

# **Sundram International Limited**

## **ANNUAL REPORT**

**for the year ended  
December 31, 2018**



## COMPANY INFORMATION

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

## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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The directors present the strategic report for the year ended 31 December 2018.

### **Fair review of the business**

The company is a non-trading holding company that heads a group of three companies. The principal activities of the subsidiary undertakings, Cramlington Precision Forge Limited and Sundram Fasteners (Zhejiang) Limited are disclosed on page 14.

### *Results and performance*

The company was incorporated on 26 January 2016 and acquired its interest in the subsidiary undertakings on 24 March 2016 and 5 April 2016. For the year to 31 December 2018 the company recorded a loss of £31,575 (2017: £58,387).

Turnover in Cramlington Precision Forge Limited for the year to 31 December 2018 increased from £9.8m to £13.1m. Due to increased revenue with existing customers, the company has made significant investments in order to service this revenue and expect the company to be profitable going forward. Due to this investment the company generated a loss after tax for the year of £764k (2017: loss of £545k).

The year to 31 December 2018 saw Sundram Fasteners (Zhejiang) Limited increase its revenues by CNY 56.0m to CNY 251m and continued to grow as expected. Retained profit for the year increased by approximately 28% CNY 17.8m

### **Principal risks and uncertainties**

The principal activity of the company is that of a non-trading holding company. As such the directors do not believe that there are any principal risks and uncertainties other than the performance of trading companies within the group.

### **Key performance indicators**

The directors do not consider there to be any specific key performance indicators. The company monitors the performance of the investments on a monthly basis.

### **Future developments**

The directors continue to monitor the performance of the investments.

On behalf of the board

D Bartle  
Director

Date: 16/4/19

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## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2018

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The directors present their annual report and financial statements for the year ended 31 December 2018.

#### Principal activities

Its principal activity continued to be that of a non-trading holding company.

#### Directors

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

R Dilipkumar  
D Bartle  
N Balakrishnan  
S Rose

#### Results and dividends

The results for the year are set out on page 7

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

#### Auditor

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of the principal risks and uncertainties and future developments of the company.

#### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director 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

Date: 16/4/19

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018**

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The directors are responsible for preparing 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; and
- 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.

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

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### **Opinion**

We have audited the financial statements of Sundram International Limited (the 'company') for the year ended 31 December 2018 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other Information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUNDAM INTERNATIONAL LIMITED (CONTINUED)

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### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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.

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

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 FCCA (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  
29/11/19



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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2018**

		<b>2018</b>	<b>2017</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
Administrative expenses		(90)	(117)
Interest receivable and similar income	<b>4</b>	187,087	140,912
Interest payable and similar expenses	<b>5</b>	(218,572)	(199,182)
<b>Loss before taxation</b>		(31,575)	(58,387)
Tax on loss	<b>6</b>	-	-
<b>Loss for the financial year</b>		(31,575)	(58,387)

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2018**

	Notes	2018 £	£	2017 £	£
<b>Fixed assets</b>					
Investments	7	32,278,378		32,278,378	
<b>Current assets</b>					
Debtors falling due after more than one year	9	600,000		-	
Debtors falling due within one year	9	4,239		-	
Cash at bank and in hand		27,506		2,596	
		631,745		2,596	
<b>Creditors: amounts falling due within one year</b>	10	(97,448)		(61,724)	
<b>Net current assets/(liabilities)</b>		534,297		(59,128)	
<b>Total assets less current liabilities</b>		32,812,675		32,219,250	
<b>Creditors: amounts falling due after more than one year</b>	11	(6,725,000)		(6,100,000)	
<b>Net assets</b>		26,087,675		26,119,250	
<b>Capital and reserves</b>					
Called up share capital	14	3,500		3,500	
Share premium account	15	26,188,078		26,188,078	
Profit and loss reserves	15	(103,903)		(72,328)	
<b>Total equity</b>		26,087,675		26,119,250	

The financial statements were approved by the board of directors and authorised for issue on 16/4/19 and are signed on its behalf by:

D Bartle  
Director

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Share capital £	Share premium account £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2017</b>	3,500	26,188,078	(13,941)	26,177,637
<b>Year ended 31 December 2017:</b>				
Loss and total comprehensive income for the year	-	-	(58,387)	(58,387)
<b>Balance at 31 December 2017</b>	3,500	26,188,078	(72,328)	26,119,250
<b>Year ended 31 December 2018:</b>				
Loss and total comprehensive income for the year	-	-	(31,575)	(31,575)
<b>Balance at 31 December 2018</b>	3,500	26,188,078	(103,903)	26,087,675

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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### 1 Accounting policies

#### Company information

Sundram International Limited (the 'company') is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is 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, a company limited by shares and registered and incorporated in India. 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 401 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 along with the continued support of the parent entity. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1 Accounting policies (Continued)

##### **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 the statement of comprehensive income.

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.

