

Sundram Fasteners (Zhejiang) Limited

CHINA

ANNUAL REPORT

**for the year ended
March 31, 2021**

Sundram Fasteners (Zhejiang) Limited

(Incorporated in People's Republic of China)

Balance Sheet as at March 31, 2021

	Note	As at		As at	
		March 31, 2021 (12 Months)	March 31, 2020 (15 Months)	RMB	₹
ASSETS					
Non-current assets					
Property, plant and equipment	5	139,821,508	1,557,503,501	129,805,165	1,379,828,949
Capital work-in-progress	5	11,860,068	132,121,163	2,184,204	23,218,083
Investment property	6	4,725,111	52,637,716	5,026,554	53,432,255
Other Intangible assets	7 (a)	197,960	2,205,270	362,909	3,857,721
Right of Use of Assets	7 (b)	10,677,303	118,945,155	10,934,469	116,233,409
Other non-current assets	10	15,600,872	173,793,719	5,945,663	63,202,397
		182,882,822	2,037,206,524	154,258,964	1,639,772,814
Current assets					
Inventories	11	68,391,093	761,876,772	46,783,543	497,309,057
Financial assets:					
- Trade receivables	12	98,460,230	1,096,846,961	59,417,130	631,604,091
- Cash and cash equivalents	13	5,794,775	64,553,789	21,653,316	230,174,744
- Others	8	194,823	2,170,332	3,308,015	35,164,201
Assets for current tax (net)	9	3,413,947	38,031,370	3,933,012	41,807,920
Other current assets	10	618,137	6,886,055	1,608,977	17,103,433
		176,873,005	1,970,365,279	136,703,993	1,453,163,446
Total assets		359,755,827	4,007,571,803	290,962,957	3,092,936,260
EQUITY AND LIABILITIES					
Equity					
Equity Share capital	14	160,215,065	1,784,795,820	160,215,065	1,703,086,137
Other equity		32,358,989	360,371,035	43,850,267	466,128,372
Total equity		192,574,054	2,145,166,855	204,065,332	2,169,214,509
Liabilities					
Non-current liabilities					
Financial liabilities:					
- Borrowings	15	43,287,180	482,219,185	24,430,770	259,699,085
- Trade payables					
- Dues to others	17	101,875	1,134,892	654,633	6,958,751
		43,389,055	483,354,077	25,085,403	266,657,836
Current liabilities					
Financial liabilities:					
- Borrowings	15	31,000,000	345,340,000	4,000,000	42,520,000
- Trade payables					
- Dues to others	17	86,150,114	959,712,272	53,103,082	564,485,757
Other current liabilities	19	988,344	11,010,140	1,078,623	11,465,761
Current tax liabilities (net)	16	5,654,260	62,988,459	3,630,517	38,592,397
		123,792,718	1,379,050,871	61,812,222	657,063,915
Total liabilities		167,181,773	1,862,404,948	86,897,625	923,721,751
Total equity and liabilities		359,755,827	4,007,571,803	290,962,957	3,092,936,260

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 Year ended March 31, 2021

	Note	Year ended		15 Months ended	
		March 31, 2021 (12 Months)		March 31, 2020 (15 Months)	
		RMB	₹	RMB	₹
Revenue from operations	20	273,000,625	2,994,816,858	267,741,526	2,741,673,227
Other income	22	5,618,181	61,631,445	9,329,872	95,537,888
Total Income		278,618,806	3,056,448,303	277,071,398	2,837,211,115
Expenses					
Cost of materials consumed	23	114,428,901	1,255,285,044	124,726,107	1,277,195,330
Changes in inventories of finished goods, stock-in-trade and work in progress	24	(13,877,743)	(152,238,846)	5,913,265	60,551,836
Employee benefit expense	25	48,725,865	534,522,737	43,872,723	449,256,682
Finance costs	26	2,517,747	27,619,689	2,456,452	25,154,067
Depreciation and amortization expense	27	15,657,066	171,758,020	17,010,778	174,190,368
Other expenses	28	87,819,762	963,382,792	71,447,460	731,621,997
Total expenses		255,271,598	2,800,329,436	265,426,785	2,717,970,280
Profit before tax		23,347,208	256,118,867	11,644,613	119,240,835
Tax expense					
Current tax	29	4,122,759	45,226,665	2,627,890	26,909,592
Profit for the year		19,224,449	210,892,202	9,016,723	92,331,243
Other comprehensive income					
i) Items that will be reclassified to profit or loss			(4,464,457)		5,071,718
Total comprehensive income for the year		19,224,449	206,427,745	9,016,723	97,402,961

