

Sundram Fasteners (Zhejiang) Limited
China

ANNUAL REPORT

**for the year ended
March 31, 2020**

Balance Sheet as at March 31, 2020

ASSETS	Note	As at March 31, 2020		As at December 31, 2018	
		RMB	₹	RMB	₹
Non-current assets					
Property, plant and equipment	5	129,805,167	1,379,828,949	124,387,918	1,262,537,380
Capital work-in-progress	5	2,184,204	23,218,083	4,577,806	46,464,735
Investment property	6	5,026,554	53,432,255	5,403,358	54,844,073
Other Intangible assets	7	362,909	3,857,721	569,205	5,777,432
Right of Use of Assets		10,934,469	116,233,409	-	-
Other non-current assets	10	5,945,663	63,202,397	12,641,393	128,310,141
		154,258,964	1,639,772,814	147,579,680	1,497,933,761
Current assets					
Inventories	11	46,783,543	497,309,057	57,999,035	588,690,211
<u>Financial assets:</u>					
- Trade receivables	12	59,417,130	631,604,091	66,337,111	673,321,672
- Cash and cash equivalents	13	21,653,316	230,174,744	8,323,042	84,478,873
- Others	8	3,308,015	35,164,201	79,636	808,302
Assets for current tax (net)	9	3,933,012	41,807,920	1,527,449	15,503,611
Other current assets	10	1,608,977	17,103,433	27,057,945	274,638,145
		136,703,993	1,453,163,446	161,324,218	1,637,440,814
Total assets		290,962,957	3,092,936,260	308,903,898	3,135,374,575
EQUITY AND LIABILITIES					
Equity					
Equity Share capital	14	160,215,065	1,703,086,137	153,320,865	1,556,206,776
Other equity		43,850,267	466,128,372	44,583,341	452,520,941
Total equity		204,065,332	2,169,214,509	197,904,206	2,008,727,717
Liabilities					
Non-current liabilities					
<u>Financial liabilities:</u>					
- Borrowings	15	24,430,770	259,699,085	28,793,408	292,253,086
- Trade payables Dues to others	17	654,633	6,958,751	1,390,824	14,116,851
		25,085,403	266,657,836	30,184,232	306,369,937
Current liabilities					
<u>Financial liabilities:</u>					
- Borrowings	15	4,000,000	42,520,000	2,000,000	20,300,000
- Trade payables Dues to others	17	53,103,082	564,485,757	74,456,026	755,728,665
- Other financial liabilities	18	-	-	246,755	2,504,565
Other current liabilities	19	1,078,623	11,465,761	482,162	4,893,942
Current tax liabilities (net)	16	3,630,517	38,592,397	3,630,517	36,849,749
		61,812,222	657,063,915	80,815,460	820,276,921
Total liabilities		86,897,625	923,721,751	110,999,692	1,126,646,858
Total equity and liabilities		290,962,957	3,092,936,260	308,903,898	3,135,374,575

Notes 1 to 32 form an integral part of these financial statements

Sundram Fasteners (Zhejiang) Limited
(Incorporated in People's Republic of China)

Statement of Profit and Loss for the 15 months ended 31st March 2020

	Note	15 Months ended March 31, 2020		Year ended December 31, 2018	
		RMB	₹	RMB	₹
Revenue from operations	20	267,741,526	2,741,673,227	250,023,845	2,580,246,081
Other income	22	9,329,872	95,537,888	2,258,223	23,304,862
Total Income		277,071,398	2,837,211,115	252,282,068	2,603,550,943
Expenses					
Cost of materials consumed	23	124,726,107	1,277,195,330	119,962,233	1,238,010,251
Changes in inventories of finished goods, stock-in-trade and work in progress	24	5,913,265	60,551,836	(9,112,891)	(94,045,033)
Employee benefits expense	25	43,872,723	449,256,682	32,858,580	339,100,541
Finance costs	26	2,456,452	25,154,067	1,385,093	14,294,158
Depreciation and amortization expense	27	17,010,778	174,190,368	9,201,936	94,963,980
Other expenses	28	71,447,460	731,621,997	75,687,932	781,099,455
Total expenses		265,426,785	2,717,970,280	229,982,883	2,373,423,352
Profit/ (loss) before share of (profit)/loss of an associate and joint venture, exceptional item and tax from continuing operations		-	-	-	-
Share of profit from equity accounted investments		-	-	-	-
Profit before exceptional items and tax		11,644,613	119,240,835	22,299,185	230,127,591
Profit before tax		11,644,613	119,240,835	22,299,185	230,127,591
Tax expense					
Current tax	29	2,627,890	26,909,592	4,822,051	49,763,562
Profit for the year		9,016,723	92,331,243	17,477,134	180,364,029
Other comprehensive income					
Items that will be reclassified to profit or loss		-	5,071,718	-	(4,915,925)
Total comprehensive income for the year		9,016,723	97,402,961	17,477,134	175,448,104

(Comprising Profit and Other Comprehensive Income for the year)

