

Cramlington Precision Forge Limited,
United Kingdom

ANNUAL REPORT

for 15 months ended
March 31, 2020

TRANSLATED FINANCIAL STATEMENTS

Balance Sheet as at March 31, 2020

Particulars	Note	As at 31 March 2020		As at 31 December 2018	
		GBP	₹	GBP	₹
ASSETS					
Non-current assets					
Property, plant and equipment	5	21,35,960	19,95,84,159	24,17,328	21,49,24,655
Right of Use of Assets	6	12,47,460	11,65,62,626	-	-
Other non-current assets	7	-	-	2,890	2,56,950
		33,83,420	31,61,46,785	24,20,218	21,51,81,605
Current assets					
Inventories	8	8,47,723	7,92,11,269	9,37,758	8,33,76,084
<u>Financial assets</u>					
- Trade receivables	9	14,79,930	13,82,84,614	23,93,234	21,27,82,400
- Cash and cash equivalents	10	1,437	1,34,222	1,268	1,12,748
Other current assets	7	2,60,321	2,43,24,420	3,05,631	2,71,73,650
		25,89,411	24,19,54,525	36,37,891	32,34,44,883
Total assets		59,72,831	55,81,01,310	60,58,109	53,86,26,488
EQUITY AND LIABILITIES					
Equity					
Equity Share capital	11	14,00,000	13,08,16,000	14,00,000	12,44,74,000
Other equity		(18,21,541)	(17,02,04,777)	(3,448)	(3,06,581)
Total equity		(4,21,541)	(3,93,88,777)	13,96,552	12,41,67,419
Liabilities					
Non-current liabilities					
<u>Financial liabilities</u>					
-Borrowings	12	6,00,000	5,60,64,000	8,50,000	7,55,73,500
- Lease liabilities	13	11,87,514	11,09,61,310	-	-
- Other financial liabilities	15	48,107	44,95,118	71,727	63,77,248
		18,35,621	17,15,20,428	9,21,727	8,19,50,748
Current liabilities					
<u>Financial liabilities</u>					
- Borrowings	12	18,97,888	17,73,38,681	12,23,179	10,87,52,868
- Lease liabilities	13	86,863	81,16,514	-	-
- Trade payables					
Dues to others	14	19,47,659	18,19,89,242	14,59,517	12,97,65,625
- Other financial liabilities	15	5,73,406	5,35,79,016	9,95,748	8,85,31,972
Other current liabilities	16	52,935	49,46,206	61,386	54,57,856
		45,58,751	42,59,69,659	37,39,830	33,25,08,322
Total current liabilities		63,94,372	59,74,90,087	46,61,557	41,44,59,070
Total Liabilities		59,72,831	55,81,01,310	60,58,109	53,86,26,488

