

Sundram Fasteners (Zhejiang) Limited

CHINA

ANNUAL REPORT

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

[English Translation for Reference Only]

Report of the Auditors

ZHONGLIANXING 2 Shen Zi (2017) No.51

To the Board of Directors of
Sundram Fasteners (Zhejiang) Limited:

We have audited the accompanying financial statements of Sundram Fasteners (Zhejiang) Limited ("the Company"), which comprise the balance sheet as of December 31, 2015, the income statement, the cash flow statement, owner's equity increase-decrease change sheet and the related notes of the year 2016.

1. Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of the financial statements in accordance with the Accounting Standards for Business Enterprises and the "Accounting Systems for Business Enterprises". This responsibility includes: (1) designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error; (2) selecting and applying appropriate accounting policies.

2. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Independent Auditing Standards for Certified Public Accountants. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes assessing the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Sundram Fasteners (Zhejiang) Limited

(Incorporated in People's Republic of China)

3. Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with the Accounting Standards for Business Enterprises and "Accounting Systems for Business Enterprises".

Zhejiang ZhonglianXing CPAs Co., Ltd.

February 16, 2017

BALANCE SHEET
AS AT DECEMBER 31, 2016

(All amounts in Rmb Yuan unless otherwise stated)
[English Translation for Reference Only]

	Notes	December 31,2015	December 31,2016
ASSETS			
Current assets			
Cash at bank and in hand	11	4,102,687.64	17,058,184.00
Notes receivable	12	-	459,297.82
Accounts receivable		35,287,410.83	46,842,475.94
Other receivables		9,393.44	21,525.00
Prepayment to suppliers	12	667,815.61	2,185,993.55
Inventories		29,883,892.01	33,751,733.7
Prepaid expenses		30,783.99	61,556.61
Total current assets		<u>69,981,983.52</u>	<u>100,380,766.62</u>
Fixed assets			
Fixed assets – cost	13	128,826,076.44	128,638,150.67
Less: Accumulated depreciation	13	69,840,253.65	74,412,301.67
Fixed assets – net book value		58,985,822.79	54,225,849.00
Construction in progress	13	-	11,542,678.05
Intangible assets	14	3,455,133.25	12,323,039.29
Long-term prepaid expenses	14	477,506.58	772,139.22
TOTAL ASSETS		<u>132,900,446.14</u>	<u>179,244,472.18</u>
LIABILITIES AND OWNERS' EQUITY			
Current liabilities			
Short-term loans	14	-	-
Notes payable		-	-
Accounts payable	15	20,721,089.82	32,270,649.19
Advances from customers		51,427.19	246,309.32
Accrued payroll	15	1,765,250.68	2,359,264.14
Accrued welfare expenses		-	-
Taxes and dues payable	16	978,953.77	1,805,055.17
Other payables		969,646.16	1,212,601.68
Other Current liabilities		-	-
Total current liabilities		<u>24,486,367.62</u>	<u>37,893,879.50</u>
Long-term loans	16	-	-
Total liabilities		<u>24,486,367.62</u>	<u>37,893,879.50</u>
Owners' equity			
Paid-in capital (USD16,924,239.00)	16	100,477,945.27	126,713,813.77
Surplus reserve		1,213,512.14	1,460,280.00
Undistributed profit	17	6,722,621.11	13,176,498.91
Total owners' equity		<u>108,414,078.52</u>	<u>141,350,592.68</u>
TOTAL LIABILITIES AND OWNERS' EQUITY		<u>132,900,446.14</u>	<u>179,244,472.18</u>

The accompanying notes form an integral part of these financial statements.

Legal representative: Person in charge of accounting Person in charge of
function: accounting department:

CASH FLOW STATEMENT**FOR THE PERIOD FROM JANUARY 1, 2016 TO DECEMBER 31, 2016**

(All amounts in Rmb Yuan unless otherwise stated)

[English Translation for Reference Only]

	2015	2016
1. Cash flows from operating activities		
Cash received from sale of goods or rendering of services	134,505,202.83	140,556,411.69
Refund of tax and levy	-	161,582.35
Cash received relating to other operating activities	1,082,564.46	1,822,156.07
Sub-total of cash inflows	135,587,767.29	142,540,150.11
Cash paid for goods and services	85,310,792.49	96,752,725.04
Cash paid to and on behalf of employees	16,393,033.22	1,871,7036.92
Payments of taxes and levies	9,001,547.04	8,637,950.86
Cash paid relating to other operating activities	5,339,076.40	6,779,970.38
Sub-total of cash outflows	116,044,449.15	130,887,683.2
Net cash flows from operating activities	<u>19,543,318.14</u>	<u>11,652,466.91</u>
2. Cash flows from investing activities		
Net cash received from disposal of fixed assets intangible	-	1,122.33
Cash paid to acquire fixed assets and other long-term assets	1,476,249.44	24,523,637.06
Net cash flows from investing activities		
3. Cash flows from financing activities	<u>(1,476,249.44)</u>	<u>(24,522,514.73)</u>
Cash received from capital contributions		
Cash received from borrowings	-	26,235,868.5
Sub-total of cash inflows	8,000,000.00	9,000,000.00
Cash payments of amounts borrowed	8,000,000.00	35,235,868.5
Cash payments for interest expenses	18,000,000.00	9,000,000.00
Other cash receipts relating to financing activities	7,272,077.44	713,380.04
Sub-total of cash outflows	-	
Net cash flows from financing activities	25,272,077.44	9,713,380.04
	<u>(17,272,077.44)</u>	25,522,488.46
4. Effect of foreign exchange rate changes on cash and cash equivalents		
5. Net increase in cash and cash equivalents	90,450.47	303,055.72
Add: beginning balance of cash and cash equivalents	885,441.73	12,955,496.36
6. Ending balance of cash and cash equivalents	3,217,245.91	4,102,687.64

The accompanying notes form an integral part of these financial statements.

Legal representative:

Person in charge of accounting

function:

Person in charge of
accounting department:

Sundram Fasteners (Zhejiang) Limited

(Incorporated in People's Republic of China)

OWNER'S EQUITY INCREASE/DECREASE CHANGE SHEET

FOR THE PERIOD FROM JANUARY 1, 2016 TO DECEMBER 31, 2016

(All amounts in Rmb Yuan unless otherwise stated)

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ITEM	ROW	2015	2016	ITEM	ROW	2015	2016
I. PAID-IN CAPITAL (CAPITAL STOCK)				III. STATUTORY AND OTHER SURPLUS RESERVE			
Beginning balance	1			Beginning balance	31	1,213,512.14	1,213,512.14
Current period increase	2	100,477,945.27	100,477,945.27	Current period increase	32		246,767.86
Including: Transferred in from capital surplus reserve	3		26,235,868.50	Including: Transferred in from net profit	33		246,767.86
Transferred in from surplus reserve	4			Including: Statutory surplus reserve	34		
Transferred in from profit distribution	5			Other surplus reserve	35		
Capital increase (capital stock)	6			Reserve fund	36		
	7		26,235,868.50	Enterprise development fund	37		246,767.86
	8			Transferred in from statutory welfare reserve	38		
	9			Current period decrease	39		
	10			Including: Recovery of loss	40		
Current period decrease	11			Transferred to capital (capital stock)	41		
	12			Allocating cash dividends or profit	42		
	13			Allocating stock dividends	43		
	14			Ending Balance	44		
Ending Balance	15		126,713,813.77	Including: statutory surplus reserve	45	1,213,512.14	1,460,280.00
II. CAPITAL SURPLUS	16	100,477,945.27		Reserve fund	46		
Beginning balance	17			Enterprise development fund	47		
Current period increase	18			IV. STATUTORY WELFARE RESERVE	48		
Including: Premium on capital (capital stock)	19			Beginning balance	49		
Receive non-cash denote reserve	20			Current period increase	50		
Receive cash denote reserve	21			Including: Transferred in from net profit	51		
Equity investment reserve	22			Current period decrease	52		
Transferred in by appropriation	23			Including: Expenditure for collective welfare	53		
Foreign currency capital translation	24			Ending balance	54		
Other capital surplus	25			V. UNDISTRIBUTED PROFIT	55		
	26			Undistributed profit at the beginning of year	56		
Current period decrease	27			Net profit of current year (net loss presented with "-")	57	10,921,609.18	6,722,621.11
Including: transferred to capital (capital stock)	28			Profit appropriation in current year (including surplus reserve used for recovery of loss)	58	2,467,678.60	7,320,645.66
Ending balance	29			Undistributed profit at the end of year (unrecovered loss: presented with "-")	59	6,666,666.67	866,767.86
	30				60	6,722,621.11	13,176,498.91

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2016 TO DECEMBER 31, 2016

(All amounts in Rmb Yuan unless otherwise stated)

[English Translation for Reference Only]

1 COMPANY BACKGROUND AND PRINCIPAL ACTIVITIES

Sundram Fasteners (Zhejiang) Limited (“the Company”) is a wholly foreign owned enterprise incorporated in Zhejiang province of the People’s Republic of China (“the PRC”) on March 19, 2003 by Sundram Fasteners Limited . The Company has an approved operating period of 50 years. The registered capital is USD 13,000,000.

The Company’s approved scope of business operations includes the production and sale of high-tensile automobile fasteners and spare parts. The Company commenced its commercial operations in May 2004. In the period from January 1, 2016 to December 31, 2016, the principal activities of the Company were production and sale of high-tensile automobile fasteners and other automobile spare parts.

2 BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises and the “Accounting System for Business Enterprises” as promulgated by the Ministry of Finance of the People’s Republic of China.