Notes 1 to 32 form an integral part of these financial statements

Cash Flow Statement for the 15 months ended 31st March 2020

Particulars	Year ended 31 March 2020		Year ended 31 December 2018	
	RMB	₹	RMB	₹
A. Cash flows from operating activities				
Profit before tax	11,644,613	119,240,835	22,299,185	230,127,589
<i>Adjustments to reconcile net income to net cash provided by operating activities</i>				
Depreciation and amortization	16,689,320	170,898,639	9,201,936	94,963,980
Depreciation on right of use assets	321,458	3,291,729	257,166	2,653,957
Foreign exchange (gain)/loss	(441,222)	(4,518,108)	(467,113)	(4,820,606)
Finance guarantee expenses	410,190	4,200,343	328,332	3,388,383
Interest expense (Net)	2,456,452	25,154,068	1,385,093	14,294,158
(Gain) / loss on sale of property and equipment	-	-	465,981	4,808,921
Interest received	(54,390)	(556,953)		
Operating profit before working capital changes	31,026,421	317,710,553	33,470,580	345,416,382
Adjustments for:				
(Decrease)/ increase in Trade payables	(21,842,380)	(223,665,967)	15,269,743	157,583,750
(Decrease)/ increase in other current liabilities	349,706	3,580,989	(185,283)	(1,912,120)
(Increase)/ decrease in trade receivables	6,919,981	70,860,602	(4,074,652)	(42,050,405)
Decrease/(Increase) in inventories	11,215,493	114,846,647	(14,325,822)	(147,842,485)
(Increase)/ decrease in other current assets	(1,041,403)	(10,663,966)	(11,321,324)	(116,836,064)
Cash from/ (used) in operating activities	26,627,818	272,668,858	18,833,242	194,359,057
Direct taxes paid, net	(2,627,890)	(26,909,592)	(4,822,051)	(49,763,562)
Net cash from/ (used) in operating activities	23,999,928	245,759,266	14,011,191	144,595,495
B. Cash flow from investing activities				
Purchase of assets (including capital work-in-progress and capital advances)	(3,243,825)	(33,216,766)	(36,094,096)	(372,491,075)
Proceeds from sale of fixed assets	-	-	257,647	2,658,918
Interest received	54,390	556,953	-	-
Net cash from/ (used) in investing activities	(3,189,435)	(32,659,813)	(35,836,449)	(369,832,157)
C. Cash flow from financing activities				
Proceeds from Long-term borrowings	(4,362,638)	(44,673,408)	15,709,158	163,765,751
Proceeds from Short-term borrowings	2,000,000	20,480,000	2,000,000	20,300,000
Dividend and dividend taxes paid	(2,855,597)	(29,241,316)	(1,777,919)	(18,348,119)
Foreign exchange gain/(loss)	441,222	4,518,108	467,113	4,820,606
Interest paid to banks and others	(2,703,207)	(27,680,840)	(1,385,093)	(14,294,158)
Net cash generated from financing activities	(7,480,220)	(76,597,456)	15,013,259	156,244,080
D. Net cash flows during the year	13,330,274	136,501,997	(6,812,000)	(68,992,582)
E. Foreign Currency Translation Reserve Impact on cash flows	-	9,193,874	-	4,845,343
F. Cash and cash equivalents at the beginning	8,323,042	84,478,873	15,135,042	148,626,112
G. Cash and cash equivalents at the end	21,653,316	230,174,744	8,323,042	84,478,873
Cash and cash equivalents comprise of:				
Cash on hand	21,365	227,105	43,341	439,910
Balances with banks in current accounts	21,631,951	229,947,639	8,279,701	84,038,963
Cash and cash equivalents as per note 20	21,653,316	230,174,744	8,323,042	84,478,873

Sundram Fasteners (Zhejiang) Limited

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Statements of Changes in Equity for the 15 months ended March 31, 2020

A. Equity Share Capital

Particulars	RMB	₹
	Balance as at December 31, 2017	153,320,865
Changes in equity share capital during the year (Restatement of opening balance)	-	50,595,885
Balance as at December 31, 2018	153,320,865	1,556,206,776
Changes in equity share capital during the year (Restatement of opening balance)	-	73,594,015
Transferred from Retained earnings to Share capital	6,894,200	73,285,346
Balance as at March 31, 2020	160,215,065	1,703,086,137

B. Other Equity

Particulars	Reserves and Surplus				Accumulated other comprehensive income		Deemed Equity		Total	
	Retained Earnings		Capital Reserve		Foreign currency translation reserve					
	RMB	₹	RMB	₹	RMB	₹	RMB	₹	RMB	₹
Balance as at December 31, 2017	27,120,415	264,075,424	33,898	332,883	-	2,247,072	1,729,813	16,986,767	28,884,126	283,642,145
Foreign currency translation difference on opening balance	-	11,196,786	-	11,186	-	-	-	570,838	-	11,778,810
Profit for the year	17,477,134	180,364,029	-	-	-	-	-	-	17,477,134	180,364,029
Other comprehensive income	-	-	-	-	-	(4,915,925)	-	-	-	(4,915,925)
Transfer During the year	-	-	-	-	-	-	-	-	-	-
Dividends	(1,777,919)	(18,348,119)	-	-	-	-	-	-	(1,777,919)	(18,348,119)
Balance as at December 31, 2018	42,819,630	437,288,120	33,898	344,069	-	(2,668,853)	1,729,813	17,557,605	44,583,341	452,520,941

Particulars	Reserves and Surplus				Accumulated other comprehensive income		Deemed Equity		Total	
	Retained Earnings		Capital Reserve		Foreign currency translation reserve					
	RMB	₹	RMB	₹	RMB	₹	RMB	₹	RMB	₹
Balance as at December 31, 2018	42,819,630	437,288,120	33,898	344,069	-	(2,668,853)	1,729,813	17,557,605	44,583,341	452,520,941
Foreign currency translation difference on opening balance	-	17,884,552	-	16,271	-	-	-	830,310	-	18,731,133
Profit for the year	9,016,723	92,331,243	-	-	-	-	-	-	9,016,723	92,331,243
Other comprehensive income	-	-	-	-	-	5,071,716	-	-	-	5,071,716
Transferred from Retained earnings to Share capital	(6,894,200)	(73,285,346)	-	-	-	-	-	-	(6,894,200)	(73,285,346)
Dividends	(2,855,597)	(29,241,316)	-	-	-	-	-	-	(2,855,597)	(29,241,316)
Balance as at March 31, 2020	42,086,556	444,977,253	33,898	360,340	-	2,402,863	1,729,813	18,387,915	43,850,267	466,128,372

Notes to Financial Statements for the 15 months ended 31.03.2020**1 Corporate Information**

Sundram Fasteners (Zhejiang) Limited (“SFZL” or “the Company”) was incorporated in People’s Republic of China.