(Comprising Profit and Other Comprehensive Income for the year)

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

Statements of Changes in Equity for the Year ended March 31, 2021

A. Equity Share Capital

Particulars	RMB	₹
Balance at the 31 December 2018	153,320,865	1,505,610,891
Changes in equity share capital during the year (Including restatement of opening balance)	6,894,200	197,475,246
Balance at the 31 December 2020	160,215,065	1,703,086,137
Changes in equity share capital during the year (Including restatement of opening balance)	-	81,709,683
Transferred from Retained earnings to Share capital	-	-
Balance as at March 31, 2021	160,215,065	1,784,795,820

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	₹
Balances 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
Transfer during the year	(6,894,200)	(73,285,346)	-	-	-	-	-	-	(6,894,200)	(73,285,346)
Capital Premium	(2,855,597)	(29,241,316)	-	-	-	-	-	-	(2,855,597)	(29,241,316)
Dividends	-	-	-	-	-	-	-	-	-	-
Balances 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	466,128,371

Particulars	Reserves and Surplus				Accumulated other comprehensive income		Deemed Equity		Total	
	Retained Earnings		Capital Reserve		Foreign currency translation reserve					
	RMB	₹	RMB	₹	RMB	₹	RMB	₹	RMB	₹
Balances 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	466,128,371
Foreign currency translation difference on opening balance	-	23,866,979	-	17,288	-	-	-	882,205	-	24,766,472
Profit for the year	19,224,449	210,892,202	-	-	-	-	-	-	19,224,449	210,892,202
Other comprehensive income	-	-	-	-	-	(4,464,457)	-	-	-	(4,464,457)
Transferred from Retained earnings to Share capital	-	-	-	-	-	-	-	-	-	-
Dividends	(30,715,727)	(336,951,553)	-	-	-	-	-	-	(30,715,727)	(336,951,553)
Adjusted Profit	-	-	-	-	-	-	-	-	-	-
Balances at March 31, 2021	30,595,278	342,784,881	33,898	377,628	-	(2,061,594)	1,729,813	19,270,120	32,358,989	360,371,035

Sundram Fasteners (Zhejiang) Limited

(Incorporated in People's Republic of China)

Cash Flow Statement for the Year ended March 31, 2021

Particulars	Year ended		15 Months ended	
	March 31, 2021 (12 Months)		March 31, 2020 (15 Months)	
	RMB	₹	RMB	₹
A. Cash flows from operating activities				
Profit before tax	23,347,208	256,118,867	11,644,613	119,240,835
<i>Adjustments to reconcile net income to net cash provided by operating activities</i>				
Depreciation and amortization	15,399,900	168,936,906	16,689,320	170,898,639
Depreciation on right of use assets	257,166	2,821,115	321,458	3,291,729
Foreign exchange (gain)/loss	(834,752)	(9,157,230)	(441,222)	(4,518,108)
Finance guarantee expenses	328,332	3,601,799	410,190	4,200,343
Interest expense (Net)	2,517,747	27,619,690	2,456,452	25,154,068
(Gain) / loss on sale of property and equipment	61,756	677,459	-	-
Interest received	(46,359)	(508,554)	(54,390)	(556,953)
Operating profit before working capital changes	41,030,998	450,110,052	31,026,421	317,710,553
Adjustments for:				
(Decrease) / increase in Trade payables	32,494,276	356,462,191	(21,842,380)	(223,665,967)
(Decrease) / increase in other current liabilities	(90,280)	(990,371)	349,706	3,580,989
(Increase) / decrease in financial assets	(35,929,904)	(394,151,094)	6,919,981	70,860,602
Decrease / (Increase) in inventories	(21,607,550)	(237,034,825)	11,215,493	114,846,647
(Increase) / decrease in other current assets	332,328	3,645,640	(1,041,403)	(10,663,966)
Cash from / (used) in operating activities	16,229,860	178,041,593	26,627,818	272,668,858
Direct taxes paid, net	(1,579,951)	(17,332,059)	(2,627,890)	(26,909,592)
Net cash from / (used) in operating activities	14,649,909	160,709,534	23,999,928	245,759,266
B. Cash flow from investing activities				
Purchase of assets (including capital work-in-progress and capital advances)	(44,221,361)	(485,108,330)	(3,243,825)	(33,216,766)
Proceeds from sale of fixed assets	208,864	2,291,239	-	-
Interest received	46,359	508,554	54,390	556,953
Net cash from / (used) in investing activities	(43,966,138)	(482,308,537)	(3,189,435)	(32,659,813)
C. Cash flow from financing activities				
Proceeds from Long-term borrowings	18,856,410	206,854,818	(4,362,638)	(44,673,408)
Proceeds from Short-term borrowings	27,000,000	296,190,000	2,000,000	20,480,000
Dividend and dividend taxes paid	(30,715,727)	(336,951,520)	(2,855,597)	(29,241,316)
Foreign exchange gain / (loss)	834,752	9,157,230	441,222	4,518,108
Interest paid to banks and others	(2,517,747)	(27,619,690)	(2,703,207)	(27,680,840)
Net cash generated from financing activities	13,457,688	147,630,838	(7,480,220)	(76,597,456)
D. Net cash flows during the year	(15,858,541)	(173,968,165)	13,330,274	136,501,997
E. Foreign Currency Translation Reserve Impact on cash flows	-	8,347,210	-	9,193,874
F. Cash and cash equivalents at the beginning	21,653,316	230,174,744	8,323,042	84,478,873
G. Cash and cash equivalents at the end	5,794,775	64,553,789	21,653,316	230,174,744
Cash and cash equivalents comprise of:				
Cash on hand	27,224	303,278	21,365	227,105
Balances with banks in current accounts	5,767,551	64,250,511	21,631,951	229,947,639
Cash and cash equivalents as per note 20	5,794,775	64,553,789	21,653,316	230,174,744