3 PRINCIPAL ACCOUNTING POLICIES

(a) Accounting period

The Company’s accounting year starts on January 1 and ends on December 31.

(b) Recording currency

The recording currency of the Company is the Renminbi (Rmb).

(c) Basis of accounting and measurement bases

The Company follows the accrual basis of accounting. Assets are initially recorded at actual costs and subsequently adjusted for impairment, if any.

(d) Foreign currency translation

Foreign currency transactions are translated into Rmb at the exchange rates stipulated by the People’s Bank of China (“the stipulated exchange rates”) on the first day of the month in which the transactions take place. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Rmb at the stipulated exchange rates at the balance sheet date. Exchange differences arising from these translations are expensed.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2016 TO DECEMBER 31, 2016**

[All amounts in Rmb Yuan unless otherwise stated]

[English Translation for Reference Only]

3 PRINCIPAL ACCOUNTING POLICIES (continued)

(e) Cash and cash equivalents

For the purposes of the cash flow statement, cash refers to all cash in hand and call deposits. Cash equivalents refer to short-term and high-liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the cash flow statement, restricted bank balances, including time deposits with maturity in excess of three months, and foreign currency deposits that have been placed as collateral with banks, are not included as cash and cash equivalents.

(f) Receivables and provision for bad debts

Accounts receivable

Accounts receivable comprises related-party receivables and receivables from non-related parties ("third-party receivables"). Accounts receivable are presented at actual amounts net of provision for bad debts.

The Company makes provision for bad debts based on an assessment of the recoverability of accounts receivable. Specific provisions are applied to related-party receivables and third-party receivables where events or changes in circumstances indicate that the balances may not be collectible.

Other receivables

The Company analyses the recoverability of other receivables and applies specific provision as necessary.

(g) Inventories

Inventories include raw materials, work in progress, finished goods, semi-finished goods, Goods on instalment, low cost consumables and packaging materials, and are presented at the lower of cost and net realizable value. The cost for raw materials sent out is calculated by weighted average method. The cost of the semi-finished goods and finished goods is calculated by standard costing first, and the differences between the standard cost and actual cost are located to transferred inventories and untransferred inventories at the end of the year. The cost of raw materials includes the purchase cost and taxes such as tariff.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs to completion and the estimated costs necessary to conclude the sale.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2016 TO DECEMBER 31, 2016

(All amounts in Rmb Yuan unless otherwise stated)

[English Translation for Reference Only]

3 PRINCIPAL ACCOUNTING POLICIES (continued)

(h) Fixed assets and depreciation

Fixed assets include buildings, machinery and equipment used in production or rendering of services, held for rental to others, or held for management purposes, which have useful lives of more than one year.

Fixed assets purchased or constructed by the Company are recorded at cost.

Fixed assets are depreciated using the straight-line method to write off the cost of the assets to their estimated residual values over their estimated useful lives. The estimated useful lives, estimated residual values expressed as a percentage of cost and annual depreciation rates are as follows:

	Estimated useful lives	Estimated residual value	Annual depreciation rate
Buildings – Cost	25 years	10%	3.6%
Machinery and equipment	10 years	10%	9%
Office and electronic equipment	5 years	10%	18%
Motor vehicles	5 years	10%	18%

When fixed assets are sold, transferred, disposed of or destroyed, gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the assets, reduced by related taxes and expenses, and are included in non-operating income / expenses.

Repairs and maintenance of fixed assets are expensed as incurred. Subsequent expenditures for major reconstruction, expansion, improvement and renovation are capitalized when it is probable that future economic benefits in excess of the original assessment of performance will flow to the Company. Capitalized expenditures arising from major reconstruction, expansion and improvement are depreciated using the straight-line method over the remaining useful lives of the fixed assets. Capitalized expenditures arising from the renovation of fixed assets are depreciated over the expected beneficial period.

(i) Intangible assets

Intangible assets include Land use rights and Softwares, Land use rights which are amortized on the straight-line basis over approved periods, approved useful lives is 50 years. Softwares are amortized evenly for 10 years.

(j) Long-term prepaid expenses

Long-term prepaid expenses include costs for garden plants, Renovation costs and measuring tools with low value but long-term usage etc, which are amortized on the straight-line basis over three or five years and are presented at cost net of accumulated amortization.

3 PRINCIPAL ACCOUNTING POLICIES (continued)

(k) Impairment of assets

In addition to the recognition of provisions for impairment loss on short-term investments, receivables and inventories, which have been described in their respective accounting policies, individual assets for which there are indications that the carrying values are higher than their recoverable amounts, arising from the occurrence of events or changes in circumstances, are reviewed for impairment. If the carrying value of such assets is higher than the recoverable amount, the excess is recognized as an impairment loss.

The recoverable amount of an individual asset is the higher of its net selling price and its value in use. The net selling price is the amount obtainable from the sale of the asset in an arm's length transaction between knowledgeable and willing parties, after deducting any incremental direct disposal costs. Value in use is the present value of estimated future cash flows expected to be derived from continuing use of the asset and from its disposal at the end of its useful life.

When there is an indication that the need for an impairment provision record in a prior period no longer exists or has decreased, the provision for impairment loss is reversed to the extent of the impairment loss previously recognized.

(l) Borrowings

Borrowings are initially recognized at the amount of the proceeds received. Ancillary costs incurred in connection with the borrowing arrangement are expensed as incurred.

(m) Profit distribution

Profits that are made in the current year are distributed according to the Company Constitution and the decision from the director board.

(n) Revenue recognition

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods are transferred to the buyer, which normally takes place upon delivery of goods.

Interest income is recognized on a time proportion basis taking into account deposit balances and the effective yield; subsidy income is recognized when received.

Rental income is recognized when the rental fee is received according to the lease contract.

(o) Operating leases

Payments made under operating leases are expensed on a straight-line basis over the period of the lease.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2016 TO DECEMBER 31, 2016**

(All amounts in Rmb Yuan unless otherwise stated)

[English Translation for Reference Only]

3 PRINCIPAL ACCOUNTING POLICIES (continued)

(p) Accounting for income taxes

The Company accounts for enterprise income taxes using the tax payable method. Tax expense is recognized based on current period taxable income and tax rates.

4 TAXATION

(a) Enterprise income taxes

The Company the applicable enterprise income tax rate is 25%.

Tax adjustment items, in accordance with tax regulations, are applied to revenue less cost and expenses, as well as gains and losses to arrive at taxable income.

As approved by the tax authorities, the Company is entitled to two years' exemption from income taxes followed by three years of a 50% tax reduction from 2008. On 2012 year, the actual implementation of the tax rate is 12.5%

(b) Value Added Tax

The Company's sales of self-manufactured products are subject to Value Added Tax (VAT). The applicable tax rate for domestic sales is 17%. The Company has been approved to use the "exempt, credit, refund" method on goods exported with a tax refund rate 5% on fasteners and 15% on bearing housing.

Input VAT on purchases of raw materials, fuel, transportation service, equipment, property and intangible assets and accepting modern service industry can be deducted from output VAT. VAT payable is the net difference between output and deductible input VAT.

5 CASH AT BANK AND IN HAND

	December 31, 2015		December 31, 2016	
	Original currency	Recording currency	Original currency	Recording currency
Cash in hand		13,890.51		28,477.04
Including: USD				
Cash at bank		4,088,797.13		17,029,706.96
Including: USD	3,110.33	20,197.24	131,040.55	909,016.09
GBP		-	6.07	51.65
EUR				
		4,102,687.64		17,058,184.00

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2016 TO DECEMBER 31, 2016
(All amounts in Rmb Yuan unless otherwise stated)
[English Translation for Reference Only]

6 ACCOUNTS RECEIVABLE AND PROVISION FOR BAD DEBTS

(1) The ageing analysis of receivable is as follows.

	December 31, 2015	December 31, 2016
Accounts receivable		
Less than 3 months	28,122,259.23	36,955,299.7
3 to 6 months	5,739,900.73	5,441,461.15
More than 6 months	1,425,250.87	5,487,505.61
Less: Specific provisions	-	1,041,790.52
	35,287,410.83	46,842,475.94

(2) The top 5 clients

Company name	balance at the end of the year
Wuxi Cummins Turbo Technologies Co., Ltd	10,125,847.74
Chassis Brakes International (Wuhan) Co., Ltd	7,272,825.08
Caterpillar Undercarriage (Xuzhou) Ltd.	4,608,432.15
Beijing Foton Cummins Engine Co., LTD	3,828,881.32
Caterpillar (Xuzhou) Co. Ltd	1,854,154.34

7 INVENTORIES

	December 31, 2015	December 31, 2016
Material at outside point	-	-
self-manufactured goods	-	-
Goods in transit	4,601,257.4	5,575,071.97
Raw materials	9,196,251.82	9,581,541.04
Work in progress	13,398,601.13	15,736,310.14
Finished goods –at factory	2,687,781.66	2,858,810.55
Supplies for repetitive usage	-	-
Finish goods-at outside point	-	-
Less: Provision for loss on realization of inventories	-	-
	29,883,892.01	33,751,733.7

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2016 TO DECEMBER 31, 2016
 (All amounts in Rmb Yuan unless otherwise stated)
 [English Translation for Reference Only]