The registered office of the Company is situated at No 1 Sundram Road, Wuyuan Town, Haiyan County, Jiaxing City, Zhejiang Province, China 314 300.

SFZL is in the business of manufacture and sale of high-tensile automobile fasteners and engine components.

2 Basis of Preparation

The financial statements of the Company have been translated in accordance with Indian Accounting Standards (Ind AS) as prescribed by Ministry of Corporate Affairs under Companies (Indian Accounting Standards) Rules, 2015, provisions of the Companies Act 2013, to the extent notified, pronouncements of the Institute of Chartered Accountants of India.

The financial statements prepared in accordance with the Accounting Standards for Business Enterprises and Accounting System for Business Enterprises promulgated by the Central Government of the People’s Republic of China and as audited by their auditors has been the basis of the translation and presentation.

Carrying value of Plant Property and Equipment, Investment Property under the Previous GAAP has been considered as the deemed cost for the purpose of transition to Ind AS.

3 Summary of accounting policies**3.1 Overall considerations**

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

3.2 Foreign operations

In the Company’s financial statements, all assets, liabilities and transactions in RMB are translated into INR. The functional currency (RMB) of the Company has remained unchanged during the reporting period.

Assets and liabilities have been translated into INR at the closing rate as at the reporting date. Income and expenses have been translated into INR at the average rate over the reporting period. Exchange differences are charged or credited to Other Comprehensive Income (OCI) and recognized in the currency translation reserve under equity.

3.3 Revenue**(i) Sale of products**

Income of the Company is derived from sale of products and is net of any sales returns, rebates, discounts and trade discounts. Revenue is recognized when the Company has transferred to the buyer the significant risks and rewards of ownership, which normally takes place upon delivery of goods to customers.

Notes to Financial Statements for the 15 months ended 31.03.2020**(ii) Rental Income**

The Company also earns rental income from operating leases of its investment properties. Rental income is recognised in accordance with terms of lease.

(iii) Interest income

Interest income is recognized on a time proportion basis taking into account deposit balances and effective yield. Interest income is included in other income in the statement of profit and loss.

3.4 Property, plant and equipment

As there is no change in the functional currency as at the date of transition, the Company has elected to adopt the carrying value of Property, Plant and equipment under the Previous GAAP as the deemed cost for the purpose of transition to Ind AS. Capital work in progress, plant and equipment is stated at cost, net of accumulated depreciation.

Buildings and other equipment

Buildings and other equipment (comprising plant, fittings and furniture, vehicles etc.) are initially recognized at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be of use for company’s business purposes. Buildings and other equipment are subsequently measured at cost less accumulated depreciation.

Depreciation is recognized on a straight-line basis, over the useful life of the buildings and other equipments. In respect of these assets, the useful life is detailed below:

Description	Range of Useful lives in years
Buildings	25 years
Plant and equipment	10 years
Office equipment	5 years
Vehicles	5 years

3.5 Intangible assets

Intangible assets include Software which are amortized evenly for 10 years.

3.6 Leases**(a) Operating leases**

All leases entered into are operating leases.

(b) Assets taken on lease

Where the Company is a lessee, payments on operating lease agreements are recognized as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

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Notes to Financial Statements for the 15 months ended 31.03.2020

3.7 Investment property

"Investment properties are recognised initially at cost. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation. The Company has depreciated assets based on Straight line method."

3.8 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. Trade receivables are recognised at their transaction value as the same do not contain significant financing component.

A payable is classified as 'trade payable' if it is in respect of the amount due on account of goods purchased in the normal course of business. They are recognised at their transaction value as the same do not contain significant financing component.

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 group of financial assets is impaired.

3.9 Inventories

Inventories are valued at lower of cost or net realizable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale. Cost is ascertained on weighted average basis.

(a) Raw materials

The cost of raw materials includes the purchase cost and taxes such as tariff.

(b) Work in process and Finished Goods

Work-in-process and finished goods include conversion costs in addition to the landed cost of raw materials.

(c) Stores and spares

Stores, spares and tools cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Notes to Financial Statements for the 15 months ended 31.03.2020

3.10 Income taxes

Tax expense is recognized in the statement of profit or loss not recognized in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates in accordance with tax laws that have been enacted or substantively enacted by the end of the reporting period. The applicable enterprise income tax rate is 25%.

3.11 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.

3.12 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.

Dividend paid to equity shareholders is deducted directly from equity component.

3.13 Cash flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and 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 original maturities of 3 months or less, as applicable.

3.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred under finance costs. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to interest costs.

