

Sundram International Inc.

(Michigan, USA)

ANNUAL REPORT

**for the year ended
March 31, 2024**

Sundram International Inc., USA

TRANSLATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT ON SPECIAL PURPOSE FINANCIAL STATEMENTS OF SUNDRAM INTERNATIONAL INC, USA FOR THE YEAR ENDED 31ST MARCH 2024

To the Board of Directors of Sundram International Inc, USA

Opinion

We have audited the special purpose financial statements ("SPFS") of Sundram International Inc, USA which comprise the Balance Sheet as at March 31, 2024, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of changes in Equity and Statement of Cash Flows for the year then ended and a summary of material accounting policies and other explanatory information.

In our opinion, the accompanying SPFS of the company prepared, in all material aspects, in accordance with Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Companies (Indian Accounting Standards) Rule, 2015, as amended, as applicable and other recognised accounting practices and policies.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by Institute of Chartered Accountants of India (ICAI). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the Code of Ethics issued by ICAI and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibility

Management is responsible for the preparation of these SPFS that give a true and fair view of the state of affairs, results of operations and cash flows of the Company in accordance with the applicable financial reporting provisions, the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 as amended. This includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the SPFS that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the SPFS, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

Auditor's Responsibility

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding

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independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Restriction on Use

This SPFS has been prepared for purposes of providing information to Sundram Fasteners Limited, Chennai to enable it to prepare the consolidated financial statements of the group and for enabling the group to file this financial information with regulatory authorities for complying with applicable laws and regulations.

This report is provided solely for the information and use of Sundram Fasteners Limited, Chennai to enable it to prepare the consolidated financial statements of the group for the year ended 31st March 2024 and to ensure other regulatory compliances.

For SUNDARAM & SRINIVASAN
Chartered Accountants
Firm's Registration No. 004207S

P Viswanathan
Partner
Membership No: 224941
UDIN: 2422494IBKCIL9396

Place: Chennai
Date: 11.04.2024

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Balance Sheet as at March 31, 2024

Particulars	Note	As at March 31, 2024		As at March 31, 2023	
		USD	₹	USD	₹
ASSETS					
Current assets					
- Cash and cash equivalents	4	374	31,191	374	30,732
Total assets		374	31,191	374	30,732
EQUITY AND LIABILITIES					
Equity					
Equity Share capital	5	182,150	1,51,91,310	182,150	1,49,67,266
Other equity (*)		(191,776)	(1,59,94,119)	(191,776)	(1,57,58,234)
Total equity		(9,626)	(8,02,809)	(9,626)	(7,90,968)
Liabilities					
Non-current liabilities					
Total Non-current liabilities		-	-	-	-
Current liabilities					
<u>Financial liabilities:</u>					
- Borrowings	6	10,000	8,34,000	10,000	8,21,700
Total current liabilities		10,000	8,34,000	10,000	8,21,700
Total Liabilities		10,000	8,34,000	10,000	8,21,700
Total equity and liabilities		374	31,191	374	30,732

Notes 1 to 9 form an integral part of these financial statements

(*) Refer Statement of Changes in Equity for Additions and Deductions from Last year balance sheet.

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Statement of Profit and Loss for the year ended March 31, 2024

Particulars	Year ended March 31, 2024		Year ended March 31, 2023	
	USD	₹	USD	₹
Revenue from operations	-	-	-	-
Total Income	-	-	-	-
Expenses				
Other expenses	-	-	-	-
Total expenses	-	-	-	-
Profit before exceptional items and tax	-	-	-	-
Exceptional item	-	-	-	-
Profit before tax	-	-	-	-
Tax expense				
a) Current tax	-	-	-	-
b) Deferred tax	-	-	-	-
Profit/(loss) for the year	-	-	-	-
Other comprehensive income				
i) Items that will not be reclassified to profit or loss	-	-	-	-
ii) Items that will be reclassified to profit or loss				
Exchange difference arising on translation	-	-	-	1,093
Total comprehensive income for the year	-	-	-	1,093