8 FIXED ASSETS

	Buildings	Machinery and equipment	Office and electronic equipment	Motor vehicles	Total
Cost					
Beginning balance					
Current period additions	27477499.44	98184976.54	2735039.51	428560.95	128826076.44
Current period decreases		2284615.47	470106.84		2754722.31
Ending balance		2822668.06	119980.02		2942648.08
Accumulated depreciation					
Beginning balance	27477499.44	97646923.95	3085166.33	428560.95	128638150.67
Current period depreciation					
Current period decreases	8922176.44	58318739.91	2315355.48	283981.82	69840253.65
Ending balance	989189.98	5939910.33	83997.00	31332.41	7044429.72
Net book value	-	2364399.09	107982.61		2472381.70
Beginning balance					
Ending balance	9911366.42	61894251.15	2291369.87	315314.23	74412301.67

9、CONSTRUCTION IN PROCESS

	Erection of the equipment	Foundry	Total
Beginning balance	-	-	
Current period additions	13,580,521.59	377,049.70	13,957,571.29
Amount carried forward to fixed assets	2,414,893.24	-	2,414,893.24
Other decreases	-	-	
Ending balance	11,165,628.35	377,049.70	11,542,678.05

Sundram Fasteners (Zhejiang) Limited

(Incorporated in People's Republic of China)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM JANUARY 1, 2016 TO DECEMBER 31, 2016

(All amounts in Rmb Yuan unless otherwise stated)

[English Translation for Reference Only]

10 INTANGIBLE ASSETS

	Land use rights NO1	Land use rights NO2	Software	Total
original cost	3,748,680.00	9,079,271.80	908,439.63	13,736,391.43
Beginning balance	2,811,510.00	-	643,623.25	3,455,133.25
Current period additions	-	9,079,271.80	-	9,079,271.80
Current period amortization	74,973.60	45,548.19	90,843.97	211,365.76
Ending balance	2,736,536.40	9,033,723.61	552,779.28	12,323,039.29

11 LONG-TERM PREPAID EXPENSES

	Bearing housing storage	Measuring tools	Emergency Pool	Total
Beginning balance	121,166.95	17,719.90	-	255,720.01
Current period additions	90,291.26	252,500.00	108,000.00	450,791.26
Current period amortization / write-off	72,243.30	21,928.23	18,000.00	229,004.69
Ending balance	139,214.91	248,291.67	90,000.00	477,506.58

12 SHORT-TERM LOANS

	December 31, 2015	The current borrowing	The current reimbursement	December 31, 2016	Annual interest rate
secured loans	-	9,000,000.00	9,000,000.00	-	5% higher than benchmark interest rate
Mortgage loan	-	9,000,000.00	9,000,000.00	-	5% higher than benchmark interest rate
Including: CNY loan	-	-	-	-	-

The mortgage loan incurred in current year is provided by ICBC Haiyan branch, secured by 78000m² land use right and 26865.57m² factory building as the Mortgage assets. The principal of the loan has been returned by December 31, 2016.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2016 TO DECEMBER 31, 2016
 (All amounts in Rmb Yuan unless otherwise stated)
 [English Translation for Reference Only]

13 ACCOUNTS PAYABLE

(1) The ageing analysis of receivable is as follows.

Accounts payable age	December 31,2015	Ratio	December 31,2016	Ratio
Less than 1 year	20,495,381.82	98.91%	32,004,116.19	99.17%
1 to2 years	-	0.00%	49,825.00	0.16%
2 to 3 years	9,000.00	0.04%	-	0.00%
More than 3 years	216,708.00	1.05%	216,708.00	0.67%
	20,721,089.82	100%	32,270,649.19	100%

(2) The top 5 suppliers

Company name	balance at the end of the year
POSCO SEAH STEEL WIRE (NANTONG) CO.,LTD.	5,090,549.05
CRRC CHANGZHOU AUTO PARTS CO.,LTD	4,689,042.86
SHANGHAI TUO'AN SHIYE CO.,LTD	2,997,110.34
KAO-MENG MACHINERY (TAICANG) CO.,LTD.	2,242,498.39
Cixi Hangzhouwan Electroplating CO.,LTD	1,690,595.06

14 ACCRUED PAYROLL

	Chinese employees	Foreign employees	Total
Beginning balance	1,526,143.18	239,107.50	1,765,250.68
Amount happened in current period	14,343,264.62	760,989.24	15,104,253.86
Amount paid out in current preiod	13,676,437.74	833,802.66	14,510,240.40
Ending balance	2,192,970.06	166,294.08	2,359,264.14

Sundram Fasteners (Zhejiang) Limited

(Incorporated in People's Republic of China)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM JANUARY 1, 2016 TO DECEMBER 31, 2016

(All amounts in Rmb Yuan unless otherwise stated)

[English Translation for Reference Only]

15 TAXES AND DUES PAYABLE

Item	December 31, 2015	December 31, 2016
Corporate income tax	108,091.85	660,446.48
Value-added tax	-157,959.58	85,298.89
Personal income tax	-	-
Real estate tax	190,128.8	190,128.8
Land use tax	624,000.00	624,000.00
Stamp tax	2,258.64	3,722.90
Operating tax	-	-
Urban maintenance and construction tax	-	7,773.79
Educational Surtax	-	4,664.28
The local education surcharge	-	3,109.52
Foundation for water works	9,006.55	-
Housing provident fund	28,519.00	38,062.00
Social security fee	174,908.51	187,848.51
	978,953.77	1,805,055.17

16 Long-term loans

	December 31, 2015	December 31, 2016
Principal	-	-
Interest	-	-

17 PAID-IN CAPITAL

The original registered capital of the company was USD 5,000,000 and it was planned to increase USD 8 million on June 12, 2007, according to the Board of Directors' approval and the modified company regulation. The newly-added registered capital would be contributed by Indian Sundram Fasteners Limited in USD and the registered capital will amount to 13 million after the increase. The paid-in capital is USD 13,000,000, including USD 9,076,000 money transfer and USD 3,924,000 from debt for equity swap. The Haiyan Zhonglianxing CPA Limited has verified USD 13,000,000, Paid-in Capital and issued the Capital Verification Report on April 8, 2009.

**NOTES TO THE FINANCIAL STATEMENTS
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(All amounts in Rmb Yuan unless otherwise stated)

[English Translation for Reference Only]

According to the share purchase agreement on March 15, 2016, Sundram International Limited bought 100% shares of Sundram Fasteners (Zhejiang) Limited originally held by Sundram Fasteners Limited in India paid by equity, which has been approved by the document YanShangWuWaizi [2016] No.16 issued by Haiyan commercial bureau on March 31, 2016. Based on the shareholders' decision on April 30, 2016 and the revised company articles of Association, the company's registered capital has been increased by 7.68 million US dollars to 20.68 million US dollars. The paid-in capital of increased capital is 3924.239 thousand US dollars, especially 3924.239 thousand US dollars of which is paid by spot exchange, and has been verified by Zhejiang Zhonglianxing CPA Limited with a Capital Verification Report No.(2016)21 issued on November 15, 2016.

18 Surplus reserve

	Beginning balance	Increase in current period	Decrease in current period	Ending balance
Reserve fund	1,213,512.14	246,767.86	-	1,460,280.00

19 Undistributed profit

	December 31, 2015	December 31, 2016
Undistributed profit at beginning of the period	10,921,609.18	6,722,621.11
Add: increase in current period	2,467,678.60	7,320,645.66
Including: net profit of current period	2,467,678.60	7,354,806.80
Less: decrease in current period	6,666,666.67	866,767.86
Including: provision for reserve fund	-	246,767.86
Dividend payable to foreign shareholders	6,666,666.67	620,000.00
Undistributed profit at end of the period	6,722,621.11	13,176,498.91

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2016 TO DECEMBER 31, 2016

(All amounts in Rmb Yuan unless otherwise stated)

[English Translation for Reference Only]

In accordance with the "Law of the PRC on Enterprises Operated Exclusively with Foreign Capital" and the Company's Articles of Association, appropriations from net profit would be made to the Reserve Fund and the Staff and Workers' Bonus and Welfare Fund, after offsetting accumulated losses from prior years,

and before profit distributions to the investors. Appropriation of Reserve Fund should not be less than 10% of profit after tax and it can cease to accrue when the accumulated appropriation exceeds 50% of the registered capital. The percentage to be appropriated to the Staff and Workers' Bonus and Welfare Fund is determined by the Board of Directors of the Company.

Upon approval from the Board of Directors, the Reserve Fund can be used to offset accumulated losses or to increase capital; the Staff and Workers' Bonus and Welfare Fund is available to fund payments of special bonuses to staff and for collective welfare benefits.