3.15 Accounting for effect of change in foreign exchange rates

The Assets and Liabilities as at 31st March 2020 has been translated from Renminbi to Indian Rupees by applying the year end interbank exchange rate of RMB 1 = Rs. 10.63 (31st December 2018: RMB 1 = Rs. 10.15). The incomes and expenses for the year ended 31st March 2020 has been translated from Renminbi to Indian Rupees by applying Average interbank exchange rate RMB 1 = Rs. 10.24 (31st

Notes to Financial Statements for the 15 months ended 31.03.2020

December 2018: RMB 1 = Rs. 10.32). Exchange differences arising out of the translation have been dealt with in accordance with Ind AS 21

SFZL's Functional Currency is Renminbi. 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 ultimate holding company of SFZL.

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.

4.1 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.

Notes to Financial Statements for the 15 months ended 31.03.2020**4.2 Estimation of uncertainty**

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

4.3 Useful lives of depreciable assets

Management has reviewed its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of assets including I.T assets.

4.4 Inventories

Management has carefully estimated the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by market-driven changes.

4.5 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.

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Notes to Financial Statements for the 15 months ended 31.03.2020

5 Property, plant and equipment

Gross block	Tangible Assets												Total
	Buildings		Plant and Equipment		Office Equipments		Vehicles						
	RMB	₹	RMB	₹	RMB	₹	RMB	₹	RMB	₹	RMB	₹	
As at 31 December 2017	12,935,382	127,025,450	53,670,101	527,040,415	934,196	9,173,799	175,910	1,727,441	67,715,589	664,987,105			
Additions	28,790,882	292,227,454	56,196,520	570,394,679	1,609,117	16,332,533	-	-	86,596,519	878,954,665			
Disposal	-	-	(1,909,929)	(19,385,776)	(66,423)	(674,193)	-	-	(1,976,352)	(20,059,968)			
Other Adjustments	-	4,268,676	-	17,711,133	-	308,285	-	58,050	-	22,346,145			
- Transfer	-	-	-	-	-	-	-	-	-	-			
As at 31 December 2018	41,726,264	423,521,580	107,956,693	1,095,760,451	2,476,890	25,140,424	175,910	1,785,491	152,335,757	1,546,207,946			
Additions	-	-	20,601,944	218,998,661	921,526	9,795,822	-	-	21,523,470	228,794,482			
Disposal	-	-	-	-	-	-	-	-	-	-			
Other Adjustments	-	20,028,607	-	51,819,213	-	1,188,907	-	84,437	-	73,121,164			
- Transfer	-	-	-	-	-	-	-	-	-	-			
As at 31 March 2020	41,726,264	443,550,187	128,558,636	1,366,578,325	3,398,416	36,125,153	175,910	1,869,928	173,859,226	1,848,123,592			
Accumulated depreciation/ amortisation													
As at 31 December 2017	2,063,240	20,261,012	17,981,600	176,579,316	292,584	2,873,163	93,997	923,053	20,431,420	200,636,544			
For the year	1,210,481	12,492,162	7,267,386	74,999,422	259,944	2,682,620	31,332	323,350	8,769,143	90,497,555			
Deduction on sale or discards	-	-	(1,204,364)	(12,224,293)	(48,360)	(490,854)	-	-	(1,252,724)	(12,715,147)			
Other Adjustments	-	-	-	-	-	-	-	-	-	-			
- Restating - Opening Balance	-	680,869	-	5,933,928	-	96,553	-	31,019	-	6,742,369			
- Restating to Closing rate - Current Year Depreciation	-	(205,782)	-	(1,235,456)	-	(44,190)	-	(5,327)	-	(1,490,754)			
As at 31 December 2018	3,273,720	33,228,261	24,044,622	244,052,918	504,168	5,117,291	125,330	1,272,096	27,947,840	283,670,566			
For the year	2,152,506	22,041,657	13,420,002	137,420,823	525,986	5,386,096	7,726	79,112	16,106,220	164,927,688			
Deduction on sale or discards	-	-	-	-	-	-	-	-	-	-			
Other Adjustments	-	-	-	-	-	-	-	-	-	-			
- Restating - Opening Balance	-	1,571,386	-	11,541,419	-	242,000	-	60,158	-	13,414,963			
- Restating to Closing rate - Current Year Depreciation	-	839,477	-	5,233,801	-	205,135	-	3,013	-	6,281,426			
As at 31 March 2020	5,426,226	57,680,781	37,464,624	398,248,961	1,030,154	10,950,522	133,056	1,414,379	44,054,060	468,294,643			
Net block													
As at 31 December 2018	38,452,544	390,293,319	83,912,070	851,707,534	1,972,722	20,023,132	50,582	513,395	124,387,918	1,262,537,380			
As at 31 March 2020	36,300,038	385,869,406	91,094,013	968,329,364	2,368,262	25,174,631	42,854	455,549	129,805,167	1,379,828,949			
b) Capital Work-in-Progress													
As at 31 December 2018	-	-	4,577,806	46,464,735	-	-	-	-	4,577,806	46,464,735			
As at 31 March 2020	-	-	2,184,204	23,218,083	-	-	-	-	2,184,204	23,218,083			