##### **Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' 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 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.

##### **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.

##### **Basic financial liabilities**

Basic financial liabilities, including bank loans, 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.

##### **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 date.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 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 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2018 £	2017 £
<b>Turnover analysed by class of business</b>	-	-

	2018 £	2017 £
<b>Other revenue</b>		
Interest income	4,239	-
Dividends received	182,848	140,912

	2018 £	2017 £
<b>Turnover analysed by geographical market</b>	-	-

### 4 Interest receivable and similar income

	2018 £	2017 £
<b>Interest income</b>		
Interest receivable from group companies	4,239	-
<b>Income from fixed asset investments</b>		
Income from shares in group undertakings	182,848	140,912
<b>Total income</b>	<b>187,087</b>	<b>140,912</b>

### 5 Interest payable and similar expenses

	2018 £	2017 £
Interest on bank overdrafts and loans	213,256	199,182
Interest payable to group undertakings	5,316	-
	<b>218,572</b>	<b>199,182</b>



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

#### 6 Taxation

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

	2018 £	2017 £
Loss before taxation	(31,575)	(58,387)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	(5,999)	(11,239)
Tax effect of expenses that are not deductible in determining taxable profit	204	-
Dividend income	34,741	27,126
Deferred tax not recognised	(28,946)	(15,887)
Taxation charge for the year	-	-

#### 7 Fixed asset investments

	Notes	2018 £	2017 £
Investments in subsidiaries	8	32,278,378	32,278,378

#### Movements in fixed asset investments

	Shares in group undertakings £
<b>Cost or valuation</b>	
At 1 January 2018 & 31 December 2018	32,278,378
<b>Carrying amount</b>	
At 31 December 2018	32,278,378
At 31 December 2017	32,278,378

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 8 Subsidiaries

Details of the company's subsidiaries at 31 December 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Cramlington Precision Forge Limited	Eversheds Central Square South, Orchard Street, Newcastle upon Tyne, NE1 3XX	Manufacturing of precision forgings	Ordinary	100.00	
Sundram Fasteners (Zhejiang) Limited	China	Manufacture of high tensile fasteners	Ordinary	100.00	

### 9 Debtors

Prepayments and accrued income	4,239	-
	<u>2018</u>	<u>2017</u>
	£	£
<b>Amounts falling due after more than one year:</b>		
Amounts owed by group undertakings	600,000	-
	<u>604,239</u>	<u>-</u>
<b>Total debtors</b>		

The balance due from group undertakings represents an unsecured loan extended to the company's subsidiary undertaking. This is repayable in full on 16 December 2021. Interest is charged at 2.43% per annum.

### 10 Creditors: amounts falling due within one year

	<u>2018</u>	<u>2017</u>
	£	£
Accruals and deferred income	97,448	61,724

### 11 Creditors: amounts falling due after more than one year

	Notes	<u>2018</u>	<u>2017</u>
		£	£
Bank loans and overdrafts	12	6,100,000	6,100,000
Amounts due to group undertakings		625,000	-
		<u>6,725,000</u>	<u>6,100,000</u>

The balance due to group undertakings represents a debenture issued to the company's parent undertaking and is repayable in full on 16 December 2021. Interest is charged at 2.43% per annum.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**12 Borrowings**

	2018 £	2017 £
Bank loans	6,100,000	6,100,000
Payable after one year	6,100,000	6,100,000

Borrowings of £6,100,000 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 2.5%, 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.

**13 Deferred taxation**

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. At 31 December 2018, the company has a deferred tax asset of £70,150 (2017: £33,879), at a corporation tax rate of 17%, which has not been included in the financial statements as it is not probable that they will be recovered against future taxable profits. The deferred tax asset is made up of unutilised tax losses of £412,645 (2017: £199,289).

**14 Share capital**

	2018 £	2017 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
3,500 Ordinary shares of £1 each	3,500	3,500
	3,500	3,500

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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### 15 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.