20 REVENUES AND OPERATION COSTS

	Revenues	operation costs
main operations	130,848,195.4	108,473,743.89
including:		
Fasteners	100,059,396.98	83,500,444.92
Bearing Housing	30,788,798.42	24,973,298.97
other operations		
including:		
Rental	459,795.43	-
Substandard goods	72,359.66	1,109,613.39
Tailings	670,651.94	379,435.58
Disposal on assets	27,687.33	470,266.38
Others	450,292.96	-

21 SELLING AND DISTRIBUTION EXPENSES

	2015	2016
	4,130,160.66	4,747,762.83
Including:		
Freight	553,641.27	664,035.34
Mail	3,225,557.47	3,627,897.00
Mailing fee	12,978.91	7,756.03
Storage fee	294,965.10	439,678.35
handling charge	6,380.94	8,396.11
Travel expense	23,132.20	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2016 TO DECEMBER 31, 2016
 (All amounts in Rmb Yuan unless otherwise stated)
 [English Translation for Reference Only]

22 GENERAL AND ADMINISTRATIVE EXPENSES

	2015	2016
	5,906,877.96	5,500,677.33
Including:		
Pay cost	1,299,697.63	1,516,653.97
Welfare cost	1,271,180.16	1,590,231.51
Amortization of prepaid expenses	152,969.39	132,867.9
Amortization of long- term deferred expenses	34,711.82	50,499.96
Amortization of intangible assets	90,843.97	136,392.16
Tax and dues	850,188.08	847,573.13
Travelling fee	553,985.88	733,674.37
Entertainment fee	125,370.3	157,292.60
Office expenses	337,013.83	372,169.04
Communication fees	285,708.80	270,000.00
Expense for environment protection	123,841.77	384,909.68
Provision for bad debts	-	1,041,790.52

23 FINANCE EXPENSES

	2015	2016
Interest expense	605,410.77	93,380.04
Finance charges	31,261.43	33,414.31
Less: interest income	-20,641.99	-33,416.61
Less: Exchange gains and losses, net	-408,455.31	-303,055.72
	207,574.9	-209,677.98

24 Non-operating income

	2015	2016
	1,062,387.47	1,562,495.28
Including:		
Government subsidy	312,630	1,545,783.94
Compensation income	749,292.47	-
Others	465.00	16,711.34

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2016 TO DECEMBER 31, 2016
(All amounts in Rmb Yuan unless otherwise stated)
[English Translation for Reference Only]

25 Non-operating expenses

	2015	2016
	112,656.34	84,721.07
Including:		
water resource special fund	112,656.34	84,721.07

26 SIGNIFICANT RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(1) Related parties

Name of entity	Registered address	Principal business	Relationship with the Company	Type of enterprise
Sundram Fasteners Limited	Chennai, India	Direct equity investment	Actual controller	Foreign enterprise
SUNDRAM FASTENERS LIMITED AUTOLEC CHENNAI	Chennai, India	Chennai, Bearing housing produce and sales	controlled by the same controller	Foreign enterprise

The shareholder of the company changed to Sundram International Limited registered in UK in March 2016. Sundram International Limited is a wholly owned sub-subsidiary of Sundram Fasteners Limited. Sundram Fasteners Limited, incorporated in India, is the actual controller of the company.

(2) Related party transactions

(a) Pricing policies

The Company's pricing policies on products sold to related parties are based on market prices.

(b) Significant related party transactions

(i) Sales of goods

	2015	2016
Sundram Fasteners Limited	5,538,958.71	2,443,742.24
SUNDRAM FASTENERS LIMITED AUTOLEC CHENNAI	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2016 TO DECEMBER 31, 2016
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 [English Translation for Reference Only]

(ii)	Purchase for materials and intangible assets		
		2015	2016
	Sundram Fasteners Limited	-	23,160.69
	SUNDRAM FASTENERS LIMITED		
	AUTOLEC CHENNAI	-	-
(2)	Related party transactions(continued)		
(c)	Amounts receivable from and payable to related parties		
	Accounts receivable		
		December 31, 2015	December 31,2016
	Sundram Fasteners Limited	3,413,009.02	801,177.65
	SUNDRAM FASTENERS LIMITED		
	AUTOLEC CHENNAI	-	-
	Accounts payable		
		December 31, 2015	December 31,2016
	Sundram Fasteners Limited	-	-
	SUNDRAM FASTENERS LIMITED		
	AUTOLEC CHENNAI	-	-

Sundram Fasteners (Zhejiang) Limited

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TRANSLATED FINANCIAL STATEMENTS

BALANCE SHEET AS AT 31 DECEMBER 2016

	Note	As at 31 December 2016		As at 31 December 2015		As at 1 January 2015	
		RMB	₹	RMB	₹	RMB	₹
ASSETS							
Non-current assets							
Property, plant and equipment	5	48,219,605	472,069,946	52,678,132	536,790,176	59,700,070	607,149,711
Capital work-in-progress	5	11,542,678	113,002,818	-	-	-	-
Investment property	6	6,006,244	58,801,129	6,307,687	64,275,335	6,609,131	67,214,862
Other Intangible assets	7	552,780	5,411,717	661,344	6,739,094	764,971	7,779,760
Other non-current assets	10	12,542,399	122,790,089	3,271,298	33,334,523	3,111,702	31,646,005
		<u>78,863,706</u>	<u>772,075,699</u>	<u>62,918,462</u>	<u>641,139,128</u>	<u>70,185,874</u>	<u>713,790,338</u>
Current assets							
Inventories	11	33,751,734	330,429,473	29,883,892	304,516,860	32,828,126	333,862,045
Financial assets:							
- Trade receivables	12	46,842,475	458,587,839	35,287,411	359,578,716	40,650,011	413,410,607
- Cash and cash equivalents	13	17,058,184	166,999,621	4,102,688	41,806,387	3,217,246	32,719,391
- Others	8	480,823	4,707,256	9,393	95,719	5,985	60,870
Assets for current tax (net)	9	1,108,248	10,849,747	1,108,248	11,293,046	141,329	1,437,313
Other current assets	10	2,247,550	22,003,516	698,600	7,118,730	333,067	3,387,286
		<u>101,489,014</u>	<u>993,577,452</u>	<u>71,090,232</u>	<u>724,409,458</u>	<u>77,175,764</u>	<u>784,877,512</u>
Total assets		<u>180,352,720</u>	<u>1,765,653,151</u>	<u>134,008,694</u>	<u>1,365,548,586</u>	<u>147,361,638</u>	<u>1,498,667,850</u>
EQUITY AND LIABILITIES							
Equity							
Equity Share capital	14	126,713,814	1,240,528,237	100,477,945	1,023,870,262	100,477,945	1,021,860,703
Other equity		14,636,779	143,294,087	7,936,133	80,869,193	12,135,121	123,414,173
Total equity		<u>141,350,593</u>	<u>1,383,822,324</u>	<u>108,414,078</u>	<u>1,104,739,454</u>	<u>112,613,066</u>	<u>1,145,274,876</u>
Liabilities							
Non-current liabilities							
Financial liabilities:							
- Trade payables	17	266,533	2,609,358	225,708	2,299,965	876,512	8,914,132
		<u>266,533</u>	<u>2,609,358</u>	<u>225,708</u>	<u>2,299,965</u>	<u>876,512</u>	<u>8,914,132</u>
Current liabilities							
Financial liabilities:							
- Borrowings	15	-	-	-	-	10,000,000	101,700,000
- Trade payables	17	32,004,116	313,320,298	20,495,382	208,847,941	18,837,693	191,579,331
- Other financial liabilities	18	3,571,866	34,968,566	2,734,897	27,868,599	2,838,304	28,865,547
Other current liabilities	19	1,390,918	13,617,087	922,289	9,398,125	979,724	9,963,789
Current tax liabilities (net)	16	1,768,694	17,315,518	1,216,340	12,394,502	1,216,340	12,370,175
		<u>38,735,594</u>	<u>379,221,469</u>	<u>25,368,908</u>	<u>258,509,167</u>	<u>33,872,060</u>	<u>344,478,842</u>
Total liabilities		<u>38,735,594</u>	<u>379,221,469</u>	<u>25,368,908</u>	<u>258,509,167</u>	<u>33,872,060</u>	<u>344,478,842</u>
Total equity and liabilities		<u>180,352,720</u>	<u>1,765,653,151</u>	<u>134,008,694</u>	<u>1,365,548,586</u>	<u>147,361,638</u>	<u>1,498,667,850</u>

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

TRANSLATED FINANCIAL STATEMENTS

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

	Note	Year ended 31 December 2016		Year ended 31 December 2015	
		RMB	₹	RMB	₹
Revenue from operations	20	132,051,002	1,335,035,634	111,773,502	1,142,325,193
Other income	22	2,046,205	20,687,131	1,555,832	15,900,600
Total Income		<u>134,097,207</u>	<u>1,355,722,764</u>	<u>113,329,334</u>	<u>1,158,225,793</u>
Expenses					
Cost of materials consumed	23	57,675,828	583,102,623	48,985,210	500,628,850
Changes in inventories of finished goods, stock-in-trade and work in progress	24	(2,722,998)	(27,529,512)	1,280,892	13,090,718
Employee benefits expense	25	19,935,711	201,550,037	16,809,005	171,788,028
Finance costs	26	126,794	1,281,891	636,672	6,506,790
Depreciation and amortization expense	27	7,152,993	72,316,766	7,889,519	80,630,886
Other expenses	28	41,795,253	422,550,008	34,445,914	352,037,245
Total expenses		<u>123,963,581</u>	<u>1,253,271,812</u>	<u>110,047,213</u>	<u>1,124,682,515</u>
Profit before tax		<u>10,133,626</u>	<u>102,450,952</u>	<u>3,282,121</u>	<u>33,543,278</u>
Tax expense					
a) Current tax	29	2,812,980	28,439,226	814,443	8,323,604
Profit for the year		<u>7,320,646</u>	<u>74,011,726</u>	<u>2,467,679</u>	<u>25,219,674</u>
Total comprehensive income for the year		<u>7,320,646</u>	<u>74,011,726</u>	<u>2,467,679</u>	<u>25,219,674</u>

(Comprising Profit and Other Comprehensive Income for the year)

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

Sundram Fasteners (Zhejiang) Limited

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TRANSLATED FINANCIAL STATEMENTS