This is the statement of cash flows referred to in our report of even date

Notes to Financial Statements for Year ended March 31, 2021

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.

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.

Summary of accounting policies

Overall considerations

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

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.

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.

(iii) Interest income

Interest income is recongnized 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.

Notes to Financial Statements for Year ended March 31, 2021 (Contd.)

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:

Intangible assets

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

Leases

Operating leases

All leases entered into are operating leases.

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.

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.

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:

Sundram Fasteners (Zhejiang) Limited

(Incorporated in People's Republic of China)

Notes to Financial Statements for Year ended March 31, 2021 (Contd.)

- 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.

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.

Raw materials

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

Work in process and Finished Goods

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

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.

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%.

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.

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.

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

Notes to Financial Statements for Year ended March 31, 2021 (Contd.)

banks in current accounts and other short-term highly liquid investments with original maturities of 3 months or less, as applicable.

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.

Accounting for effect of change in foreign exchange rates

The Assets and Liabilities as at 31st March 2021 has been translated from Renminbi to Indian Rupees by applying the year end interbank exchange rate of RMB 1 = ₹ 11.14 (31st March 2020: RMB 1 = 10.63). The incomes and expenses for the 12 months ended 31st March 2021 has been translated from Renminbi to Indian Rupees by applying Average interbank exchange rate RMB 1 = ₹ 10.97 (31st March 2020: RMB 1 = 10.24). 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.

Significant management judgment in applying accounting policies and estimation of uncertainty

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

Significant management judgment

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

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.

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.

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.

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.

Notes to Financial Statements for the year ended March 31, 2021 (Contd.)
5 PROPERTY, PLANT AND EQUIPMENT