### 16 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.

## TRANSLATED FINANCIAL STATEMENTS

### Balance Sheet as at 31 December 2018

Particulars	Note	As at 31 December 2018		As at 31 December 2017	
		GBP	₹	GBP	₹
ASSETS					
Non-current assets					
Financial assets					
- Investments	5	32,278,378	2,869,870,588	32,278,378	2,783,364,535
- Loans	6	600,000	53,346,000	-	-
		32,878,378	2,923,216,588	32,278,378	2,783,364,535
Current assets					
Financial assets					
- Trade receivables	8	4,239	376,889	-	-
- Cash and cash equivalents	7	27,505	2,445,501	2,596	223,853
		31,744	2,822,390	2,596	223,853
Total assets		32,910,122	2,926,038,978	32,280,974	2,783,588,388
EQUITY AND LIABILITIES					
Equity					
Equity Share capital	9	3,500	311,185	3,500	301,805
Other equity		26,032,028	2,314,507,635	26,069,095	2,247,938,090
Total equity		26,035,528	2,314,818,820	26,072,595	2,248,239,895
Liabilities					
Non-current liabilities					
Financial liabilities					
- Borrowings	10	6,777,146	602,556,056	6,146,655	530,026,033
		6,777,146	602,556,056	6,146,655	530,026,033
Current liabilities					
Financial liabilities					
- Other financial liabilities	11	97,448	8,664,102	61,724	5,322,461
		97,448	8,664,102	61,724	5,322,461
Total equity and liabilities		32,910,122	2,926,038,978	32,280,974	2,783,588,388

Note 1 to 16 form an integral part of these financial statements.

This is the balance sheet referred to in our report of even date.

# Sundram International Limited

## TRANSLATED FINANCIAL STATEMENTS

### Statement of Profit and Loss for the year ended 31 December 2018

Particulars	Note	Year ended 31 December 2018		Year ended 31 December 2017	
		GBP	₹	GBP	₹
Other income	12	187,087	17,032,365	140,912	11,864,790
<b>Total Income</b>		<b>187,087</b>	<b>17,032,365</b>	<b>140,912</b>	<b>11,864,790</b>
<b>Expenses</b>					
Finance costs	13	224,064	20,398,754	226,542	19,074,809
Other expenses	14	90	8,194	117	9,851
<b>Total expenses</b>		<b>224,154</b>	<b>20,406,948</b>	<b>226,659</b>	<b>19,084,661</b>
<b>Profit (loss) before tax</b>		<b>(37,067)</b>	<b>(3,374,583)</b>	<b>(85,747)</b>	<b>(7,219,870)</b>
<b>Tax expense</b>					
a) Current tax		-	-	-	-
b) Deferred tax		-	-	-	-
Total Tax expense		-	-	-	-
<b>Profit (loss) for the Year</b>		<b>(37,067)</b>	<b>(3,374,583)</b>	<b>(85,747)</b>	<b>(7,219,870)</b>
<b>Other comprehensive income</b>					
i) Items that will be reclassified to profit or loss		-	253,018	-	(406,386)
<b>Total comprehensive income for the year</b>		<b>(37,067)</b>	<b>(3,121,565)</b>	<b>(85,747)</b>	<b>(7,626,256)</b>
<i>(Comprising Profit and Other Comprehensive Income for the year)</i>					
<b>Earnings per equity share</b>					
Basic (in ₹)		(10.59)		(24.50)	
Diluted (in ₹)		(10.59)		(24.50)	
No. of Shares		3,500		3,500	

Note 1 to 16 form an integral part of these financial statements.

This is the balance sheet referred to in our report of even date.



## TRANSLATED FINANCIAL STATEMENTS

### Statements of Changes in Equity for the year ended 31 December 2018

#### A. Equity Share Capital

Particulars	Year ended 31 December 2018		Year ended 31 December 2017	
	Amount		Amount	
	GBP	₹	GBP	₹
Balance as at year end	3,500	311,185	3,500	301,805
	3,500	311,185	3,500	301,805