(Comprising Profit and Other Comprehensive Income for the year)

Notes 1 to 9 form an integral part of these financial statements

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Statements of Changes in Equity for the year ended March 31, 2024

A. Equity Share Capital

Particulars	Amount	
	USD	₹
(1) Current Reporting Period		
Balance as at 1st April 2023	182,150	1,49,67,266
Foreign currency translation difference on opening balance	-	2,24,044
Changes in equity share capital during the year	-	-
Balance as at 31 March 2024	182,150	1,51,91,310
(2) Previous Reporting Period		
Balance as at 1st April 2022	182,150	1,38,05,149
Foreign currency translation difference on opening balance	-	11,62,117
Changes in equity share capital during the year	-	-
Balance as at 31 March 2023	182,150	1,49,67,266

B. Other Equity

Particulars	Reserves and Surplus		Accumulated other comprehensive income		Total	
	Retained Earnings		Foreign currency translation reserve			
	USD	₹	USD	₹	USD	₹
(1) Current Reporting Period						
Balance as at 1st April 2023	(191,776)	(1,57,58,234)	-	-	(191,776)	(1,57,58,234)
Foreign currency translation difference on opening balance	-	(2,35,885)	-	-	-	(2,35,885)
Profit for the year	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-
Balance as at 31 March 2024	(191,776)	(1,59,94,119)	-	-	(191,776)	(1,59,94,119)
(2) Previous Reporting Period						
Balance as at 1st April 2022	(191,776)	(1,45,33,576)	-	(1,093)	(191,776)	(1,45,34,669)
Foreign currency translation difference on opening balance	-	(12,24,658)	-	-	-	(12,24,658)
Profit for the year	-	-	-	-	-	-
Other comprehensive income	-	-	-	1,093	-	1,093
Balance as at 31 March 2023	(191,776)	(1,57,58,234)	-	-	(191,776)	(1,57,58,234)

Notes 1 to 9 form an integral part of these financial statements

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Cash Flow Statement for the year ended March 31, 2024

	Year ended March 31, 2024		Year ended March 31, 2023	
	USD	₹	USD	₹
A. Cash flows from operating activities				
Profit before tax	-	-	-	-
<i>Adjustments to reconcile net income to net cash provided by operating activities</i>				
Foreign Currency Translation reserve	-	-	-	-
Operating profit before working capital changes	-	-	-	-
Adjustments for:				
Decrease / (Increase) in trade receivables	-	-	-	-
Cash from / (used) in operating activities	-	-	-	-
Direct taxes paid, net	-	-	-	-
Net cash from / (used) in operating activities before extraordinary item	-	-	-	-
Extraordinary item	-	-	-	-
Net cash from / (used) in operating activities	-	-	-	-
B. Cash flow from investing activities				
Net cash from / (used) in investing activities	-	-	-	-
C. Cash flow from financing activities				
Repayment of long-term borrowings	-	-	-	-
Net cash generated from financing activities	-	-	-	-
D. Net cash flows during the year	-	-	-	-
E. Foreign Currency Translation Impact on Cash & Cash Equivalents		459		2,352
F. Cash and cash equivalents at the beginning	374	30,732	374	28,380
G. Cash and cash equivalents at the end	374	31,191	374	30,732
Cash and cash equivalents comprise of:				
Cash on hand	-	-	-	-
Balances with banks in current accounts	374	31,191	374	30,732
Cash and cash equivalents as per note 4	374	31,191	374	30,732

Notes 1 to 9 form an integral part of these financial statements

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Notes to Financial Statements for the year ended March 31, 2024

1 Corporate Information

Sundram International Inc. ("SII" or "the Company") was incorporated in USA and is a subsidiary of Sundram Fasteners Limited (SFL), Chennai.