Gross block	Buildings		Plant and Equipment		Office Equipments		Vehicles		Total	
	RMB	₹	RMB	₹	RMB	₹	RMB	₹	RMB	₹
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			21,523,469	228,794,482
Disposal										
Other Adjustments		20,028,607		51,819,213		1,188,907		84,437		73,121,164
As at 31 March 2020	41,726,264	443,550,187	128,558,637	1,366,578,325	3,398,416	36,125,153	175,910	1,869,928	173,859,226	1,848,123,592
Additions	-	-	24,438,231	272,241,889	782,236	8,714,114			25,220,467	280,956,003
Disposal	-	-	(906,764)	(10,101,351)	-	-	-	-	(906,764)	(10,101,351)
Other Adjustments	-	21,280,395	-	65,564,905	-	1,733,192	-	89,714	-	88,668,206
As at 31 March 2021	41,726,264	464,830,582	152,090,104	1,694,283,768	4,180,652	46,572,459	175,910	1,959,643	198,172,929	2,207,646,450
Accumulated depreciation/ amortisation										
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 - CY 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	44,054,061	469,294,643
For the year	1,720,048	18,868,930	12,572,171	137,916,721	641,289	7,034,925	-	-	14,933,507	163,820,576
Deduction on sale or discards	-	-	(636,147)	(6,978,536)	-	-	-	-	(636,147)	(6,978,536)
Other Adjustments										
- Restating - Opening Balance	-	2,767,375	-	19,106,958	-	525,379	-	67,859	-	22,467,571
- Restating to Closing rate - CY Depreciation	-	292,407	-	2,137,269	-	109,019	-	-	-	2,538,695
As at 31 March 2021	7,146,274	79,609,493	49,400,648	550,431,373	1,671,443	18,619,945	133,056	1,482,238	58,351,421	650,142,949
Net block										
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	129,805,165	1,379,828,949
As at 31 March 2021	34,579,990	(18,868,930)	102,689,456	134,325,168	2,509,211	1,679,189	42,854	-	139,821,508	1,557,503,501
b) Capital Work-in-Progress										
As at 31 March 2020	-	-	2,184,204	23,218,083	-	-	-	-	2,184,204	23,218,083
As at Mar 31, 2021	-	-	11,860,068	132,121,163	-	-	-	-	11,860,068	132,121,163

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

Notes to Financial Statements for the year ended March 31, 2021 (Contd.)

6 INVESTMENT PROPERTY

	Building		Total	
	RMB	₹	RMB	₹
Gross block				
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
Additions	-	-	-	-
Disposals	-	-	-	-
Other adjustments - Exchange differences	-	3,370,657	-	3,370,657
As at March 31, 2021	6,609,131	73,625,720	6,609,131	73,625,720
Accumulated depreciation				
As at December 31, 2018	1,205,773	12,238,606	1,205,773	12,238,606
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 Deprn		146,954		146,954
As at March 31, 2020	1,582,577	16,822,808	1,582,577	16,822,808
Depreciation for the period	301,443	3,306,835	301,443	3,306,835
- Exchange variation (op bal restated)		807,115		807,115
- Restating to Closing Rate - CY Deprn		51,246		51,246
As at March 31, 2020	1,884,020	20,988,004	1,884,020	20,988,004
Net block				
As at March 31, 2020	5,026,554	53,432,255	5,026,554	53,432,255
As at March 31, 2021	4,725,111	52,637,716	4,725,111	52,637,716

Notes to Financial Statements for the year ended March 31, 2021 (Contd.)

7(a) OTHER INTANGIBLE ASSETS

	Gross block	Intangible assets Software	
		RMB	₹
As at December 31, 2018		1,003,590	10,186,441
Additions		-	-
Disposal		-	-
Other Adjustments			481,723
As at March 31, 2020		1,003,590	10,668,164
Additions		-	-
Disposal		-	-
Other Adjustments			511,831
As at March 31, 2021		1,003,590	11,179,995
Accumulated depreciation / amortisation			
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 (Op. Bal restated)		-	208,505
- Restating to Closing rate - CY Depreciation		-	80,456
As at March 31, 2020		640,681	6,810,443
For the year		164,949	1,809,494
Impairment for the year		-	-
Deduction on sale or discards		-	-
Other Adjustments			
- Exchange variation (Op. Bal restated)		-	326,747
- Restating to Closing rate - CY Depreciation		-	28,041
As at March 31, 2021		805,630	8,974,725
Net block			
As at March 31, 2020		362,909	3,857,721
As at March 31, 2021		197,960	2,205,270

Sundram Fasteners (Zhejiang) Limited

(Incorporated in People's Republic of China)

Notes to Financial Statements for the year ended March 31, 2021 (Contd.)