#### B. Other Equity

Particulars	Reserves and Surplus				Accumulated other comprehensive income		Total	
	Share Premium		Retained Earnings		Foreign currency translation reserve			
	GBP	₹	GBP	₹	GBP	₹	GBP	₹
<b>Balances at 31 December 2016</b>	26,188,078	2,187,228,275	(33,236)	(3,008,190)	-	232,320	26,154,842	2,184,452,405
Profit / (loss) for the year	-	-	(85,747)	(7,219,870)	-	-	(85,747)	(7,219,870)
Other comprehensive income	-	70,969,691	-	142,250	-	(406,386)	-	70,705,556
Transferred from Retained earnings to general reserves	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-
<b>Balances at 31 December 2017</b>	<b>26,188,078</b>	<b>2,258,197,966</b>	<b>(118,983)</b>	<b>(10,085,810)</b>	<b>-</b>	<b>(174,066)</b>	<b>26,069,095</b>	<b>2,247,938,090</b>
Profit / (loss) for the year	-	-	(37,067)	(3,374,583)	-	-	(37,067)	(3,374,583)
Other comprehensive income	-	70,184,049	-	(492,939)	-	253,018	-	69,944,128
Transferred from Retained earnings to general reserves	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-
<b>Balances at 31 December 2018</b>	<b>26,188,078</b>	<b>2,328,382,015</b>	<b>(156,050)</b>	<b>(13,953,332)</b>	<b>-</b>	<b>78,952</b>	<b>26,032,028</b>	<b>2,314,507,635</b>

# Sundram International Limited

## TRANSLATED FINANCIAL STATEMENTS

### Cash flow statement for the year ended 31 December 2018

	Year ended 31 December 18		Year ended 31 December 17	
	GBP	₹	GBP	₹
<b>Cash flows from operating activities</b>				
<b>Profit / (loss) before tax</b>	(37,067)	(3,374,583)	(85,747)	(7,219,870)
<i>Adjustments to reconcile net income to net cash provided by operating activities</i>				
Interest Expense	218,748	19,914,786	224,994	19,074,809
Dividend received	(182,848)	(16,646,446)	(140,912)	(11,864,790)
<b>Operating profit before working capital changes</b>	(1,167)	(106,244)	(1,665)	(9,851)
<b>Adjustments for:</b>				
(Decrease)/ increase in other current liabilities	35,724	3,341,641	-	-
Decrease/(Increase) in long-term loans and advances	(600,000)	(53,346,000)	-	-
(Increase)/ decrease in other current assets	(4,239)	(385,919)	6,200	522,040
<b>Cash from/ (used) in operating activities</b>	(569,682)	(50,496,521)	4,535	512,189
Direct taxes paid, net	-	-	-	-
<b>Net cash from/ (used) in operating activities</b>	(569,682)	(50,496,521)	4,535	512,189
<b>B. Cash flow from investing activities</b>				
Purchase of investments	-	-	(3,100,000)	(261,020,000)
Dividend received	182,848	16,646,446	140,912	11,864,790
<b>Net cash from / (used) in investing activities</b>	182,848	16,646,446	(2,959,088)	(249,155,210)
<b>C. Cash flow from financing activities</b>				
Proceeds from long-term borrowings	630,491	57,399,935	3,093,800	260,497,960
Interest paid to banks and others	(218,748)	(19,914,786)	(135,910)	(11,443,639)
<b>Net cash generated from financing activities</b>	411,744	37,485,150	2,957,890	249,054,321
<b>D. Net cash flows during the year</b>	24,909	3,635,075	3,337	411,300
E. Foreign Translation impact on cash and cash equivalents	-	(1,413,427)	-	(125,558)
F. Cash and cash equivalents at the beginning	2,596	223,853	(741)	(61,888)
<b>G. Cash and cash equivalents at the end</b>	27,505	2,445,501	2,596	223,853
<b>Cash and cash equivalents comprise of:</b>				
Bank overdraft	-	-	-	-
Balances with banks in current accounts	27,505	2,445,501	2,596	223,853
<b>Cash and cash equivalents as per note 7</b>	27,505	2,445,501	2,596	223,853

## TRANSLATED FINANCIAL STATEMENTS

### Notes to Financial Statements for the year ended 31 December 2018

#### 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 2018 (including comparatives) are duly adopted by the Board on 16<sup>th</sup> April 2019 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.

#### 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 2018 has been translated from UK Pound sterling to Indian Rupees by applying the

# Sundram International Limited

## TRANSLATED FINANCIAL STATEMENTS

### Notes to Financial Statements (Contd.)

year end interbank exchange rate of UK 1 = ₹ 88.91 (2017 : ₹ 86.23). The incomes and expenses for the year ended 31st December 2018 has been translated from UK Pound sterling to Indian Rupees by applying Average interbank exchange rate UK 1 = ₹ 91.04 (2017 : ₹ 84.20). 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.