Notes 1 to 27 form an integral part of these financial statements

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

**Cramlington Precision Forge Limited,
United Kingdom**

TRANSLATED FINANCIAL STATEMENTS

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

	Note	15 months ended 31 March 2020		Year ended 31 December 2018	
		GBP	₹	GBP	₹
Revenue from operations	17	1,54,44,268	1,40,06,40,690	1,31,11,722	1,19,36,91,155
Other income	18	-	-	-	-
Total Income		1,54,44,268	1,40,06,40,690	1,31,11,722	1,19,36,91,155
Expenses					
Cost of materials consumed	19	50,83,961	46,10,64,443	45,36,422	41,29,95,894
Changes in inventories of finished goods, stock-in-trade and work in progress	20	1,18,240	1,07,23,208	16,133	14,68,722
Employee benefits expense	21	44,96,031	40,77,44,992	33,89,922	30,86,18,472
Finance costs	22	1,61,771	1,46,71,022	38,966	35,47,486
Depreciation and amortization expense	23	5,11,774	4,64,12,773	3,20,627	2,91,89,863
Other expenses	24	69,16,838	62,72,88,093	57,14,804	52,02,75,726
Total expenses		1,72,88,615	1,56,79,04,531	1,40,16,873	1,27,60,96,163
Profit before tax		(18,44,347)	(16,72,63,841)	(9,05,152)	(8,24,05,008)
Tax expense					
a) Current tax	25	-	-	-	-
b) Deferred tax		-	-	(94,349)	(85,89,533)
c) Adjustment of tax relating to earlier periods		(230)	(20,830)	(42,080)	(38,30,963)
Profit/(loss) for the period		(18,44,117)	(16,72,43,011)	(7,68,723)	(6,99,84,511)
Other comprehensive income					
i) Items that will be reclassified to profit or loss					
- Exchange variation on foreign currency translation		-	(66,32,375)	-	27,53,511
		-	(66,32,375)	-	27,53,511
Total comprehensive income for the year		(18,44,117)	(17,38,75,386)	(7,68,723)	(6,72,31,000)
<i>(Comprising Profit and Other Comprehensive Income for the year)</i>					
Earnings per equity share					
Basic (in ₹)		(1.32)	(119.46)	(0.55)	(49.99)
Diluted (in ₹)		(1.32)	(119.46)	(0.55)	(49.99)
No. of Shares		14,00,000	14,00,000	14,00,000	14,00,000

Notes 1 to 27 form an integral part of these financial statements

This is the statement of profit and loss referred to in our report of even date

TRANSLATED FINANCIAL STATEMENTS

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

A. Equity Share Capital

Particulars	Amount	
	GBP	₹
Balance at 31 December 2017	14,00,000	12,07,22,000
Foreign Currency Restatement of Opening Balance	-	37,52,000
Balance at 31 December 2018	14,00,000	12,44,74,000
Foreign Currency Restatement of Opening Balance	-	63,42,000
Balance at 31 March 2020	14,00,000	13,08,16,000

B. Other Equity

Particulars	Reserves and Surplus		Accumulated other comprehensive income		Total	
	Retained Earnings		Foreign currency translation reserve			
	GBP	₹	GBP	₹	GBP	₹
Balance at 31 December 2017	7,65,275	6,71,05,714	-	(11,16,132)	7,65,275	6,59,89,582
Foreign currency translation difference on opening balance	-	9,34,837	-	-	-	9,34,837
Profit for the year	(7,68,723)	(6,99,84,511)	-	-	(7,68,723)	(6,99,84,511)
Other comprehensive income	-	-	-	27,53,511	-	27,53,511
Balance at 31 December 2018	(3,448)	(19,43,960)	-	16,37,379	(3,448)	(3,06,581)

Particulars	Reserves and Surplus		Accumulated other comprehensive income		Deemed equity		Total	
	Retained Earnings		Foreign currency translation reserve					
	GBP	₹	GBP	₹	GBP	₹	GBP	₹
Balance at 31 December 2018	(3,448)	(19,43,960)	-	16,37,379	-	-	(3,448)	(3,06,581)
Foreign currency translation difference on opening balance	-	16,21,759	-	-	-	-	-	16,21,759
Profit for the year	(18,44,117)	(16,72,43,011)	-	-	-	-	(18,44,117)	(16,72,43,011)
Foreign currency translation difference on leases	-	-	816	76,269	-	-	816	76,269
Other comprehensive income	-	-	-	(67,08,643)	-	-	-	(67,08,643)
Deemed equity					25,208	23,55,430	25,208	23,55,430
Balance at 31 March 2020	(18,47,565)	(16,75,65,212)	816	(49,94,995)	25,208	23,55,430	(18,21,541)	(17,02,04,777)