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2016

Particulars	Year ended 31 December 2016		Year ended 31 December 2015	
	RMB	₹	RMB	₹
A. Cash flow from operating activities				
Profit before tax	10,133,626	102,450,959	3,282,121	33,543,274
<i>Adjustments to reconcile net income to net cash provided by operating activities</i>				
Depreciation and amortization	7,152,993	72,316,760	7,889,519	80,630,886
Amortisation of leasehold property	120,522	1,218,475	74,974	766,230
Foreign exchange gain/(loss)	(355,260)	(3,591,676)	(538,413)	(5,502,577)
Interest expense (Net)	126,794	1,281,891	636,672	6,506,790
(Gain) / loss on sale of property and equipment	442,579	4,474,474	-	-
Operating profit before working capital changes	<u>17,621,255</u>	<u>178,150,884</u>	<u>11,344,873</u>	<u>115,944,603</u>
Adjustments for:				
(Decrease)/ increase in Trade payables	11,549,559	116,766,045	1,006,884	10,290,355
(Decrease)/ increase in other current liabilities	1,857,953	18,783,900	(160,841)	(1,643,797)
(Increase)/ decrease in trade receivables	(11,555,065)	(116,821,708)	5,362,600	54,805,769
Decrease/(Increase) in inventories	(3,867,842)	(39,103,879)	2,944,234	30,090,075
(Increase)/ decrease in other current assets	(2,332,733)	(23,583,926)	(1,570,431)	(16,049,801)
Cash from/ (used) in operating activities	<u>13,273,127</u>	<u>134,191,314</u>	<u>18,927,320</u>	<u>193,437,203</u>
Direct taxes paid, net	(2,812,980)	(28,439,226)	(814,443)	(8,323,604)
Net cash from/ (used) in operating activities	<u>10,460,147</u>	<u>105,752,088</u>	<u>18,112,877</u>	<u>185,113,599</u>
B. Cash flow from investing activities				
Purchase of assets (including capital work-in-progress and capital advances)	(23,376,672)	(236,338,156)	(462,510)	(4,726,850)
Proceeds from sale of fixed assets	27,687	279,919	-	-
Proceeds from fresh issue of shares	26,235,869	265,244,633	-	-
Net cash from/ (used) in investing activities	<u>2,886,884</u>	<u>29,186,397</u>	<u>(462,510)</u>	<u>(4,726,850)</u>
C. Cash flow from financing activities				
Proceeds from short-term borrowings	-	-	(10,000,000)	(102,200,000)
Dividend and dividend taxes paid	(620,000)	(6,268,200)	(6,666,667)	(68,133,333)
Foreign exchange gain/(loss)	355,260	3,591,676	538,413	5,502,577
Interest paid to banks and others	(126,794)	(1,281,891)	(636,672)	(6,506,790)
Net cash generated from financing activities	<u>(391,535)</u>	<u>(3,958,415)</u>	<u>(16,764,926)</u>	<u>(171,337,546)</u>
D. Net cash flows during the year	<u>12,955,497</u>	<u>130,980,070</u>	<u>885,442</u>	<u>9,049,203</u>
E. Foreign Currency Translation Reserve Impact on cash flows	-	(5,786,836)	-	37,793
F. Cash and cash equivalents at the beginning	<u>4,102,688</u>	<u>41,806,387</u>	<u>3,217,246</u>	<u>32,719,391</u>
G. Cash and cash equivalents at the end	<u>17,058,184</u>	<u>166,999,621</u>	<u>4,102,688</u>	<u>41,806,387</u>
Cash and cash equivalents comprise of:				
Cash on hand	28,477	278,790	13,891	141,544
Balances with banks in current accounts	17,029,707	166,720,831	4,088,797	41,664,843
Cash and cash equivalents as per note 13	<u>17,058,184</u>	<u>166,999,621</u>	<u>4,102,688</u>	<u>41,806,387</u>

TRANSLATED FINANCIAL STATEMENTS

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

A. Equity Share Capital

Particulars	Notes	RMB	₹
Balance as at 01 January 2015	14	100,477,945	1,021,860,703
Restatement of Opening balance		-	2,009,559
Balance as at 31 December 2015		100,477,945	1,023,870,262
Changes in equity share capital during the year (Including restatement of opening balance)		26,235,869	216,657,975
Balance as at 31 December 2016		126,713,814	1,240,528,237

B. Other Equity

Particulars	Notes	Reserves and Surplus		Accumulated other comprehensive income		Total	
		Retained Earnings		Foreign currency translation reserve		RMB	₹
		RMB	₹	RMB	₹		
Balances as at 31 December 2015		7,936,133	80,743,227	-	125,966	7,936,133	80,869,193
Foreign currency translation difference on opening balance		-	(3,048,487)	-	-	-	(3,048,487)
Profit for the year		7,320,646	74,011,726	-	-	7,320,646	74,011,726
Other comprehensive income		-	-	-	(2,270,145)	-	(2,270,145)
Dividends	14A	(620,000)	(6,268,200)	-	-	(620,000)	(6,268,200)
Balances as at 31 December 2016		14,636,779	145,438,266	-	(2,144,179)	14,636,779	143,294,087

Particulars	Notes	Reserves and Surplus		Accumulated other comprehensive income		Total	
		Retained Earnings		Foreign currency translation reserve		RMB	₹
		RMB	₹	RMB	₹		
Balances as at 31 December 2014		12,135,121	121,012,773	-	2,401,400	12,135,121	123,414,173
Foreign currency translation difference on opening balance		-	2,644,113	-	-	-	2,644,113
Profit for the year		2,467,679	25,219,674	-	-	2,467,679	25,219,674
Other comprehensive income		-	-	-	(2,275,434)	-	(2,275,434)
Dividends	14A	(6,666,667)	(68,133,333)	-	-	(6,666,667)	(68,133,333)
Balances as at 31 December 2015		7,936,133	80,743,227	-	125,966	7,936,133	80,869,193

Sundram Fasteners (Zhejiang) Limited

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TRANSLATED FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

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.

(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.

NOTES TO FINANCIAL STATEMENTS (Contd.)

(iii) Interest income

Interest income is recognised 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.

(i) 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 & Equipment	10 years
Office equipments	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.

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.

TRANSLATED FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS (Contd.)

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.

3.10 Income taxes

Tax expense is recognized in the statement of profit or loss and 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

NOTES TO FINANCIAL STATEMENTS (Contd.)

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 December 2016 has been translated from Renminbi to Indian Rupees by applying the year end interbank exchange rate of RMB 1 = Rs. 9.79 (2015: RMB 1 = 10.19). The incomes and expenses for the year ended 31st December 2016 has been translated from Renminbi to Indian Rupees by applying Average interbank exchange rate RMB 1 = Rs. 10.11 (2015: RMB 1 = 10.22). 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.

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 (Contd.)

5. PROPERTY, PLANT AND EQUIPMENT

Particulars	Tangible Assets									
	Buildings		Plant and Equipment		Office Equipments		Vehicles		Total	
	RMB	₹	RMB	₹	RMB	₹	RMB	₹	RMB	₹
Gross Block										
As at 1 January 2015	19,104,069	194,288,386	97,722,465	993,837,476	2,735,040	27,815,352	428,561	4,358,465	119,990,135	1,220,299,678
Additions	-	-	462,510	4,712,985	-	-	-	-	462,510	4,712,985
Other Adjustments	-	382,081	-	1,954,449	-	54,701	-	8,571	-	2,399,803
As at 31 December 2015	19,104,069	194,670,467	98,184,975	1,000,504,910	2,735,040	27,870,053	428,561	4,367,036	120,452,644	1,227,412,466
Additions	-	-	2,284,615	22,366,385	470,107	4,602,346	-	-	2,754,722	26,968,731
Disposal	-	-	(2,822,666)	(27,633,901)	(119,980)	(1,174,604)	-	-	(2,942,646)	(28,808,505)
Other Adjustments	-	(7,641,628)	-	(39,273,990)	-	(1,094,016)	-	(171,424)	-	(48,181,058)
As at 31 December 2016	19,104,069	187,028,839	97,646,924	955,963,405	3,085,166	30,203,778	428,561	4,195,612	120,264,721	1,177,391,634
Accumulated depreciation/ amortisation										
As at 1 January 2015	6,168,687	62,735,552	51,691,611	525,703,682	2,177,117	22,141,278	252,650	2,569,455	60,290,065	613,149,967
For the year	687,747	7,028,769	6,627,132	67,729,285	138,238	1,412,788	31,332	320,217	7,484,448	76,491,060
Other Adjustments										
- Exchange variation (op bal restated)	-	123,374	-	1,033,832	-	43,542	-	5,053	-	1,205,801
- Restating to Closing Rate - CY Depn		(20,632)		(198,814)		(4,147)		(940)		(224,533)
As at 31 December 2015	6,856,434	69,867,062	58,318,742	594,267,985	2,315,354	23,593,462	283,983	2,893,786	67,774,514	690,622,295
For the year	687,747	6,953,117	5,939,910	60,052,493	83,997	849,210	31,332	316,771	6,742,986	68,171,591
Deduction on sale or discards			(2,364,402)	(23,147,496)	(107,982)	(1,057,140)			(2,472,384)	(24,204,636)
Other Adjustments									-	-
- Exchange variation (Op. Bal restated)		(2,742,574)		(23,327,497)		(926,142)		(113,593)		(27,109,805)
- Restating to Closing rate - CY Depreciation		(220,079)		(1,900,771)		(26,879)		(10,026)		(2,157,756)
As at 31 December 2016	7,544,180	73,857,527	61,894,251	605,944,714	2,291,370	22,432,511	315,315	3,086,937	72,045,116	705,321,688
Net block										
As at 1 January 2015	12,935,382	131,552,834	46,030,854	468,133,794	557,923	5,674,074	175,911	1,789,009	59,700,070	607,149,711
As at 31 December 2015	12,247,636	124,803,406	39,866,233	406,236,925	419,686	4,276,592	144,579	1,473,251	52,678,132	536,790,176
As at 31 December 2016	11,559,889	113,171,312	35,752,673	350,018,691	793,796	7,771,268	113,247	1,108,675	48,219,605	472,069,946
b) Capital Work-in-Progress										
As at 1 January 2015	-	-	-	-	-	-	-	-	-	-
As at 31 December 2015	-	-	-	-	-	-	-	-	-	-
As at 31 December 2016	-	-	11,542,678	113,002,818	-	-	-	-	11,542,678	113,002,818

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NOTES TO FINANCIAL STATEMENTS (Contd.)