Notes to Financial Statements for the 15 months ended 31.03.2020

6 Investment Property

	Land		Building		Total	
	RMB	₹	RMB	₹	RMB	₹
Gross block						
As at December 31, 2017			6,609,131	64,901,666	6,609,131	64,901,666
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Other adjustments - Exchange differences	-	-	-	2,181,013	-	2,181,013
As at December 31, 2018	-	-	6,609,131	67,082,680	6,609,131	67,082,680
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Other adjustments - Exchange differences	-	-	-	3,172,383	-	3,172,383
As at March 31, 2020	-	-	6,609,131	70,255,063	6,609,131	70,255,063
Accumulated depreciation						
As at December 31, 2017	-	-	904,330	8,880,525	904,330	8,880,525
Depreciation for the period	-	-	301,443	3,110,897	301,443	3,110,897
- Exchange variation (op bal restated)	-	-	-	298,429	-	298,429
- Restating to Closing Rate - CY Depn	-	-	-	(51,245)	-	(51,245)
As at December 31, 2018	-	-	1,205,774	12,238,605	1,205,774	12,238,605
Depreciation for the period	-	-	376,804	3,858,477	376,804	3,858,477
- Exchange variation (op bal restated)	-	-	-	578,771	-	578,771
- Restating to Closing Rate - CY Depn	-	-	-	146,954	-	146,954
As at March 31, 2020	-	-	1,582,577	16,822,808	1,582,577	16,822,808
Net block						
As at December 31, 2018	-	-	5,403,357	54,844,074	5,403,358	54,844,073
As at March 31, 2020	-	-	5,026,554	53,432,255	5,026,554	53,432,255

Information regarding income and expenditure of Investment property

	Year ended 31 March 2020		Year ended 31 December 2018	
	RMB	₹	RMB	₹
Rental income from the investment property	1,434,559	14,689,885	709,526	7,322,305
Directed expenses that:				
> contribute to the rental income	-	-	-	-
(including repairs and maintenance)	-	-	-	-
> did not contribute to the rental income	-	-	-	-
(including repairs and maintenance)	-	-	-	-
Profit before depreciation and indirect expenses	1,434,559	14,689,885	709,526	7,322,305
Less- Depreciation	(376,804)	(3,858,477)	(301,443)	(3,110,897)
Profit before indirect expenses	1,057,755	10,831,408	408,082	4,211,409

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7(a) Other Intangible assets

	Gross block	Intangible assets Software	
		RMB	₹
As at December 31, 2017		764,971	7,512,020
Additions		238,619	2,421,981
Disposal		-	-
Other Adjustments		-	252,441
- Transfer		-	-
As at December 31, 2018		1,003,590	10,186,441
Additions		-	-
Disposal		-	-
Other Adjustments		-	481,723
- Transfer		-	-
As at March 31, 2020		1,003,590	10,668,164
Accumulated depreciation/ amortisation		-	-
As at December 31, 2017		303,035	2,975,808
For the year		131,350	1,355,528
Impairment for the year		-	-
Deduction on sale or discards		-	-
Other Adjustments		-	-
- Exchange variation (Opening Balance restated)		-	100,002
- Restating to Closing rate - Current Year Depreciation		-	(22,329)
As at December 31, 2018		434,385	4,409,008
For the year		206,296	2,112,474
Impairment for the year		-	-
Deduction on sale or discards		-	-
Other Adjustments		-	-
- Exchange variation (Opening Balance restated)		-	208,505
- Restating to Closing rate - Current Year Depreciation		-	80,456
As at March 31, 2020		640,681	6,810,443
Net block		-	-
As at December 31, 2018		569,205	5,777,432
As at March 31, 2020		362,909	3,857,721

Notes to Financial Statements for the 15 months ended 31.03.2020

7(b) Right of use assets

	Leasehold land		Buildings		Total	
	RMB	₹	RMB	₹	RMB	₹
Gross block						
As at 31 December 2018	11,255,927	114,247,662	-	-	11,255,927	114,247,662
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-
- Exchange variation (Op. Bal restated)	-	5,402,845	-	-	-	5,402,845
As at March 31, 2020	11,255,927	119,650,507	-	-	11,255,927	119,650,507
Accumulated depreciation						
As at 31 December 2018	-	-	-	-	-	-
For the year ended	321,458	3,291,729	-	-	321,458	3,291,729
Disposals/ other adjustments	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-
- Exchange variation (Op. Bal restated)	-	-	-	-	-	-
- Restating to Closing rate - CY Depreciation	-	125,369	-	-	-	125,369
As at March 31, 2020	321,458	3,417,098	-	-	321,458	3,417,098
Net block						
As at March 31, 2020	10,934,469	116,233,409	-	-	10,934,469	116,233,409

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8 Other financial assets (Unsecured considered good unless otherwise stated)

	As at March 31, 2020				As at December 31, 2018			
	Long-term		Short-term		Long-term		Short-term	
	RMB	₹	RMB	₹	RMB	₹	RMB	₹
Others	-	-	3,308,015	35,164,201	-	-	79,636	808,302
	-	-	3,308,015	35,164,201	-	-	79,636	808,302

9 Assets for current tax (net) - Current

	As at March 31, 2020		As at December 31, 2018	
Advance Income-tax (net of provision for taxation)	3,933,012	41,807,920	1,527,449	15,503,611
	3,933,012	41,807,920	1,527,449	15,503,611

10 Other assets

	As at March 31, 2020				As at December 31, 2018			
	Non current		Current		Non current		Current	
	RMB	₹	RMB	₹	RMB	₹	RMB	₹
(Unsecured, considered good)								
Prepaid expenses	938,949	9,981,027	670,391	7,126,260	1,385,466	14,062,479	340,334	3,454,387
Capital advance	5,006,714	53,221,371	-	-	-	-	20,892,756	212,061,468
Advances to suppliers	-	-	938,586	9,977,173	-	-	5,824,856	59,122,291
Unamortised portion of leasehold land	-	-	-	-	11,255,927	114,247,662	-	-
	5,945,663	63,202,398	1,608,977	17,103,433	12,641,393	128,310,141	27,057,945	274,638,145