**Cramlington Precision Forge Limited,
United Kingdom**

TRANSLATED FINANCIAL STATEMENTS

Cash Flow statement for the 15 months ended March 31, 2020

	15 months ended 31 March 2020		Year ended 31 December 2018	
	GBP	₹	GBP	₹
Cash flows from operating activities				
Profit before tax	(18,44,347)	(16,72,63,841)	(9,05,152)	(8,24,05,008)
<i>Adjustments to reconcile net income to net cash provided by operating activities</i>				
Depreciation and amortisation	3,68,496	3,34,18,877	3,20,625	2,91,89,721
Amortisation of ROU	1,43,278	1,29,93,896	-	-
Amortisation of leasehold property	-	-	6,049	5,50,701
Interest expense (Net)	1,61,771	1,46,71,022	34,727	31,61,567
Financial guarantee expenses	15,480	14,03,869	-	-
Operating profit before working capital changes	(11,55,322)	(10,47,76,177)	(5,43,750)	(4,95,03,019)
Adjustments for:				
(Decrease)/ increase in trade payables	8,49,156	7,70,09,975	(3,65,573)	(2,76,11,885)
(Decrease)/ increase in other current liabilities	(4,30,794)	(3,90,68,740)	7,19,243	6,48,53,487
(Decrease)/ increase in other non-current liabilities	(23,620)	(21,42,098)	71,727	63,77,248
Decrease/(Increase) in trade receivables	9,13,304	8,28,27,548	(3,09,834)	(3,31,30,818)
Decrease/(Increase) in inventories	90,035	81,65,264	(1,72,772)	(1,74,11,341)
(Increase)/ decrease in other current assets	57,928	52,53,470	3,18,349	2,89,82,495
Cash from/ (used) in operating activities	3,00,687	2,72,69,242	(2,82,610)	(2,74,43,835)
Direct taxes paid, net	230	20,830	-	-
Net cash from/ (used) in operating activities	3,00,917	2,72,90,072	(2,82,610)	(2,74,43,835)
B. Cash flow from investing activities				
Purchase of assets (including capital work-in-progress and capital advances)	(87,128)	(79,01,645)	(3,49,219)	(3,17,92,898)
Net cash from/ (used) in investing activities	(87,128)	(79,01,645)	(3,49,219)	(3,17,92,898)
C. Cash flow from financing activities				
Repayment of borrowings	(2,50,000)	(2,26,72,500)	-	-
Proceeds from long-term borrowings	(3,75,000)	(3,40,08,750)	1,00,000	1,09,01,000
Proceeds from Short-term borrowings	6,74,709	6,11,89,360	5,65,721	5,20,60,266
Interest paid to banks and others	(76,333)	(69,22,662)	(34,727)	(31,61,567)
Payment of lease liabilities	(1,86,996)	(1,69,58,667)	-	-
Net cash generated from financing activities	(2,13,620)	(1,93,73,219)	6,30,994	5,97,99,699
D. Net cash flows during the year	169	15,208	(835)	5,62,966
E. Foreign Currency Translation Reserve Impact on cash flows	-	6,266	-	(6,31,560)
F. Cash and cash equivalents at the beginning	1,268	1,12,748	2,103	1,81,342
G. Cash and cash equivalents at the end	1,437	1,34,222	1,268	1,12,748
Cash and cash equivalents comprise of:				
Cash on hand	451	42,109	1,268	1,12,748
Balances with banks in current accounts	986	92,113	-	-
Cash and cash equivalents as per note 10	1,437	1,34,222	1,268	1,12,748

TRANSLATED FINANCIAL STATEMENTS

Notes to financial statements for the 15 months ended March 31, 2020

1 Corporate Information

Cramlington Precision Forge Limited ("CPFL" or "the Company") was incorporated in UK.

The registered office of the Company is situated at Unit 8, Atley Way, North Nelson Ind. Estate, Cramlington, United Kingdom NE23 9WA.

CPFL is in the business of manufacture and sale of precision forged (warm) components for application in heavy vehicles for on-highway and off-highway applications.

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.

The financial statements of the Company have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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 GBP are translated into INR. The functional currency (GBP) 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.

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 Plant property 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 and accumulated impairment losses, if any.

(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	Depreciation rate
Buildings	5%
Plant & Equipment	3.33% to 10%
Furniture & Fixtures	10%

3.5 Intangible assets

Intangible assets include Software which are initially recognised at acquisition cost and subsequently amortised over the useful life. Amortisation is recognised on straight line basis at a rate of 33.33%.