6. INVESTMENT PROPERTY

Particulars	Building	
	RMB	₹
Gross block		
As at 01 January 2015	8,373,430	85,157,784
Other adjustments - Exchange differences	-	167,469
As at 31 December 2015	<u>8,373,430</u>	<u>85,325,252</u>
Other adjustments - Exchange differences	-	(3,349,372)
As at 31 December 2016	<u>8,373,430</u>	<u>81,975,880</u>
Accumulated depreciation		
As at 01 January 2015	1,764,299	17,942,921
Depreciation for the period	301,443	3,080,752
- Exchange variation (op bal restated)	-	35,286
- Restating to Closing Rate - CY Depn	-	(9,043)
As at 31 December 2015	<u>2,065,743</u>	<u>21,049,917</u>
Depreciation for the period	301,443	3,047,594
- Exchange variation (op bal restated)	-	(826,297)
- Restating to Closing Rate - CY Depn	-	(96,462)
As at 31 December 2016	<u>2,367,186</u>	<u>23,174,751</u>
Net block		
As at 01 January 2015	6,609,131	67,214,862
As at 31 December 2015	6,307,687	64,275,335
As at 31 December 2016	6,006,244	58,801,129

Information regarding income and expenditure of Investment property	Year ended 31 December 2016		Year ended 31 December 2015	
	RMB	Rs.	RMB	Rs.
Rental income from the investment property	459,795	4,648,532	522,324	5,338,151
Directed expenses that:				
> contribute to the rental income (including repairs and maintenance)	-	-	-	-
Profit before depreciation and indirect expenses	<u>459,795</u>	<u>4,648,532</u>	<u>522,324</u>	<u>5,338,151</u>
Less- Depreciation	(301,443)	(3,047,594)	(301,443)	(3,080,752)
Profit before indirect expenses	<u>158,353</u>	<u>1,600,937</u>	<u>220,882</u>	<u>2,257,399</u>

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NOTES TO FINANCIAL STATEMENTS (Contd.)

7 OTHER INTANGIBLE ASSETS

Particulars	Intangible assets Software	
	RMB	₹
Gross Block		
As at 1 January 2015	1,358,829	13,819,288
Other Adjustments	-	27,177
As at 31 December 2015	1,358,829	13,846,464
Other Adjustments		(543,531)
As at 31 December 2016	1,358,829	13,302,933
Accumulated depreciation/ amortisation		
As at 1 January 2015	593,857	6,039,528
For the year	103,628	1,059,074
- Exchange variation (op bal restated)	-	11,877
- Restating to Closing Rate - CY Depn		(3,109)
As at 31 December 2015	697,485	7,107,370

NOTES TO FINANCIAL STATEMENTS (Contd.)

Particulars	Intangible assets Software	
	RMB	₹
For the year	108,564	1,097,581
- Exchange variation (Op. Bal restated)		(278,994)
- Restating to Closing rate - CY Depreciation		(34,740)
As at 31 December 2016	806,049	7,891,216
Net block		
As at 1 January 2015	764,971	7,779,760
As at 31 December 2015	661,344	6,739,094
As at 31 December 2016	552,780	5,411,717

8 OTHER FINANCIAL ASSETS (UNSECURED CONSIDERED GOOD UNLESS OTHERWISE STATED)

	As at 31 December 2016				As at 31 December 2015				As at 01 January 2015			
	Long-term		Short-term		Long-term		Short-term		Long-term		Short-term	
	RMB	₹	RMB	₹	RMB	₹	RMB	₹	RMB	₹	RMB	₹
Others			480,823	4,707,256			9,393	95,719			5,985	60,870
	-	-	480,823	4,707,256	-	-	9,393	95,719	-	-	5,985	60,870

9 ASSETS FOR CURRENT TAX (NET)

Advance Income-tax (net of provision for taxation)

As at 31 December 2016		As at 31 December 2015		As at 01 January 2015	
RMB	₹	RMB	₹	RMB	₹
1,108,248	10,849,747	1,108,248	11,293,046	141,329	1,437,313
1,108,248	10,849,747	1,108,248	11,293,046	141,329	1,437,313

10 OTHER ASSETS

(Unsecured, considered good)

	As at 31 December 2016				As at 31 December 2015				As at 01 January 2015			
	Non current		Current		Non current		Current		Non current		Current	
	RMB	₹	RMB	₹	RMB	₹	RMB	₹	RMB	₹	RMB	₹
Prepaid expenses	772,139	7,559,244	61,557	602,639	459,787	4,685,226	30,784	313,689	225,217	2,290,452	32,268	328,163
Advances to suppliers	-	-	2,185,994	21,400,877	-	-	667,816	6,805,041	-	-	300,799	3,059,123
Unamortised portion of leasehold land	11,770,260	115,230,845	-	-	2,811,511	28,649,297	-	-	2,886,485	29,355,553	-	-
	12,542,399	122,790,089	2,247,550	22,003,516	3,271,298	33,334,523	698,600	7,118,730	3,111,702	31,646,005	333,067	3,387,286

TRANSLATED FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS (Contd.)

11 INVENTORIES	As at 31 December 2016		As at 31 December 2015		As at 01 January 2015	
	RMB	₹	RMB	₹	RMB	₹
Stores & Spares	984,065	9,634,000	983,661	10,023,501	1,085,048	11,034,934
Stores & Spares in Transit						
Loose tools	2,648,691	25,930,689	2,469,434	25,163,533	2,652,109	26,971,943
Loose tools in transit						
Raw Materials and components	4,801,126	47,003,020	3,835,944	39,088,274	5,215,225	53,038,838
Raw Materials and components in Transit						
Work-in-process	9,581,541	93,803,287	9,196,252	93,709,806	8,565,525	87,111,388
Work-in-process in Transit						
Finished Goods	15,736,310	154,058,476	13,398,601	136,531,746	15,310,220	155,704,941
Finished Goods in Transit						
	<u>33,751,734</u>	<u>330,429,473</u>	<u>29,883,892</u>	<u>304,516,860</u>	<u>32,828,126</u>	<u>333,862,045</u>

a) There is no reversal of any write down that may be recognised as a reduction in the amount of inventories during the year.

b) There have been no circumstances or events that led to the reversal of a write down of inventories.

12 TRADE RECEIVABLES

(Unsecured, considered good unless otherwise stated)

Trade receivables	47,884,266	468,786,969	35,287,411	359,578,716	40,650,011	413,410,607
	<u>47,884,266</u>	<u>468,786,969</u>	<u>35,287,411</u>	<u>359,578,716</u>	<u>40,650,011</u>	<u>413,410,607</u>
Doubtful						-
Less : Provision for bad and doubtful debts	(1,041,791)	(10,199,129)	-	-	-	-
	<u>46,842,475</u>	<u>458,587,839</u>	<u>35,287,411</u>	<u>359,578,716</u>	<u>40,650,011</u>	<u>413,410,607</u>

13 CASH AND BANK BALANCES

Cash and cash equivalents

Cash on hand	28,477	278,790	13,891	141,544	31,205	317,357
Balances with banks in current accounts	17,029,707	166,720,831	4,088,797	41,664,843	3,186,041	32,402,034
	<u>17,058,184</u>	<u>166,999,621</u>	<u>4,102,688</u>	<u>41,806,387</u>	<u>3,217,246</u>	<u>32,719,391</u>

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NOTES TO FINANCIAL STATEMENTS (Contd.)

	As at 31 December 2016		As at 31 December 2015		As at 01 January 2015	
	RMB	₹	RMB	₹	RMB	₹
14 SHARE CAPITAL						
Issued, subscribed and fully paid up						
Equity shares	<u>126,713,814</u>	<u>1,240,528,237</u>	<u>100,477,945</u>	<u>1,023,870,262</u>	<u>100,477,945</u>	<u>1,021,860,703</u>
	<u>126,713,814</u>	<u>1,240,528,237</u>	<u>100,477,945</u>	<u>1,023,870,262</u>	<u>100,477,945</u>	<u>1,021,860,703</u>
a) During the year ended 31 December 2016, the share capital was increased by RMB 2,62,35,868.50						
b) Shareholders holding more than 5% of the aggregate shares in the Company						
	Nos.	% holding	Nos.	% holding	Nos.	% holding
Sundram International Limited, UK		100%				
Sundram Fasteners Limited, Chennai				100%		100%
Total No. of Shares of the company		100%		100%		100%
d) Bonus Shares/ Buy Back/ Shares for consideration other than cash issued during the period of five years immediately preceding the financial year ended 31 December 2016:						
(i) Aggregate number of equity shares allotted as fully paid up pursuant to contracts without payment being received in cash : Nil						
(ii) Aggregate number of equity shares allotted as fully paid up by way of Bonus Shares : Nil						
(iii) Aggregate number of equity shares bought back : Nil						
e) Capital Management						

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk

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

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

	Year ended 31 December 2016		Year ended 31 December 2015		Year ended 01 January 2015	
	RMB	₹	RMB	₹	RMB	₹
14A DIVIDENDS						
Final dividend declared and paid (for 31 December 2016/2015)						
Dividend	<u>620,000</u>	<u>6,268,200</u>	<u>6,666,667</u>	<u>68,133,333</u>	-	-
	<u>620,000</u>	<u>6,268,200</u>	<u>6,666,667</u>	<u>68,133,333</u>	-	-

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NOTES TO FINANCIAL STATEMENTS (Contd.)