11 Inventories - current

	As at March 31, 2020		As at December 31, 2018	
	RMB	₹	RMB	₹
	Stores, Spares & Chemicals	570,638	6,065,883	1,374,917
Loose tools	2,168,791	23,054,249	2,704,469	27,450,360
Raw Materials and components	9,526,246	101,263,993	13,488,517	136,908,445
Work-in-process	12,971,376	137,885,722	15,145,744	153,729,300
Finished Goods	21,546,492	229,039,210	25,285,389	256,646,698
	46,783,543	497,309,057	57,999,035	588,690,211

12 Trade receivables - current

	As at March 31, 2020		As at December 31, 2018	
	RMB	₹	RMB	₹
	(Unsecured, considered good unless otherwise stated)			
Trade receivables	59,417,130	631,604,091	68,872,730	699,058,206
	59,417,130	631,604,091	68,872,730	699,058,206
Doubtful				
Less : Provision for bad and doubtful debts	-	-	(2,535,619)	(25,736,534)
	59,417,130	631,604,091	66,337,111	673,321,672

13 Cash and bank balances - current

Cash and cash equivalents

Cash on hand	21,365	227,105	43,341	439,910
Balances with banks in current accounts	21,631,951	229,947,639	8,279,701	84,038,963
	21,653,316	230,174,743	8,323,042	84,478,873

Notes to Financial Statements for the 15 months ended 31.03.2020

14 Share capital

	As at March 31, 2020		As at December 31, 2018	
	RMB	₹	RMB	₹
Issued, subscribed and fully paid up				
Equity shares	160,215,065	1,703,086,137	153,320,865	1,556,206,776
	160,215,065	1,703,086,137	153,320,865	1,556,206,776

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

	Nos.	% holding	Nos.	% holding
Sundram International Limited, UK	-	100%	-	100%
Total No. of Shares of the company	-	100%	-	100%

b) Bonus Shares/ Buy Back/ Shares for consideration other than cash issued during the period of five years immediately preceding the financial year ended 31 March 2020:

- (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

c) 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.

	As at 31 December 2020		As at 31 December 2019	
	RMB	₹	RMB	₹
Borrowings	28,430,770	302,219,085	30,793,408	312,553,086
Cash and cash equivalents	(21,653,316)	(230,174,744)	(8,323,042)	(84,478,873)
Capital A	6,777,454	72,044,341	22,470,366	228,074,213
Total equity	204,065,332	2,169,214,509	197,904,206	2,008,727,717
Overall financing B	204,065,332	2,169,214,509	197,904,206	2,008,727,717
Gearing ratio (A/B)	3.32%	3.32%	11.35%	11.35%

d) Dividends

	15 months ended 31 March 2020		Year ended 31 December 2018	
	RMB	₹	RMB	₹
Final dividend declared and paid (for 31 March 2020 / 31 December 2018)				
Dividend	2,855,597	29,241,316	1,777,919	18,348,119
	2,855,597	29,241,316	1,777,919	18,348,119

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Notes to Financial Statements for the 15 months ended 31.03.2020

15 Borrowings

	As at March 31, 2020				As at December 31, 2018			
	Long-term		Short-term		Long-term		Short-term	
	RMB	₹	RMB	₹	RMB	₹	RMB	₹
Secured								
Term loan from banks (refer note below)	24,430,770	259,699,085	4,000,000	42,520,000	28,793,408	292,253,086	2,000,000	20,300,000
(Refer, note b below)								
	24,430,770	259,699,085	4,000,000	42,520,000	28,793,408	292,253,086	2,000,000	20,300,000
Less: Current maturities of long term borrowings	-	-	-	-	-	-	-	-
Total	24,430,770	259,699,085	4,000,000	42,520,000	28,793,408	292,253,086	2,000,000	20,300,000

a) Terms of interest, guarantee and repayment of long term loans

i) An outstanding term loan from bank amounts to RMB 2.44 million equivalent to Rs.25.97 crores (December 31, 2018: RMB 2.88 million equivalent to Rs. 29.23 crores). The loan is secured by land use right, factory buildings, plant and equipments. The interest rate is linked to base Rate + agreed spread p.a.

ii) The Company has working capital facilities of RMB 4 million equivalent to Rs.4.25 crores (December 31, 2018: RMB 2 million equivalent to Rs.2.03 crores). The loan is secured by land use right and factory buildings. The interest rate is linked to base Rate + agreed spread p.a.

16 Liabilities for current tax (net) - current

	As at March 31, 2020		As at December 31, 2018	
	RMB	₹	RMB	₹
	Provision for taxation (net of advance income tax)	3,630,517	38,592,397	3,630,517
	3,630,517	38,592,397	3,630,517	36,849,749

17 Trade payables

	As at March 31, 2020				As at December 31, 2018			
	Long-term		Short-term		Long-term		Short-term	
	RMB	₹	RMB	₹	RMB	₹	RMB	₹
Dues to others	654,633	6,958,751	53,103,082	564,485,757	1,390,824	14,116,851	74,456,026	755,728,665
	654,633	6,958,751	53,103,082	564,485,757	1,390,824	14,116,851	74,456,026	755,728,665

18 Other financial liabilities - current

	As at March 31, 2020		As at December 31, 2018	
	RMB	₹	RMB	₹
	Financial liabilities at fair value through profit or loss			
Interest accrued but not due	-	-	246,755	2,504,565
	-	-	246,755	2,504,565