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 as per Schedule II to the Companies Act 2013."

3.8 Financial instruments

Recognition, initial measurement and derecognition

Financial assets (other than trade receivables) and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Trade receivables are recognised at their transaction value as the same do not contain significant financing component.

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

Classification and subsequent measurement of financial assets:

For the purpose of subsequent measurement, financial assets are classified and measured based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset at:

- Amortised cost
- Fair Value Through Other Comprehensive Income (FVTOCI) or
- Fair Value Through Profit or Loss (FVTPL)

All financial assets are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that

Cramlington Precision Forge Limited, United Kingdom

TRANSLATED FINANCIAL STATEMENTS

Notes to financial statements (Contd.)

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 in accordance with the method of valuation prescribed by the Institute of Chartered Accountants of India.

(a) Raw materials

Raw materials are valued at cost of purchase net of duties (credit availed w.r.t taxes and duties) and includes all expenses incurred in bringing the materials to location of use.

(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.

3.10 Income taxes

Tax expense is recognized in the statement of profit or loss comprises the sum of deferred tax and current tax 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. Deferred income taxes are calculated using the liability method on temporary differences between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at reporting date. Deferred taxes pertaining to items recognised in other comprehensive income are disclosed under the same.

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future tax liability. This is assessed based on the Company's forecast of future earnings, excluding significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

3.11 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held at call with banks.

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 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

Notes to financial statements (Contd.)

Contributions in respect of the company's defined contribution pension scheme are charged to the profit and loss account for the year in which they are payable to the scheme. Differences between contributions payable and contributions actually paid in the year are shown as either accruals or prepayments at the year end.

Government Grants

Deferred government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

3.14 Accounting for effect of change in foreign exchange rates

The Assets and Liabilities as at 31st March 2020 has been translated from GBP to Indian Rupees by applying the year end interbank exchange rate of GBP 1 = Rs. 93.44 (2018: GBP 1 = 88.91). The incomes and expenses for the 15 months ended 31st March 2020 has been translated from GBP to Indian Rupees by applying Average interbank exchange rate GBP 1 = Rs. 90.69 (2018: GBP 1 = 91.04). Exchange differences arising out of the translation have been dealt with in accordance with Ind AS 21.

CPFL's Functional Currency is GBP. 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 CPFL.

3.15 Cash flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted 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.

3.16 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.

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.

TRANSLATED FINANCIAL STATEMENTS

Notes to financial statements (Contd.)

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

Notes to financial statements (Contd.)

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.