7(b) RIGHT OF USE ASSETS

	Leasehold land		Buildings		Total	
	RMB	₹	RMB	₹	RMB	₹
Gross block						
As at December 31, 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
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-
- Exchange variation (Op. Bal restated)	-	5,740,523	-	-	-	5,740,523
As at March 31, 2021	11,255,927	125,391,030	-	-	11,255,927	125,391,030
Accumulated depreciation						
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
For the year ended	257,166	2,821,115	-	-	257,166	2,821,115
Disposals/ other adjustments	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-
- Exchange variation (Op. Bal restated)	-	163,944	-	-	-	163,944
- Restating to Closing rate - CY Depreciation	-	43,718	-	-	-	43,718
As at March 31, 2021	578,624	6,445,875	-	-	578,624	6,445,875
Net block						
As at March 31, 2020	10,934,469	116,233,409	-	-	10,934,469	116,233,409
As at March 31, 2021	10,677,303	118,945,155	-	-	10,677,303	118,945,155

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

	As at March 31, 2021				As at March 31, 2020			
	Long-term		Short-term		Long-term		Short-term	
	RMB	₹	RMB	₹	RMB	₹	RMB	₹
Others	-	-	194,823	2,170,332	-	-	3,308,015	35,164,201
	-	-	194,823	2,170,332	-	-	3,308,015	35,164,201

Notes to Financial Statements for the year ended March 31, 2021 (Contd.)

9 ASSETS FOR CURRENT TAX (NET) - CURRENT	As at March 31, 2021		As at March 31, 2020	
	RMB	₹	RMB	₹
Advance Income-tax (net of provision for taxation)	3,413,947	38,031,370	3,933,012	41,807,920
	3,413,947	38,031,370	3,933,012	41,807,920

10 OTHER ASSETS (Unsecured, considered good)	As at March 31, 2021				As at March 31, 2020			
	Non current		Current		Non current		Current	
	RMB	₹	RMB	₹	RMB	₹	RMB	₹
Prepaid expenses	1,269,129	14,138,095	618,137	6,886,055	938,949	9,981,027	670,391	7,126,260
Capital advance	14,331,744	159,655,624	-	-	5,006,714	53,221,371	-	-
Advances to suppliers	-	-	-	-	-	-	938,586	9,977,173
Unamortised portion of leasehold land	-	-	-	-	-	-	-	-
	15,600,872	173,793,719	618,137	6,886,055	5,945,663	63,202,398	1,608,977	17,103,433

11 INVENTORIES - CURRENT	As at March 31, 2021		As at March 31, 2020	
	RMB	₹	RMB	₹
Stores, Spares & Chemicals	2,124,381	23,665,605	570,638	6,065,883
Loose tools	2,261,556	25,193,734	2,168,791	23,054,249
Raw Materials and components	15,609,545	173,890,327	9,526,246	101,263,993
Work-in-progress	17,315,386	192,893,397	12,971,376	137,885,722
Finished Goods	31,080,225	346,233,709	21,546,492	229,039,210
	68,391,093	761,876,772	46,783,543	497,309,057

12 TRADE RECEIVABLES - CURRENT (Unsecured, considered good unless otherwise stated)	As at March 31, 2021		As at March 31, 2020	
	RMB	₹	RMB	₹
Trade receivables	98,460,230	1,096,846,961	59,417,130	631,604,091
	98,460,230	1,096,846,961	59,417,130	631,604,091
Doubtful				
Less : Provision for bad and doubtful debts	-	-	-	-
	98,460,230	1,096,846,961	59,417,130	631,604,091

13 CASH AND BANK BALANCES - CURRENT	As at March 31, 2021		As at March 31, 2020	
	RMB	₹	RMB	₹
Cash and cash equivalents				
Cash on hand	27,224	303,278	21,365	227,105
Balances with banks in current accounts	5,767,551	642,50,511	21,631,951	229,947,639
	5,794,775	643,53,789	21,653,316	230,174,744

Sundram Fasteners (Zhejiang) Limited

(Incorporated in People's Republic of China)

Notes to Financial Statements for the year ended March 31, 2021 (Contd.)

	As at March 31, 2021 (12 Months)		As at March 31, 2020 (15 Months)	
14 SHARE CAPITAL				
Issued, subscribed and fully paid up				
Equity shares	160,215,065	1,784,795,820	160,215,065	1,703,086,137
	160,215,065	1,784,795,820	160,215,065	1,703,086,137

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 March 31, 2021:

- (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 March 31, 2021		As at March 31, 2020	
		RMB	₹	RMB	₹
Borrowings		74,287,180	827,559,185	28,430,770	302,219,085
Cash and cash equivalents		(5,794,775)	(64,553,789)	(21,653,316)	(230,174,744)
Capital	A	68,492,405	763,005,396	6,777,454	72,044,341
Total equity		192,574,054	2,145,166,856	204,065,332	2,169,214,509
Overall financing	B	192,574,054	2,145,166,856	204,065,332	2,169,214,509
Gearing ratio	(A/B)	35.57%	35.57%	3.32%	3.32%

