Term Loans - Secured*				
ii)	Term Loans - Unsecured*			1,500,000	* 1,500,000
	Total			<u>1,500,000</u>	<u>1,500,000</u>
		As at 31 December 2016			
		GBP ₹			
9	OTHER FINANCIAL LIABILITIES				
	Financial liabilities at fair value through profit or loss				
	Interest accrued but not due			31,495	2,630,475
				<u>31,495</u>	<u>2,630,475</u>
		Year ended			
		31 December 2016			
		GBP ₹			
10	FINANCE COSTS				
	Interest expenses			33,190	3,004,027
				<u>33,190</u>	<u>3,004,027</u>
11	OTHER EXPENSES				
	Bank charges			46	4,163
				<u>46</u>	<u>4,163</u>

Sundram International Limited

Notes to Financial Statements (Contd.)

12 RELATED PARTY DISCLOSURES

Related Parties :

(I) Where Control exists:

Holding Company

Sundram Fasteners Ltd

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

Fellow Subsidiaries

1. Sundram Fasteners Investments Ltd., Chennai,
2. TVS Upasana Ltd., Chennai,
3. Sundram Non-Conventional Energy Systems Ltd., Chennai,
4. Sundram Precision Components Ltd, Chennai.
5. TVS Infotech Ltd., Chennai (from 18.06.2014)
6. TVS Next Private Ltd., Chennai (from 10.04.2016)
7. Sundram International Inc, Michigan, USA,
8. VS Infotech Inc., Michigan, USA (Subsidiary of TVS Infotech Ltd.) (from 18.06.2014)

Subsidiaries

1. Cramlington Precision Forge Ltd., Northumberland, United Kingdom,
2. Sundram Fasteners Zhejiang Limited, People's Republic of China

(III) Transactions with related parties referred in (I) and (II) above, in ordinary course of business:

Nature of transaction	Ultimate Holding Company		Holding Company		Fellow Subsidiary Companies	
	GBP	₹	GBP	₹	GBP	₹
Purchases						
Goods and Materials						-
						-
Acquisition of Shares					29,178,378	2,436,978,131
						-

13 Disclosure on Financial Instruments

Particulars	31-Dec-16									
	FVTPL		FVOCI		Amortised Cost		Holdings in subsidiary*		Total	
	GBP	₹	GBP	₹	GBP	₹	GBP	₹	GBP	₹
Financial Assets										
Investments										
- Equity instruments							29,178,378	2,436,978,131	29,178,378	2,436,978,131
Sub-Total	-	-	-	-	-	-	29,178,378	2,436,978,131	29,178,378	2,436,978,131
Total Financial Assets		-		-		-	29,178,378	2,436,978,131	29,178,378	2,436,978,131
Financial Liabilities										
Borrowings					2,994,000	250,058,880			2,994,000	250,058,880
Bank Overdraft					741	61,888			741	61,888
Total Financial Liabilities		-		-	2,994,741	250,120,768		-	2,994,741	250,120,768

Note: Investment in subsidiary included in above balances, for which IND AS 109 does not apply