### Notes to Financial Statements (Contd.)

#### 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.

### 5 NON-CURRENT INVESTMENTS

#### a) Investment in Subsidiaries

##### Unquoted

	As at 31 December 2018		As at 31 December 2017	
	GBP	₹	GBP	₹
a) Investment in Cramlington Precision Forge Limited, UK	6,694,184	595,179,899	6,694,184	577,239,486
b) Investment in Sundram Fasteners (Zhejiang) Limited, China	25,584,194	2,274,690,689	25,584,194	2,206,125,049
Total	32,278,378	2,869,870,588	32,278,378	2,783,364,535

### 6 LOANS

(Unsecured considered good, unless otherwise stated)  
Loans to related parties

Total	600,000	53,346,000	-	-	-	-	-	-
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### 7 CASH AND BANK BALANCES

#### Cash and cash equivalents

Balances with banks in current accounts

	As at 31 December 2018				As at 31 December 2017			
	Long-term		Short-term		Long-term		Short-term	
	GBP	₹	GBP	₹	GBP	₹	GBP	₹
	-	-	27,505	2,445,501	-	-	2,596	223,853
	-	-	27,505	2,445,501	-	-	2,596	223,853

  

	As at 31 December 2018				As at 31 December 2017			
	Long-term		Short-term		Long-term		Short-term	
	GBP	₹	GBP	₹	GBP	₹	GBP	₹
	-	-	4,239	376,889	-	-	-	-
	-	-	4,239	376,889	-	-	-	-

### 8 TRADE RECEIVABLES

Other receivables

Interest receivable from related parties

## TRANSLATED FINANCIAL STATEMENTS

### Notes to Financial Statements (Contd.)

	As at 31 December 2018			As at 31 December 2017		
	Number	GBP	₹	Number	GBP	₹
<b>9 SHARE CAPITAL</b>						
<b>a) Share capital</b>						
Issued, subscribed and fully paid up						
3500 Ordinary shares of GBP 1 each	3,500	3,500	311,185	3,500	3,500	301,805
	3,500	3,500	311,185	3,500	3,500	301,805

**b) Shareholders holding more than 5% of the aggregate shares in the Company**

	Nos.	% holding	Nos.	% holding
Sundram Fasteners Limited, Chennai	3,500	100%	3,500	100%
	3,500	100%	3,500	100%

**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 2018:**

- (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 2018		As at 31 December 2017	
		GBP	₹	GBP	₹
Borrowings		6,777,146	602,556,056	6,146,655	530,026,033
Cash and cash equivalents		(27,505)	(2,445,501)	(2,596)	(223,853)
<b>Capital</b>	<b>A</b>	<b>6,749,641</b>	<b>600,110,555</b>	<b>6,144,059</b>	<b>529,802,180</b>
Total equity	<b>B</b>	<b>26,035,528</b>	<b>2,314,818,821</b>	<b>26,072,595</b>	<b>2,248,239,895</b>
<b>Overall financing</b>	<b>(A) + (B)</b>	<b>32,785,169</b>	<b>2,914,929,376</b>	<b>32,216,654</b>	<b>2,778,042,075</b>
<b>Gearing ratio</b>		<b>21%</b>	<b>21%</b>	<b>19%</b>	<b>19%</b>

# Sundram International Limited

## TRANSLATED FINANCIAL STATEMENTS

### Notes to Financial Statements (Contd.)

10 BORROWINGS	As at 31 December 2018				As at 31 December 2017			
	Long-term		Short-term		Long-term		Short-term	
	GBP	₹	GBP	₹	GBP	₹	GBP	₹
a) Unsecured								
Term loan from banks (refer note below)	6,152,146	546,987,306	-	-	6,146,655	530,026,033	-	-
<b>Total</b>	<b>6,152,146</b>	<b>546,987,306</b>	<b>-</b>	<b>-</b>	<b>6,146,655</b>	<b>530,026,033</b>	<b>-</b>	<b>-</b>
b) Unsecured								
Debentures to related parties (refer note below )	625,000	55,568,750	-	-	-	-	-	-
<b>Total</b>	<b>6,777,146</b>	<b>602,556,056</b>	<b>-</b>	<b>-</b>	<b>6,146,655</b>	<b>530,026,033</b>	<b>-</b>	<b>-</b>

### c) Terms of interest, guarantee and repayment of long term loans

- An outstanding of another term loan amounts to GBP 6,152,146 equivalent to ₹ 54.70 crores (December 31, 2017: GBP 61,46,655 equivalent to ₹ 53.00), repayable in two installments of 50% each, the first being on August 19, 2020 and the second on July 19, 2021. These loans are unsecured, ranking pari passu with the claims of all other unsecured and unsubordinated creditors. The interest rate is linked to Libor + agreed spread p.a.
- The balance due to related party represents a debenture issued to the company's parent undertaking and repayable in full on December 16, 2021. Interest is charged at 2.43% per annum.