		Year ended March 31, 2021		Year ended March 31, 2020	
		RMB	₹	RMB	₹
d) DIVIDENDS					
Final dividend declared and paid (for March 31, 2021 / March 31, 2020)					
Dividend		30,715,727	336,951,553	2,855,597	29,241,316
		30,715,727	336,951,553	2,855,597	29,241,316

Notes to Financial Statements for the year ended March 31, 2021 (Contd.)

15 BORROWINGS	As at March 31, 2021				As at March 31, 2020			
	Long-term		Short-term		Long-term		Short-term	
	RMB	₹	RMB	₹	RMB	₹	RMB	₹
Secured								
Term loan from banks (refer note below)	43,287,180	482,219,185	31,000,000	345,340,000	24,430,770	259,699,085	4,000,000	42,520,000
Less: Current maturities of long term borrowings	-	-	-	-	-	-	-	-
Total	43,287,180	482,219,185	31,000,000	345,340,000	24,430,770	259,699,085	4,000,000	42,520,000

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 ₹ 25.97 crores (March 31, 2020: RMB 2.88 million equivalent to ₹ 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 ₹ 4.25 crores (March 31, 2020: RMB 2 million equivalent to ₹ 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)	As at March 31, 2021		As at March 31, 2020	
	RMB	₹	RMB	₹
	Provision for taxation (net of advance income tax)	5,654,260	62,988,459	3,630,517
	5,654,260	62,988,459	3,630,517	38,592,397

17 TRADE PAYABLES	As at March 31, 2021				As at March 31, 2020			
	Long-term		Short-term		Long-term		Short-term	
	RMB	₹	RMB	₹	RMB	₹	RMB	₹
Dues to others	101,875	1,134,892	86,150,114	959,712,272	654,633	6,958,751	53,103,082	564,485,757
	101,875	1,134,892	86,150,114	959,712,272	654,633	6,958,751	53,103,082	564,485,757

18 OTHER FINANCIAL LIABILITIES - CURRENT	As at March 31, 2021		As at March 31, 2020	
	RMB	₹	RMB	₹
	Financial liabilities at fair value through profit or loss			
Interest accrued but not due	-	-	-	-
	-	-	-	-

19 OTHER CURRENT LIABILITIES	As at March 31, 2021		As at March 31, 2020	
	RMB	₹	RMB	₹
	Customer advances	8	88	7,678
Statutory dues	988,336	11,010,052	1,070,945	11,384,144
	988,344	11,010,140	1,078,623	11,465,761

Sundram Fasteners (Zhejiang) Limited

(Incorporated in People's Republic of China)

Notes to Financial Statements for the year ended March 31, 2021 (Contd.)

	Year ended March 31, 2021 (12 Months)		Period ended March 31, 2020 (15 Months)	
	RMB	₹	RMB	₹
20 REVENUE FROM OPERATIONS				
Sale of goods	268,116,789	2,941,241,179	262,849,426	2,691,578,121
Other operating revenue	4,883,836	53,575,679	4,892,100	50,095,106
Revenue from operations (Net)	273,000,625	2,994,816,858	267,741,526	2,741,673,227
21 OTHER OPERATING REVENUE				
Scrap Sales	3,889,322	42,665,857	3,457,541	35,405,221
Lease Income	994,514	10,909,822	1,434,559	14,689,885
	4,883,836	53,575,679	4,892,100	50,095,106
22 OTHER INCOME				
Interest Income	46,359	508,554	54,390	556,953
Net foreign exchange gain	834,752	9,157,230	441,222	4,518,108
Miscellaneous Income	4,737,070	51,965,661	8,834,260	90,462,827
Profit on Sale of Assets	-	-	-	-
	5,618,181	61,631,445	9,329,872	95,537,888
23 COST OF RAW MATERIALS AND COMPONENTS CONSUMED				
Opening stock of raw materials and components	9,526,246	101,263,993	13,488,517	136,908,445
Add: Exchange rate fluctuation on account of average rate transferred to currency translation reserve		3,238,924		1,213,967
Add : Purchases during the year	120,512,200	1,322,018,831	120,763,836	1,236,621,677
Less: Exchange rate fluctuation on account of average rate transferred to currency translation reserve		(2,653,623)		(3,715,236)
Less: Closing stock of raw materials and components	15,609,545	173,890,327	9,526,246	101,263,993
	114,428,901	1,255,285,044	124,726,107	1,277,195,330
24 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS				
A. Opening Stock				
Work-in-process	12,971,376	137,885,722	15,145,744	153,729,300
Less: Excise duty on finished goods	21,546,492	229,039,210	25,285,389	256,646,698
Add / (Less): Exchange rate fluctuation on account of average rate transferred to currency translation reserve		11,736,075		3,638,802
	34,517,868	378,661,007	40,431,133	414,014,800
B. Closing Stock				
Work-in-process	17,315,386	192,893,397	12,971,376	137,885,722
Finished goods	31,080,225	346,233,709	21,546,492	229,039,210
Less: Excise duty on finished goods				
Add / (Less): Exchange rate fluctuation on account of average rate transferred to currency translation reserve		(8,227,254)		(13,461,968)
	48,395,611	530,899,852	34,517,868	353,462,964
Net decrease in inventories	(13,877,743)	(152,238,846)	5,913,265	60,551,836