SII was set up on 6 April 2005 and the registered office of the Company is situated at 801, W.Big Beaver Road, 5th Floor, Troy, Michigan - 48084

2 Basis of Preparation

The financial statements of the Company have been prepared 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.

Applicability of Amendments to existing standards issued but not effective: - Nil

Applicability of New Indian Accounting Standard issued but not effective - Nil

3 Summary of material accounting policies

3.1 Overall considerations

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

3.2 Classification, subsequent measurement and derecognition of financial liabilities

Financial liabilities are measured initially at fair value. The Company's financial liabilities include borrowings.

Subsequent measurement

Financial liabilities are measured subsequently at amortized cost using the effective interest method except for financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss.

3.3 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank balance, 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.

3.4 Equity, reserves and dividend payments

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

Notes to Financial Statements (Contd.)

Other Comprehensive Income (OCI) include the following:

- Foreign Currency Translation Reserve - Exchange difference relating to the translation of results and net assets of the Company from the functional currency (USD) to presentation currency (INR) are recognised in Other Comprehensive Income.

Retained Earnings represents the accumulated loss transferred from the Statement of Profit and Loss

3.5 Earnings per share

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

3.6 Cash flow statement

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

3.7 Accounting for effect of change in foreign exchange rates

The Assets and Liabilities as at March 31, 2024 has been translated from US Dollars to Indian Rupees by applying the year end interbank exchange rate of 1 USD = ₹ 83.40 (31.03.2023 - ₹ 82.17). The incomes and expenses for the year ended March 31, 2024 has been translated from US Dollars to Indian Rupees by applying Average interbank exchange rate 1 USD = ₹ 82.81 (31.03.2023 - ₹ 80.57). Exchange differences arising out of the translation have been dealt with in accordance with Ind AS 21.

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

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Notes to Financial Statements (Contd.)

	As at March 31, 2024				As at March 31, 2023			
	Long-term		Short-term		Long-term		Short-term	
	USD	₹	USD	₹	USD	₹	USD	₹
4 CASH AND BANK BALANCES								
Cash and cash equivalents								
Balances with banks in current account	-	-	374	31,191	-	-	374	30,732
	-	-	374	31,191	-	-	374	30,732

	As at March 31, 2024			As at March 31, 2023		
	Number	USD	₹	Number	USD	₹
	5 EQUITY SHARE CAPITAL					
Authorised						
60,000 common shares	60,000	-	-	60,000	-	-
Issued, subscribed and fully paid up						
18,215 common shares of USD 10 each	18,215	182,150	1,51,91,310	18,215	182,150	1,49,67,266
	18,215	182,150	1,51,91,310	18,215	182,150	1,49,67,266

a) There was no movement in the share capital during the current and previous year.

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

	As at March 31, 2024		As at March 31, 2023	
	Nos.	% holding	Nos.	% holding
	Sundram Fasteners Limited, Chennai	18,215	100.00%	18,215
	18,215	100.00%	18,215	100.00%

c) Shares held by promoter at the end of the year

Promoter name	As at March 31, 2024		As at March 31, 2023	
	No. of shares held	% of total shares	No. of shares held	% of total shares
	Sundram Fasteners Limited, Chennai	18,215	100%	18,215

d) Equity shares

The Company has only one class of equity shares having a par value of USD 10 per share.

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

e) Bonus Shares/ Buy Back/ Shares for consideration other than cash issued during the period of five years immediately preceding the financial year ended 31 March 2024:

(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

f) 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 company. The primary objective of the company'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.

Particulars	As at March 31, 2024		As at March 31, 2023	
	USD	₹	USD	₹
Debt	10,000	8,34,000	10,000	8,21,700
Cash and cash equivalents	(374)	(31,191)	(374)	(30,732)
Capital	9,626	8,02,809	9,626	7,90,968
Total equity	(9,626)	(8,02,809)	(9,626)	(790,968)
Equity	(9,626)	(8,02,809)	(9,626)	(790,968)
Gearing ratio	(100%)	(100%)	(100%)	(100%)

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Notes to Financial Statements (Contd.)