Notes to Financial Statements for the 15 months ended 31.03.2020

19 Other current liabilities

	As at March 31, 2020		As at December 31, 2018	
Customer advances	7,678	81,617	5,767	58,532
Statutory dues	1,070,945	11,384,144	476,395	4,835,410
	1,078,623	11,465,761	482,162	4,893,942

20 Revenue from operations

	Year ended March 31, 2020		Year ended December 31, 2018	
	RMB	₹	RMB	₹
Sale of goods	262,849,426	2,691,578,121	246,158,311	2,540,353,770
Other operating revenue	4,892,100	50,095,106	3,865,534	39,892,311
Revenue from operations (Gross)	267,741,526	2,741,673,227	250,023,845	2,580,246,081

21 Other Operating Revenue

Scrap Sales	3,457,541	35,405,221	3,156,008	32,570,006
Lease Income	1,434,559	14,689,885	709,526	7,322,305
	4,892,100	50,095,106	3,865,534	39,892,311

22 Other income

Interest Income	54,390	556,953	42,280	436,332
Net foreign exchange gain	441,222	4,518,108	467,113	4,820,606
Miscellaneous Income	8,834,260	90,462,827	1,665,012	17,182,920
Profit on Sale of Assets	-	-	83,818	865,004
	9,329,872	95,537,888	2,258,223	23,304,862

23 Cost of raw materials and components consumed

	As at March 31, 2020		As at December 31, 2018	
	RMB	₹	RMB	₹
Opening stock of raw materials and components	13,488,517	136,908,445	8,164,981	80,180,118
Add: Exchange rate fluctuation on account of average rate transferred to currency translation reserve	-	1,213,967	-	4,082,491
Add : Purchases during the year	120,763,836	1,236,621,677	125,285,769	1,292,949,135
Less: Exchange rate fluctuation on account of average rate transferred to currency translation reserve	-	(3,715,236)	-	2,293,048
Less: Closing stock of raw materials and components	9,526,246	101,263,993	13,488,517	136,908,445
	124,726,107	1,277,195,330	119,962,233	1,238,010,251

24 Changes in inventories of finished goods and work-in-progress

A) Opening Stock:

Work-in-process	15,145,744	153,729,300	9,802,870	96,264,181
Finished goods	25,285,389	256,646,698	21,515,372	211,280,955
Less: Excise duty on finished goods	-	-	-	-
Add / (Less): Exchange rate fluctuation on account of average rate transferred to currency translation reserve	-	3,638,802	-	15,659,121
	40,431,133	414,014,800	31,318,242	323,204,257

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B) Closing Stock:

Work-in-process	12,971,376	137,885,722	15,145,744	153,729,300
Finished goods	21,546,492	229,039,210	25,285,389	256,646,698
Less: Excise duty on finished goods	-	-	-	-
Add / (Less): Exchange rate fluctuation on account of average rate transferred to currency translation reserve	-	(13,461,968)	-	(6,873,293)

34,517,868	353,462,964	40,431,133	403,502,705
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Net decrease in inventories

5,913,265	60,551,836	(9,112,891)	(94,045,033)
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25 Employee benefit expense

Salaries and wages	34,214,588	350,357,378	24,596,702	253,837,961
Contribution to provident and other funds	4,212,940	43,140,506	3,866,465	39,901,921
Staff welfare expenses	5,445,195	55,758,798	4,395,413	45,360,659

43,872,723	44,925,682	32,858,580	339,100,541
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26 Finance costs

Interest expenses	2,386,665	24,439,453	1,327,627	13,701,107
Other borrowing costs	69,787	714,614	57,466	593,051

2,456,452	25,154,067	1,385,093	14,294,158
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27 Depreciation and amortization expense

Depreciation of tangible assets	16,483,024	168,786,165	9,070,586	93,608,452
Amortization of intangible assets	206,296	2,112,474	131,350	1,355,528
Depreciation on right of use assets	321,458	3,291,729	-	-

17,010,778	174,190,368	9,201,936	94,963,980
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28 Other expenses

	As at		As at	
	March 31, 2020		December 31, 2018	
	RMB	₹	RMB	₹
Stores and tools consumed	15,063,263	154,247,813	24,368,509	251,483,009
Power & fuel	11,161,585	114,294,635	8,337,566	86,043,685
Rent	-	-	257,166	2,653,957
Rates & taxes [excluding taxes on Income]	3,651,371	37,390,040	3,035,723	31,328,659
Insurance	423,468	4,336,317	291,835	3,011,742
Repairs and maintenance				
- Building	388,915	3,982,491	736,947	7,605,293
- Plant & Equipment	887,043	9,083,325	1,188,887	12,269,317
- Other assets	292,052	2,990,617	372,274	3,841,867
Sub-contract expenses	15,692,357	160,689,739	19,686,338	203,163,008
Freight & Cartage Inward	1,197,324	12,260,603	1,088,886	11,237,304
Audit fee	185,616	1,900,703	81,984	846,075
Loss on sale of assets	-	-	549,799	5,673,925
Net Foreign exchange loss (net off gain)	1,182,698	12,110,826	-	-
Freight & Cartage Outward	4,631,166	47,423,140	5,175,716	53,413,394
Travel Expenses	2,148,089	21,996,430	1,811,812	18,697,895
Postage & Telecom Expenses	571,522	5,852,385	508,336	5,246,023
Printing and stationery	24,832	254,279	36,110	372,657
Consultancy	1,280,998	13,117,415	801,191	8,268,286