5 a) PROPERTY, PLANT AND EQUIPMENT

Gross block	TANGIBLE ASSETS							
	Buildings		Plant and Equipment		Furniture and fixtures		Total	
	GBP	₹	GBP	₹	GBP	₹	GBP	₹
As at 31 December 2017	68,812	59,33,659	27,95,199	24,10,30,011	1,46,797	1,26,58,304	30,10,808	25,96,21,974
Additions	-	-	3,49,219	3,10,49,061	-	-	3,49,219	3,10,49,061
Disposal	-	-	-	-	-	-	-	-
Other Adjustments								
- Exchange variation (Op. Bal restated)	-	1,84,416	-	74,91,133	-	3,93,416	-	80,68,965
As at 31 December 2018	68,812	61,18,075	31,44,418	27,95,70,205	1,46,797	1,30,51,720	33,60,027	29,87,40,001
Additions	-	-	87,128	81,41,247	-	-	87,128	81,41,247
Disposal	-	-	-	-	-	-	-	-
Other Adjustments								
- Exchange variation (Op. Bal restated)	-	3,11,718	-	1,42,44,214	-	6,64,990	-	1,52,20,922
As at 31 March 2020	68,812	64,29,794	32,31,546	30,19,55,666	1,46,797	1,37,16,710	34,47,155	32,21,02,170
Accumulated depreciation/ amortisation								
As at 31 December 2017	9,872	8,51,255	5,84,023	5,03,60,303	29,802	25,69,792	6,23,697	5,37,81,350
For the year	3,373	3,07,082	2,90,747	2,64,69,611	24,882	22,65,269	3,19,002	2,90,41,963
Other Adjustments								
- Exchange variation (Op. Bal restated)	-	26,457	-	15,65,182	-	79,868	-	16,71,507
- Restating to Closing rate - CY Depreciation	-	(7,185)	-	(6,19,291)	-	(52,999)	-	(6,79,475)
As at 31 December 2018	13,245	11,77,610	8,74,770	7,77,75,805	54,684	48,61,930	9,42,699	8,38,15,345
For the year	3,373	3,05,902	3,49,633	3,17,08,187	15,490	14,04,788	3,68,496	3,34,18,877
Other Adjustments								
- Exchange variation (Op. Bal restated)	-	60,000	-	39,62,708	-	2,47,717	-	42,70,425
- Restating to Closing rate - CY Depreciation	-	9,276	-	9,61,490	-	42,598	-	10,13,364
As at 31 March 2020	16,618	15,52,788	12,24,403	11,44,08,190	70,174	65,57,033	13,11,195	12,25,18,011
Net block								
As at 31 December 2018	55,567	49,40,466	22,69,648	20,17,94,400	92,113	81,89,790	24,17,328	21,49,24,655
As at 31 March 2020	52,194	48,77,006	20,07,143	18,75,47,476	76,623	71,59,677	21,35,960	19,95,84,159

**Cramlington Precision Forge Limited,
United Kingdom**

TRANSLATED FINANCIAL STATEMENTS

Notes to financial statements (Contd.)

6 Right of use assets

	Leasehold land		Buildings		Total	
	GBP	₹	GBP	₹	GBP	₹
Gross block						
Recognised on January 1, 2019, consequent to transition to Ind AS 116	-	-	1,390,738	123,650,495	1,390,738	123,650,495
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-
- Exchange variation (Op. Bal restated)	-	-	-	6,300,042	-	6,300,042
As at March 31, 2020	-	-	1,390,738	129,950,537	1,390,738	129,950,537
Accumulated depreciation						
Recognised on January 1, 2019, consequent to transition to Ind AS 116	-	-	-	-	-	-
For the year ended	-	-	143,278	12,993,896	143,278	12,993,896
Disposals/ other adjustments	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-
- Exchange variation (Op. Bal restated)	-	-	-	-	-	-
- Restating to Closing rate - CY	-	-	-	394,015	-	394,015
Depreciation	-	-	-	-	-	-
As at March 31, 2020	-	-	143,278	13,387,911	143,278	13,387,911
Net block						
As at March 31, 2020	-	-	1,247,460	116,562,626	1,247,460	116,562,626

	As at 31 March 2020				As at 31 December 2018			
	Long-term		Short-term		Long-term		Short-term	
	GBP	₹	GBP	₹	GBP	₹	GBP	₹
7 OTHER ASSETS								
(Unsecured, considered good)								
Prepaid expenses	-	-	1,21,036	1,13,09,626	-	-	1,22,889	1,09,26,021
Others	-	-	1,39,285	1,30,14,794	-	-	1,82,742	1,62,47,629
Unamortised portion of leasehold land	-	-	-	-	2,890	2,56,950	-	-
	-	-	2,60,321	2,43,24,420	2,890	2,56,950	3,05,631	2,71,73,650

	As at 31 March 2020				As at 31 December 2018			
	Long-term		Short-term		Long-term		Short-term	
	GBP	₹	GBP	₹	GBP	₹	GBP	₹
8 INVENTORIES								
Raw Materials and components	-	-	4,64,652	4,34,17,111	-	-	4,36,447	3,88,04,542
Work-in-progress	-	-	2,93,972	2,74,68,721	-	-	2,91,087	2,58,80,547
Finished Goods	-	-	89,099	83,25,437	-	-	2,10,224	1,86,90,995
	-	-	8,47,723	7,92,11,269	-	-	9,37,758	8,33,76,084

TRANSLATED FINANCIAL STATEMENTS

Notes to financial statements (Contd.)