	As at March 31, 2024		As at March 31, 2023	
	USD	₹	USD	₹
6 BORROWINGS (Non-Current)				
Unsecured (Refer note below)				
Working Capital Loans - from related party	10,000	8,34,000	10,000	8,21,700
Total	10,000	8,34,000	10,000	8,21,700

Note:

The Company has availed an unsecured working capital loan from its Holding Company which is repayable on demand.

7 RELATED PARTY DISCLOSURES

Related Parties :

(I) Where Control exists:

Holding Company

Sundram Fasteners Limited, Chennai

(II) Other Related Parties:

Fellow Subsidiaries

Sundram International Limited, UK

Cramlington Precision Forge Limited, Northumberland, UK

Sundram Fasteners (Zhejiang) Limited, Republic of China

TVS Upasana Limited, Chennai

Sundram Non-Conventional Energy Systems Limited, Chennai

Sundram Fasteners Investments Limited, Chennai.

Sunfast TVS Limited, Chennai

TVS Engineering Limited, Chennai

TVS Next Limited, Chennai

TVS Next Inc., Michigan, USA

(III) Transactions with related parties referred in (I) and (II) above, in ordinary course of business:		
Nature of transaction	Holding Company	
	USD	INR
Outstanding balances		
Due by the Company	10,000	8,34,000
	(10,000)	(8,21,700)
Due to the Company	-	-
	-	-

(Previous year figures are in brackets)

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Notes to Financial Statements (Contd.)

8 DISCLOSURE ON FINANCIAL INSTRUMENT

Particulars	31-Mar-24								31-Mar-23								
	FVTPL		FVOCI		Amortised Cost		Total		FVTPL		FVOCI		Amortised Cost		Total		
	USD	₹	USD	₹	USD	₹	USD	₹	USD	₹	USD	₹	USD	₹	USD	₹	
Financial Assets																	
Cash and Cash equivalents	-	-	-	-	374	31,191	374	31,191	-	-	-	-	374	30,732	374	30,732	
Total Financial Assets	-	-	-	-	374	31,191	374	31,191	-	-	-	-	374	30,732	374	30,732	
Financial Liabilities																	
Borrowings (Current)	-	-	-	-	10,000	8,34,000	10,000	8,34,000	-	-	-	-	10,000	8,21,700	10,000	8,21,700	
Total Financial Liabilities	-	-	-	-	10,000	8,34,000	10,000	8,34,000	-	-	-	-	10,000	8,21,700	10,000	8,21,700	

FVTPL - Fair Value Through Profit or Loss

FVOCI - Fair Value Through Other Comprehensive Income

9 DISCLOSURE OF RATIOS:

Particulars	For the year ended / As at March 31, 2024		For the year ended / As at March 31, 2023		% change from previous year
(a) Current Ratio = $\frac{\text{Current Assets}}{\text{Current Liabilities}}$	$\frac{31,191}{8,34,000}$	0.04	$\frac{30,732}{8,21,700}$	0.04	-
(b) Debt-Equity Ratio = $\frac{\text{Total Debt}}{\text{Total Equity}}$	$\frac{8,34,000}{(8,02,809)}$	(1.04)	$\frac{8,21,700}{(7,90,968)}$	(1.04)	-
(c) Debt Service Coverage Ratio	N.A		N.A		N.A
(d) Return on Equity Ratio	N.A		N.A		N.A
(e) Inventory turnover ratio	N.A		N.A		N.A
(f) Trade Receivables turnover ratio	N.A		N.A		N.A
(g) Trade payables turnover ratio	N.A		N.A		N.A
(h) Net capital turnover ratio	N.A		N.A		N.A
(i) Net profit ratio	N.A		N.A		N.A
(j) Return on Capital employed	N.A		N.A		N.A
(k) Return on investment	N.A		N.A		N.A

N.A - Not Applicable