Notes to Financial Statements for the 15 months ended 31.03.2020

Bad debts	816,943	8,365,491	18,266	188,508
Financial Guarantee Expense	410,190	4,200,343	328,332	3,388,383
Miscellaneous expenses	11,438,028	117,125,405	7,012,255	72,366,468
	71,447,460	731,621,997	75,687,932	781,099,455

29 Income Tax

The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of Sundram Fasteners (Zhejiang) Limited at 25% and the reported tax expense in profit or loss are as follows:

Profit or loss section

Accounting profit before tax	11,448,423	116,978,067	22,299,185	230,127,589
Accounting profit before income tax				
At China's statutory income tax rate of 25% (31 December 2018: 25%)	2,862,106	29,244,517	5,574,796	57,531,897
Other adjustments	(234,216)	(2,334,925)	(752,746)	(7,768,335)
	2,627,890	26,909,592	4,822,051	49,763,562

Tax expense comprises of:
Current income tax:

Current income tax charge (net of Minimum alternate tax)	2,627,890	26,909,592	4,822,051	49,763,562
Income tax expense	2,627,890	26,909,592	4,822,051	49,763,562

30 Details of Research and Development Expenditure

Revenue Expenditure				
a) Power consumption	1,275,870	13,064,904	1,026,562	10,594,123
b) Tools & fixture	287,659	2,945,628	931,904	9,617,245
c) Raw material	2,135,120	21,863,633	389,955	4,024,334
d) Manpower-Salary	1,786,216	18,290,855	1,299,161	13,407,337
e) Manpower-Social security	433,390	4,437,916	295,940	3,054,096
f) Depreciation	1,201,836	12,306,798	972,415	10,035,318
g) Other expenses	514,725	5,270,785	-	-
Total	7,634,816	78,180,519	4,915,935	50,732,453

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31 Related party disclosures

Related Parties :

(I) Where Control exists:

(A) Ultimate Holding Company

Sundram Fasteners Ltd

(B) Holding Company

Sundram International Limited, UK

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

Domestic Subsidiaries

1. Sundram Fasteners Investments Ltd., Chennai,
2. TVS Upasana Ltd., Chennai,
3. Sundram Non-Conventional Energy Systems Ltd., Chennai,
4. Sunfast TVS Limited, Chennai
5. TVS Engineering Limited, Chennai
6. TVS Next Limited, Chennai (Formerly TVS Infotech Limited)
7. Cramlington Precision Forge Ltd., Northumberland, United Kingdom,
8. Sundram International Inc, Michigan, USA,
9. TVS Next Inc., Michigan, USA (Formerly TVS Infotech Inc)(Subsidiary of TVS Next Ltd.)

(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	
	RMB	₹	RMB	₹	RMB	₹
Purchases	-	-	-	-	-	-
Goods and Materials	158,034	1,618,273	-	-	-	-
	(114,723)	(1,183,938)	-	-	-	-
Sales	-	-	-	-	-	-
Goods and Materials	191,473	1,960,680	-	-	-	-
	(3,586,853)	(37,016,319)	-	-	-	-
Shares	-	-	-	-	-	-
Dividend Paid	-	-	(2,855,597)	(29,241,316)	-	-
	-	-	(1,777,919)	(18,348,119)	-	-
Outstanding balances	153,408	1,630,729	-	-	-	-
Due to the Company	(826,840)	(8,392,424)	-	-	-	-
Due by the Company	1,063	11,297	-	-	-	-
	(1,029)	(10,449)	-	-	-	-

(Previous year figures are in brackets)

Notes to Financial Statements for the 15 months ended 31.03.2020

32 Disclosure on Financial instrument

	As at 31 March 2020						As at 31 December 2018					
	FVTPL		FVOCI		Amortised Cost		FVTPL		FVOCI		Amortised Cost	
	RMB	₹	RMB	₹	RMB	₹	RMB	₹	RMB	₹	RMB	₹
Financial assets:												
- Trade receivables	-	-	-	-	59,417,130	631,604,091	-	-	-	-	66,337,111	673,321,672
- Cash and cash equivalents	-	-	-	-	21,653,316	230,174,744	-	-	-	-	8,323,042	84,478,873
- Other	-	-	-	-	3,308,015	35,164,201	-	-	-	-	79,636	808,302
Total Financial Assets	-	-	-	-	84,378,461	896,943,036	-	-	-	-	74,739,788	758,608,848
Non-Current liabilities												
Financial liabilities:												
- Borrowings	-	-	-	-	24,430,770	259,699,085	-	-	-	-	28,793,408	292,253,086
- Trade payables	-	-	-	-	-	-	-	-	-	-	-	-
- Others payables	-	-	-	-	-	-	-	-	-	-	-	-
Dues to others	-	-	-	-	654,633	6,958,751	-	-	-	-	1,390,823	14,116,851
	-	-	-	-	25,085,403	266,657,836	-	-	-	-	30,184,230	306,369,937
Current liabilities												
Financial liabilities:												
- Borrowings	-	-	-	-	4,000,000	42,520,000	-	-	-	-	2,000,000	20,300,000
- Trade payables	-	-	-	-	-	-	-	-	-	-	-	-
Dues to others	-	-	-	-	53,103,082	564,485,757	-	-	-	-	74,456,026	755,728,665
- Other financial liabilities	-	-	-	-	-	-	-	-	-	-	246,755	2,504,565
	-	-	-	-	57,103,082	607,005,757	-	-	-	-	76,702,781	778,533,230
Total Financial Liabilities	-	-	-	-	82,188,485	873,663,593	-	-	-	-	106,887,012	1,084,903,167