	As at 31 March 2020				As at 31 December 2018			
	Long-term		Short-term		Long-term		Short-term	
	GBP	₹	GBP	₹	GBP	₹	GBP	₹
9 TRADE RECEIVABLE								
(Unsecured, considered good unless otherwise stated)								
Trade receivable	-	-	14,79,930	13,82,84,614	-	-	23,93,234	21,27,82,400
	-	-	14,79,930	13,82,84,614	-	-	23,93,234	21,27,82,400

	As at 31 March 2020				As at 31 December 2018			
	Long-term		Short-term		Long-term		Short-term	
	GBP	₹	GBP	₹	GBP	₹	GBP	₹
10 CASH AND BANK BALANCES								
Cash and cash equivalents								
Cash on hand	-	-	451	42,109	-	-	1,268	1,12,748
Balances with banks in current accounts	-	-	986	92,113	-	-	-	-
	-	-	1,437	1,34,222	-	-	1,268	1,12,748

	As at 31 March 2020			As at 31 December 2018		
	Number	GBP	₹	Number	GBP	₹
	11 SHARE CAPITAL					
Issued, subscribed and fully paid up						
1,400,000 Common shares of GBP 1 each	14,00,000	14,00,000	13,08,16,000	14,00,000	14,00,000	12,44,74,000
	14,00,000	14,00,000	13,08,16,000	14,00,000	14,00,000	12,44,74,000

a) There were 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

	Nos.	% holding	Nos.	% holding
Sundram International Limited, UK	1,400,000	100.00%	1,400,000	100.00%
	1,400,000	100.00%	1,400,000	100.00%

c) Rights, preferences, restrictions

Equity shares

The Company has only one class of equity shares having a par value of GBP 1 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in GBP. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

d) Bonus Shares/ Buy Back/ Shares for consideration other than cash issued during the period of five years immediately preceding the 15 months ended March 31, 2020.

(i) Aggregate number of equity shares allotted as fully paid up pursuant to contracts without payment being received in cash : Nil

(ii) Aggregate number of equity shares allotted as fully paid up by way of Bonus Shares : Nil

(iii) Aggregate number of equity shares bought back : Nil

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 commensurately with the level of risk

Cramlington Precision Forge Limited, United Kingdom

TRANSLATED FINANCIAL STATEMENTS

Notes to financial statements (Contd.)

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

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

		As at 31 March 2020		As at 31 December 2018	
		GBP	₹	GBP	₹
Borrowings		2,497,888	233,402,681	2,073,179	184,326,368
Cash and cash equivalents		(1,437)	(134,222)	(1,268)	(112,748)
Capital	A	2,496,451	233,268,459	2,071,911	184,213,620
Total equity	B	(421,541)	(39,388,777)	1,396,552	124,167,419
Overall financing	A+B	2,074,910	193,879,682	3,468,463	308,381,039
Gearing ratio		120%	120%	60%	60%

12 BORROWINGS	As at 31 March 2020				As at 31 December 2018			
	Long-term		Short-term		Long-term		Short-term	
	GBP	₹	GBP	₹	GBP	₹	GBP	₹
a) Secured								
Term loan from banks (refer note below)	1,25,000	1,16,80,000	-	-	7,50,000	6,66,82,500	-	-
Bank Overdrafts (refer note below)			18,97,888	17,73,38,681	-	-	12,23,179	10,87,52,869
	1,25,000	1,16,80,000	18,97,888	17,73,38,681	7,50,000	6,66,82,500	12,23,179	10,87,52,869
Less: Current maturities of long term borrowings	1,25,000	1,16,80,000	-	-	5,00,000	4,44,55,000	-	-
	-	-	18,97,888	17,73,38,681	2,50,000	2,22,27,500	12,23,179	10,87,52,869
b) Unsecured								
Working Capital Loans - from related parties (refer note below)	6,00,000	5,60,64,000	-	-	6,00,000	5,33,46,000	-	-
	6,00,000	5,60,64,000	-	-	6,00,000	5,33,46,000	-	-
Total	6,00,000	5,60,64,000	18,97,888	17,73,38,681	8,50,000	7,55,73,500	12,23,179	10,87,52,869