Notes to Financial Statements for the year ended March 31, 2021 (Contd.)

	Year ended March 31, 2021 (12 Months)		Period ended March 31, 2020 (15 Months)	
	RMB	₹	RMB	₹
25 EMPLOYEE BENEFITS EXPENSE				
Salaries and wages	41,241,938	452,424,059	34,214,588	350,357,378
Contribution to provident and other funds	2,379,507	26,103,188	4,212,940	43,140,506
Staff welfare expenses	5,104,420	55,995,490	5,445,195	55,758,798
	48,725,865	534,522,737	43,872,723	449,256,682
26 FINANCE COSTS				
Interest expenses	2,277,734	24,986,745	2,386,665	24,439,453
Other borrowing costs	240,013	2,632,944	69,787	714,614
	2,517,747	27,619,689	2,456,452	25,154,067
27 DEPRECIATION AND AMORTIZATION EXPENSE				
Depreciation of tangible assets	15,234,951	167,127,411	16,483,024	168,786,165
Amortization of intangible assets	164,949	1,809,494	206,296	2,112,474
Depreciation on right of use assets	257,166	2,821,115	321,458	3,291,729
	15,657,066	171,758,020	17,010,778	174,190,368
28 OTHER EXPENSES				
Stores and tools consumed	26,902,685	295,122,459	15,063,263	154,247,813
Power & fuel	12,154,976	133,340,092	11,161,585	114,294,635
Rent	-	-	-	-
Rates & taxes [excluding taxes on Income]	2,266,179	24,859,983	3,651,371	37,390,040
Insurance	360,562	3,955,368	423,468	4,336,317
Repairs and maintenance				
- Building	920,036	10,092,798	388,915	3,982,491
- Plant & Equipment	1,690,703	18,547,012	887,043	9,083,325
- Other assets	647,642	7,104,633	292,052	2,990,617
Sub-contract expenses	21,098,904	231,454,975	15,692,357	160,689,739
Freight & Cartage Inward	1,102,461	12,093,998	1,197,324	12,260,603
Audit fee	296,701	3,254,809	185,616	1,900,703
Loss on sale of assets	61,756	677,459	-	-
Net Foreign exchange loss (net off gain)	376,328	4,128,317	1,182,698	12,110,826
Freight & Cartage Outward	4,675,947	51,295,139	4,631,166	47,423,140
Travel Expenses	965,601	10,592,640	2,148,089	21,996,430
Postage & Telecom Expenses	478,355	5,247,551	571,522	5,852,385
Printing and stationery	13,675	150,016	24,832	254,279
Consultancy	724,712	7,950,090	1,280,998	13,117,415
Bad debts	150,210	1,647,809	816,943	8,365,491
Financial Guarantee Expense	328,332	3,601,799	410,190	4,200,343
Miscellaneous expenses	12,603,997	138,265,845	11,438,028	117,125,405
	87,819,762	963,382,792	71,447,460	731,621,997

Sundram Fasteners (Zhejiang) Limited

(Incorporated in People's Republic of China)

Notes to Financial Statements for the year ended March 31, 2021 (Contd.)