	Year ended 31 December 2016		Year ended 31 December 2015	
	RMB	Rs.	RMB	Rs.
20 REVENUE FROM OPERATIONS				
Sale of goods	130,848,195	1,322,875,255	110,628,191	1,130,620,113
Other operating revenue	1,202,807	12,160,379	1,145,311	11,705,080
Revenue from operations (Net)	132,051,002	1,335,035,634	111,773,502	1,142,325,193
21 OTHER OPERATING REVENUE				
Scrap Sales	743,012	7,511,847	622,987	6,366,929
Lease Income	459,795	4,648,532	522,324	5,338,151
	<u>1,202,807</u>	<u>12,160,379</u>	<u>1,145,311</u>	<u>11,705,080</u>
22 OTHER INCOME				
Interest Income	33,417	337,842	20,642	210,961
Miscellaneous Income	2,012,788	20,349,289	1,535,190	15,689,639
	<u>2,046,205</u>	<u>20,687,131</u>	<u>1,555,832</u>	<u>15,900,600</u>
23 COST OF RAW MATERIALS AND COMPONENTS CONSUMED				
Opening stock of raw materials and components	3,835,944	38,781,398	5,215,225	53,299,599
Add : Purchases during the year	58,641,008	592,860,605	47,605,929	486,532,603
Less: Closing stock of raw materials and components	4,801,126	48,539,380	3,835,944	39,203,352
	<u>57,675,828</u>	<u>583,102,623</u>	<u>48,985,210</u>	<u>500,628,850</u>
24 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS				
Finished goods				
Opening stock	13,398,601	135,459,857	15,310,220	156,470,452
Less: Closing stock	15,736,310	159,094,096	13,398,601	136,933,704
	<u>(2,337,709)</u>	<u>(23,634,238)</u>	<u>1,911,619</u>	<u>19,536,748</u>
Work in progress				
Opening stock	9,196,252	92,974,106	8,565,525	87,539,664
Less: Closing stock	9,581,541	96,869,380	9,196,252	93,985,694
	<u>(385,289)</u>	<u>(3,895,274)</u>	<u>(630,727)</u>	<u>(6,446,030)</u>
Net decrease in inventories	(2,722,998)	(27,529,512)	1,280,892	13,090,718
25 EMPLOYEE BENEFITS EXPENSE				
Salaries and wages	15,099,021	152,651,106	12,456,373	127,304,132
Leave travel assistance	-	-	-	-
Contribution to provident and other funds	2,508,550	25,361,443	2,463,053	25,172,401
Staff welfare expenses	2,328,139	23,537,488	1,889,579	19,311,495
	<u>19,935,711</u>	<u>201,550,037</u>	<u>16,809,005</u>	<u>171,788,028</u>
26 FINANCE COSTS				
Interest expenses	93,380	944,072	605,411	6,187,298
Other borrowing costs	33,414	337,819	31,261	319,492
Applicable net loss on foreign currency transactions and translation including borrowing cost	-	-	-	-
	<u>126,794</u>	<u>1,281,891</u>	<u>636,672</u>	<u>6,506,790</u>

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NOTES TO FINANCIAL STATEMENTS (Contd.)

	Year ended 31 December 2016		Year ended 31 December 2015	
	RMB	Rs.	RMB	Rs.
27 DEPRECIATION AND AMORTIZATION EXPENSE				
Depreciation of tangible assets	7,044,429	71,219,185	7,785,891	79,571,812
Amortization of intangible assets	108,564	1,097,581	103,628	1,059,074
	<u>7,152,993</u>	<u>72,316,766</u>	<u>7,889,519</u>	<u>80,630,886</u>
28 OTHER EXPENSES				
Stores and tools consumed	14,147,927	143,035,545	12,440,372	127,140,600
Power & fuel	5,256,488	53,143,094	5,093,090	52,051,377
Rent	120,522	1,218,475	74,974	766,230
Rates & taxes [excluding taxes on Income]	2,894,947	29,267,918	2,998,623	30,645,925
Insurance	143,372	1,449,489	164,168	1,677,801
Repairs and maintenance				
- Building	353,025	3,569,083	177,483	1,813,880
- Plant & Equipment	437,164	4,419,727	462,250	4,724,191
- Other assets	39,355	397,881	66,736	682,040
Sub-contract expenses	10,036,856	101,472,616	7,550,440	77,165,493
Freight & Cartage Inward	453,769	4,587,605	454,984	4,649,936
Audit fee	52,051	526,240	33,113	338,417
Loss on sale of assets	442,579	4,474,474	-	-
Net Foreign exchange loss(net off gain)	(355,260)	(3,591,676)	(538,413)	(5,502,577)
Freight & Cartage Outward	3,182,524	32,175,319	2,776,954	28,380,474
Travel Expenses	733,674	7,417,448	577,118	5,898,147
Postage & Telecom Expenses	270,000	2,729,700	285,709	2,919,944
Printing and stationery	58,010	586,477	-	-
Consultancy	298,817	3,021,040	117,951	1,205,463
Miscellaneous expenses	3,229,432	32,649,552	1,710,362	17,479,904
	<u>41,795,253</u>	<u>422,550,008</u>	<u>34,445,914</u>	<u>352,037,245</u>
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	10,133,626	102,450,952	3,282,121	33,543,278
Accounting profit before income tax				
i) At China's statutory income tax rate of 25% (31 March 2016: 25%)	2,533,407	25,612,738	820,530	8,385,819
Other adjustments	279,573	2,826,488	(6,088)	(62,215)
	<u>2,812,980</u>	<u>28,439,226</u>	<u>814,443</u>	<u>8,323,604</u>
Tax expense comprises of:				
Current income tax:				
Current income tax charge (net of Minimum alternate tax)	2,812,980	28,439,226	814,443	8,323,604
Income tax expense	<u>2,812,980</u>	<u>28,439,226</u>	<u>814,443</u>	<u>8,323,604</u>

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NOTES TO FINANCIAL STATEMENTS (Contd.)

30 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 :

(A) Fellow Subsidiaries

1. Sundram Fasteners Investments Ltd., Chennai,
2. TVS Upasana Ltd., Chennai,
3. Sundram Non-Conventional Energy Systems Ltd., Chennai,
4. Sundram Precision Components Ltd, Chennai.
5. TVS Infotech Ltd., Chennai (from 18.06.2014)
6. TVS Next Private Ltd., Chennai (from 10.04.2016)
7. Cramlington Precision Forge Ltd., Northumberland, United Kingdom,
8. Sundram International Inc, Michigan, USA,
9. Sundram International Limited, UK,
10. TVS Infotech Inc., Michigan, USA (Subsidiary of TVS Infotech Ltd.) (from 18.06.2014)

(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	23,161	234,155	-	-	-	-
						-
Sales						
Goods and Materials	2,443,742	24,706,234	-	-	-	-
	(5,538,959)	(56,608,158)	-	-	-	-
Shares	-	-	26,235,869	256,849,155	-	-
						-
Dividend Paid	620,000	6,268,200	-	-	-	-
	(6,666,667)	(68,133,333)	-	-	-	-
Outstanding balances	801,178	7,843,529	-	-	-	-
Due to the Company						
	(3,413,009)	(34,778,562)	-	-	-	-
(Previous year figures are in brackets)						

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NOTES TO FINANCIAL STATEMENTS (Contd.)

31 DISCLOSURE ON FINANCIAL INSTRUMENT

	As at 31 December 2016				As at 31 December 2015				As at 1 January 2015			
	FVTPL		FVOCI		Amortised Cost		FVTPL		FVOCI		Amortised Cost	
	RMB	₹	RMB	₹	RMB	₹	RMB	₹	RMB	₹	RMB	₹
Financial assets:												
- Trade receivables	-	-	46,842,475	458,587,839	-	-	35,287,411	359,578,716	-	-	40,650,011	413,410,607
- Cash and cash equivalents	-	-	17,058,184	166,999,621	-	-	4,102,688	41,806,387	-	-	3,217,246	32,719,391
- Others	-	-	480,823	4,707,256	-	-	9,393	95,719	-	-	5,985	60,870
Total Financial Assets	-	-	64,381,482	630,294,716	-	-	39,399,492	401,480,823	-	-	43,873,242	446,190,868
Financial liabilities:												
- Borrowings												
- Trade payables												
- Other payables												
Dues to micro and small enterprises												
Dues to others			266,533	2,609,358			225,708	2,299,965			876,512	8,914,132
Provisions												
Deferred tax liabilities (Net)												
Other non-current liabilities												
Liabilities for current tax (net)												
Current liabilities			266,533	2,609,358			225,708	2,299,965			876,512	8,914,132
Financial liabilities:												
- Borrowings	-	-	-	-	-	-	-	-	-	-	10,000,000	101,700,000
- Trade payables												
Dues to others	-	-	32,270,649	315,929,656	-	-	20,721,090	211,147,905	-	-	19,714,205	200,493,463
- Other financial liabilities	-	-	3,571,866	34,968,566	-	-	2,734,897	27,868,599	-	-	2,838,304	28,865,547
Total Financial Liabilities	-	-	35,842,515	350,898,222	-	-	23,455,987	239,016,504	-	-	32,552,509	331,059,009

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NOTES TO FINANCIAL STATEMENTS (Contd.)