11 OTHER FINANCIAL LIABILITIES	As at 31 December 2018				As at 31 December 2017			
	Long-term		Short-term		Long-term		Short-term	
	GBP	₹	GBP	₹	GBP	₹	GBP	₹
Interest accrued but not due	-	-	97,448	8,664,102	-	-	61,724	5,322,461
	-	-	97,448	8,664,102	-	-	61,724	5,322,461



## TRANSLATED FINANCIAL STATEMENTS

### Notes to Financial Statements (Contd.)

	Year ended 31 December 2018		Year ended 31 December 2017	
	GBP	₹	GBP	₹
<b>12 OTHER INCOME</b>				
Interest Income	4,239	385,919	-	-
Dividends - Subsidiary Companies	182,848	16,646,446	140,912	11,864,790
	<b>187,087</b>	<b>17,032,365</b>	<b>140,912</b>	<b>11,864,790</b>
<b>13 FINANCE COSTS</b>				
Interest expenses	224,064	20,398,754	226,542	19,074,809
	<b>224,064</b>	<b>20,398,754</b>	<b>226,542</b>	<b>19,074,809</b>
<b>14 OTHER EXPENSES</b>				
Bank charges	90	8,194	117	9,851
	<b>90</b>	<b>8,194</b>	<b>117</b>	<b>9,851</b>

### 15 Related party disclosures

#### Related Parties :

##### (A) Ultimate Holding Company

- (i) TV Sundram Iyengar & Sons Private Limited, Madurai, India

##### (I) Where Control exists:

##### (B) Holding Company

Sundram Fasteners Ltd

##### (C) Subsidiary Companies:

1. Crampington Precision Forge Limited, Northumberland, United Kingdom
2. Sundram Fasteners (Zhejiang) Limited, People's Republic of China

##### (II) Subsidiaries / Joint Ventures / Associates of Holding Company

###### Domestic 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
6. TVS Next Private Ltd., Chennai

###### Foreign Subsidiaries

1. Sundram International Inc, Michigan, USA,
2. TVS Infotech Inc., Michigan, USA (Subsidiary of TVS Infotech Ltd.)

# Sundram International Limited

## TRANSLATED FINANCIAL STATEMENTS

### Notes to Financial Statements (Contd.)

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

Nature of transaction	Ultimate Holding Company		Holding Company		Subsidiary Companies		Subsidiaries / Joint Ventures / Associates of Holding Company	
	GBP	₹	GBP	₹	GBP	₹	GBP	₹
<b>Finance</b>								
Debenture issued	-	-	625,000	55,568,750	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Loan given	-	-	-	-	600,000	53,346,000	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Interest income on loan	-	-	-	-	4,239	385,919	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Interest expense on Debenture issued	-	-	5,316	483,969	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Dividend Received	-	-	182,848	16,646,446	-	-	-	-
	(-)	(-)	(140,912)	(11,864,790)	(-)	(-)	(-)	(-)
<b>Outstanding loan (including interest)</b>								
Due to the Company	-	-	-	-	604,239	53,731,919	-	-
Due to the Company	(-)	(-)	630,316	56,052,717	(-)	(-)	(-)	(-)
(Previous year figures are in brackets)								

TRANSLATED FINANCIAL STATEMENTS

TRANSLATED FINANCIAL STATEMENTS

Notes to Financial Statements (Contd.)

16 Disclosure on Financial Instruments

Particulars	31-Dec-18						31-Dec-17					
	FYTPL		FVOCI		Amortised Cost		FYTPL		FVOCI		Amortised Cost	
	₹	GBP	₹	GBP	₹	GBP	₹	GBP	₹	GBP	₹	GBP
Financial Assets	-	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-	-
- Equity Instruments	-	-	-	-	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-	-	-	-
Sub-Total	-	-	-	-	-	-	-	-	-	-	-	-
Total Financial Assets	-	-	-	-	-	-	-	-	-	-	-	-
Financial Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-	-	-	-	-
Bank Overdraft	-	-	-	-	-	-	-	-	-	-	-	-
Total Financial Liabilities	-	-	-	-	-	-	-	-	-	-	-	-

\* Investment in subsidiary included in above balances, for which INDAS 109 does not apply.