	Year ended March 31, 2021 (12 Months)		Period ended March 31, 2020 (15 Months)	
	RMB	₹	RMB	₹
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	23,347,208	256,118,867	11,644,613	119,240,835
Accounting profit before income tax				
At China's statutory income tax rate of 25% (31 December, 2018: 25%)	5,836,802	64,029,717	2,911,153	29,810,209
Other adjustments	(1,714,043)	(18,803,051)	(283,263)	(2,900,617)
	4,122,759	45,226,665	2,627,890	26,909,592
Tax expense comprises of:				
Current income tax:				
Current income tax charge (net of Minimum alternate tax)	4,122,759	45,226,665	2,627,890	26,909,592
Income tax expense	4,122,759	45,226,665	2,627,890	26,909,592
30 DETAILS OF RESEARCH AND DEVELOPMENT EXPENDITURE				
Revenue Expenditure				
a) Power consumption	1,072,822	11,768,853	1,275,870	13,064,904
b) Tools & fixture	2,001,008	21,951,062	287,659	2,945,628
c) Raw material	2,766,470	30,348,172	2,135,120	21,863,633
d) Manpower - Salary	1,678,287	18,410,806	1,786,216	18,290,855
e) Manpower - Social security	434,958	4,771,492	433,390	4,437,916
f) Depreciation	680,624	7,466,449	1,201,836	12,306,798
g) Other expenses	979,897	10,749,470	514,725	5,270,785
Total	9,614,066	105,466,304	7,634,816	78,180,519
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 :				
(A) Fellow 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),				

Notes to Financial Statements for the year ended March 31, 2021 (Contd.)

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	-	-				-
	(114,723)	(1,183,938)				-
						-
Sales						
Goods and Materials	-	-				-
	(3,586,853)	(37,016,319)				-
						-
Dividend Paid			30,715,730	336,951,553		-
	-	-	(1,777,919)	(18,348,119)		-
						-
Outstanding balances						
Due to the Company		-				-
	(826,840)	(8,392,424)				-
Due by the Company	-	-				
	(1,029)	(10,449)				

(Previous year figures are in brackets)

Sundram Fasteners (Zhejiang) Limited

(Incorporated in People's Republic of China)

Notes to Financial Statements for the year ended March 31, 2021 (Contd.)

32 DISCLOSURE ON FINANCIAL INSTRUMENT

	As at 31 March 2021						As at 31 March 2020					
	FVTPL		FVOCI		Amortised Cost		FVTPL		FVOCI		Amortised Cost	
	RMB	₹	RMB	₹	RMB	₹	RMB	₹	RMB	₹	RMB	₹
Financial assets:												
- Trade receivables	-	-	-	-	98,460,230	1,096,846,961	-	-	-	-	59,417,130	631,604,091
- Cash and cash equivalents	-	-	-	-	5,794,775	64,553,789	-	-	-	-	21,653,316	230,174,744
- Others	-	-	-	-	194,823	2,170,332	-	-	-	-	3,308,015	35,164,201
Total Financial Assets	-	-	-	-	104,449,828	1,163,571,082	-	-	-	-	84,378,461	896,943,036
Non-Current liabilities												
Financial liabilities:												
- Borrowings	-	-	-	-	43,287,180	482,219,185	-	-	-	-	24,430,770	259,699,085
- Trade payables	-	-	-	-	-	-	-	-	-	-	-	-
- Other payables	-	-	-	-	-	-	-	-	-	-	-	-
Dues to others	-	-	-	-	101,875	1,134,892	-	-	-	-	654,633	6,958,751
	-	-	-	-	43,389,055	483,354,077	-	-	-	-	25,085,403	266,657,836
Current liabilities												
Financial liabilities:												
- Borrowings	-	-	-	-	31,000,000	345,340,000	-	-	-	-	4,000,000	42,520,000
- Trade payables	-	-	-	-	-	-	-	-	-	-	-	-
Dues to others	-	-	-	-	86,150,114	959,712,272	-	-	-	-	53,103,082	564,485,757
- Other financial liabilities	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	117,150,114	1,305,052,272	-	-	-	-	57,103,082	607,005,757
Total Financial Liabilities	-	-	-	-	160,539,169	1,788,406,349	-	-	-	-	82,188,485	873,663,593

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

Fair value measurement hierarchy

The company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data