32 FIRST TIME ADOPTION OF IND AS

Reconciliation of Equity

Reconciliation of equity as at 1 April 2015 (date of transition to Ind AS) and 31st December 2015

	Foot note	As at 31st December 2015				As at 1st January 2015							
		IGAAP RMB	₹	Adjustments RMB	₹	Ind AS RMB	₹	IGAAP RMB	₹	Adjustments RMB	₹	Ind AS RMB	₹
ASSETS													
Non-current assets													
Property, plant and equipment	(i)	61,797,331	629,714,812	(9,119,200)	(92,924,636)	52,678,132	536,790,176	69,195,686	703,720,129	(9,495,616)	(96,570,418)	59,700,070	607,149,711
Capital work-in-progress		-	-	-	-	-	-	-	-	-	-	-	-
Investment property	(ii)	-	-	6,307,687	64,275,335	6,307,687	64,275,335	-	-	6,609,131	67,214,862	6,609,131	67,214,862
Other Intangible assets		661,344	6,739,094	-	-	661,344	6,739,094	764,971	7,779,760	-	-	764,971	7,779,760
Other non-current assets	(i)	459,787	4,685,226	2,811,511	28,649,297	3,271,298	33,334,523	225,217	2,290,452	2,886,485	29,355,556	3,111,702	31,646,005
		<u>62,918,462</u>	<u>641,139,128</u>	<u>-</u>	<u>-</u>	<u>62,918,462</u>	<u>641,139,128</u>	<u>70,185,874</u>	<u>713,790,341</u>	<u>-</u>	<u>-</u>	<u>70,185,874</u>	<u>713,790,341</u>
Current assets													
Inventories		29,883,892	304,516,860	-	-	29,883,892	304,516,860	32,828,127	333,862,044	-	-	32,828,127	333,862,044
Financial assets													
- Trade receivables		35,287,411	359,578,716	-	-	35,287,411	359,578,716	40,650,011	413,410,607	-	-	40,650,011	413,410,607
- Cash and cash equivalents		4,102,688	41,806,387	-	-	4,102,688	41,806,387	3,217,246	32,719,391	-	-	3,217,246	32,719,391
- Other	(iii)	-	-	9,393	95,719	9,393	95,719	-	-	5,985	60,870	5,985	60,870
Assets for current tax (net)	(iii)	-	-	1,108,248	11,293,046	1,108,248	11,293,046	-	-	141,329	1,437,313	141,329	1,437,313
Other current assets	(iii)	707,993	7,214,449	(9,393)	(95,719)	698,600	7,118,730	339,052	3,448,156	(5,986)	(60,870)	333,067	3,387,286
		<u>69,981,984</u>	<u>713,116,412</u>	<u>1,108,248</u>	<u>11,293,046</u>	<u>71,090,232</u>	<u>724,409,458</u>	<u>77,034,436</u>	<u>783,440,198</u>	<u>141,328</u>	<u>1,437,313</u>	<u>77,175,764</u>	<u>784,877,512</u>
Total assets		<u>132,900,446</u>	<u>1,354,255,544</u>	<u>1,108,248</u>	<u>11,293,046</u>	<u>134,008,694</u>	<u>1,365,548,586</u>	<u>147,220,310</u>	<u>1,497,230,539</u>	<u>141,328</u>	<u>1,437,313</u>	<u>147,361,638</u>	<u>1,498,667,850</u>
EQUITY AND LIABILITIES													
Equity													
Equity Share capital		100,477,945	1,023,870,262	-	-	100,477,945	1,023,870,262	100,477,945	1,021,860,703	-	-	100,477,945	1,021,860,703
Other equity		7,936,133	80,869,193	-	-	7,936,133	80,869,193	12,135,121	123,414,174	-	-	12,135,121	123,414,174
Total equity		<u>108,414,078</u>	<u>1,104,739,455</u>	<u>-</u>	<u>-</u>	<u>108,414,078</u>	<u>1,104,739,455</u>	<u>112,613,066</u>	<u>1,145,274,878</u>	<u>-</u>	<u>-</u>	<u>112,613,066</u>	<u>1,145,274,878</u>
Liabilities													
Non-current liabilities													
Financial liabilities													
- Trade payables		-	-	-	-	-	-	-	-	-	-	-	-
- Other payables		-	-	-	-	-	-	-	-	-	-	-	-
Dues to micro and small enterprises		-	-	-	-	-	-	-	-	-	-	-	-
Dues to others		225,708	2,299,965	-	-	225,708	2,299,965	876,512	8,914,132	-	-	876,512	8,914,132
Provisions		-	-	-	-	-	-	-	-	-	-	-	-
		<u>225,708</u>	<u>2,299,965</u>	<u>-</u>	<u>-</u>	<u>225,708</u>	<u>2,299,965</u>	<u>876,512</u>	<u>8,914,132</u>	<u>-</u>	<u>-</u>	<u>876,512</u>	<u>8,914,132</u>
Current liabilities													
Financial liabilities													
- Borrowings		-	-	-	-	-	-	10,000,000	101,700,000	-	-	10,000,000	101,700,000
- Trade payables		-	-	-	-	-	-	-	-	-	-	-	-
Dues to micro and small enterprises		-	-	-	-	-	-	-	-	-	-	-	-
Dues to others		20,495,382	208,847,941	-	-	20,495,382	208,847,941	18,837,693	191,579,331	-	-	18,837,693	191,579,331
- Other financial liabilities	(iii)	-	-	2,734,897	27,868,599	2,734,897	27,868,599	-	-	2,838,304	28,865,547	2,838,304	28,865,547
Other current liabilities	(iii)	3,765,278	38,368,180	(2,842,989)	(28,970,055)	922,289	9,398,125	4,893,038	49,762,198	(3,913,315)	(39,798,409)	979,724	9,963,789
Current tax liabilities (net)	(iii)	-	-	1,216,340	12,394,502	1,216,340	12,394,502	-	-	1,216,340	12,370,175	1,216,340	12,370,175
Total liabilities		<u>24,260,660</u>	<u>247,216,121</u>	<u>1,108,248</u>	<u>11,293,046</u>	<u>25,368,908</u>	<u>258,509,167</u>	<u>33,730,732</u>	<u>343,041,529</u>	<u>141,328</u>	<u>1,437,313</u>	<u>33,872,060</u>	<u>344,478,842</u>
Total equity and liabilities		<u>132,900,446</u>	<u>1,354,255,544</u>	<u>1,108,248</u>	<u>11,293,046</u>	<u>134,008,694</u>	<u>1,365,548,586</u>	<u>147,220,310</u>	<u>1,497,230,539</u>	<u>141,328</u>	<u>1,437,313</u>	<u>147,361,638</u>	<u>1,498,667,850</u>

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NOTES TO FINANCIAL STATEMENTS (Contd.)

Reconciliation of profit or loss for the year ended 31 December 2015

	IGAAP		Adjustments		Ind AS	
	RMB	Rs.	RMB	Rs.	RMB	Rs.
Revenue from operations	111,773,502	1,142,325,193	-	-	111,773,502	1,142,325,193
Other income	1,555,832	15,900,600	-	-	1,555,832	15,900,600
Total Income	113,329,334	1,158,225,793	-	-	113,329,334	1,158,225,793
Expenses						
Cost of materials consumed	48,985,210	500,587,470	-	41,379	48,985,210	500,628,850
Changes in inventories of finished goods, stock-in-trade and work in progress	1,280,892	13,052,291	-	38,427	1,280,892	13,090,718
Employee benefits expense	16,809,005	171,788,028	-	-	16,809,005	171,788,028
Finance costs	98,260	1,004,213	538,412	5,502,576	636,672	6,506,790
Depreciation and amortization expense	7,964,493	81,397,116	(74,974)	(766,230)	7,889,519	80,630,886
Other expenses	34,909,353	356,773,591	(463,439)	(4,736,346)	34,445,914	352,037,245
Total expenses	110,047,213	1,124,602,709	-	79,806	110,047,213	1,124,682,515
Profit before tax	3,282,121	33,623,084	-	(79,806)	3,282,121	33,543,278
Tax expense						
a) Current tax	814,443	8,323,604	-	-	814,443	8,323,604
Profit for the year	2,467,679	25,299,480	-	(79,806)	2,467,679	25,219,674
Total comprehensive income for the year	2,467,679	25,299,480	-	(79,806)	2,467,679	25,219,674

(Comprising Profit and Other Comprehensive Income for the year)

Footnotes to the reconciliations

i) Property, plant and equipment

The amount paid (net of amortisation) to acquire the rights of leasehold land were disclosed under Property, plant and equipment under IGAAP, however under Ind AS the same has been evaluated to be operating lease based on the terms and conditions of the lease agreement and hence disclosed under Other non-current assets as Unamortised portion of leasehold land. The amortisation of these assets is recognised as rental expenses over the period of lease.

ii) Investment Property

Under the previous GAAP, investment properties were presented as part of Property, plant and equipments. However under Ind AS, Investment properties are required to be presented separately on the face of the balance sheet. There is no impact on the total equity or profit as a result of this adjustment.

iii) Reclassification of items in accordance with Ind AS

Current liabilities under IGAAP have been reclassified to:

- Other financial assets
- Other current assets
- Assets for current tax

Current liabilities under IGAAP have been reclassified to:

- Other financial liabilities
- Other current liabilities
- Current tax liabilities