c) Term loan from banks include

- i) An outstanding term loan from a bank amounts to GBP 0.13 million, equivalent to Rs. 1.17 crores (December 31, 2018: GBP 0.75 million, equivalent to Rs. 6.67 crores), repayable in 8 equal installments, starting on September 6, 2018 and every three months after this date until the loan is fully repaid on June 8, 2020. The agreement contains a negative pledge preventing the company from creating or allowing to subsist and security over any of its assets. The company is also prevented from entering into any sale and leaseback or debt factoring arrangements as a method of raising Financial Indebtedness or of financing the acquisition of an asset. There is additional security in the form of fixed charges over all freehold and leasehold property, book and other debts, chattels, goodwill and uncalled capital, both at the time of the agreement and in the future. There are also floating charges over all assets and undertakings at the time of the agreement and in the future. The interest rate is linked to Libor + agreed spread p.a.
- ii) The Company has working capital facilities of GBP 1.90 million equivalent to Rs. 17.73 crores (December 31, 2018: GBP 1.22 million equivalent to Rs. 10.88 crores) carrying interest rate being base rate + agreed spread p.a.
- iii) The balance due to related party represents an unsecured loan extended by the company's parent undertaking and is repayable in full on 16 December 2021. Interest is charged at 2.43% per annum.

TRANSLATED FINANCIAL STATEMENTS

Notes to financial statements (Contd.)

13 LEASE LIABILITIES	As at 31 March 2020				As at 31 December 2018			
	Long-term		Short-term		Long-term		Short-term	
	GBP	₹	GBP	₹	GBP	₹	GBP	₹
Lease liabilities	11,87,514	11,09,61,310	86,863	81,16,514	-	-	-	-
Total	11,87,514	11,09,61,310	86,863	81,16,514	-	-	-	-

14 TRADE PAYABLES	As at 31 March 2020				As at 31 December 2018			
	Long-term		Short-term		Long-term		Short-term	
	GBP	₹	GBP	₹	GBP	₹	GBP	₹
Dues to others	-	-	19,47,659	18,19,89,242	-	-	14,59,517	12,97,65,625
	-	-	19,47,659	18,19,89,242	-	-	14,59,517	12,97,65,625

15 OTHER FINANCIAL LIABILITIES	As at 31 March 2020				As at 31 December 2018			
	Long-term		Short-term		Long-term		Short-term	
	GBP	₹	GBP	₹	GBP	₹	GBP	₹
Others								
Current maturities of term loans from banks (Secured)	-	-	1,25,000	1,16,80,000	-	-	5,00,000	4,44,55,000
Interest accrued	-	-	18,225	17,02,944	-	-	4,239	3,76,889
Non statutory dues	48,107	44,95,118	4,30,181	4,01,96,072	71,727	63,77,248	4,91,509	4,37,00,083
	48,107	44,95,118	5,73,406	5,35,79,016	71,727	63,77,248	9,95,748	8,85,31,972

16 OTHER CURRENT LIABILITIES	As at 31 March 2020				As at 31 December 2018			
	Long-term		Short-term		Long-term		Short-term	
	GBP	₹	GBP	₹	GBP	₹	GBP	₹
Statutory dues	-	-	52,935	49,46,206	-	-	61,386	54,57,855
	-	-	52,935	49,46,206	-	-	61,386	54,57,855

**Cramlington Precision Forge Limited,
United Kingdom**

TRANSLATED FINANCIAL STATEMENTS

Notes to financial statements (Contd.)

	15 months ended 31 March 2020		Year ended 31 December 2018	
	GBP	₹	GBP	₹
17 REVENUE FROM OPERATIONS				
Sales of Products				
Domestic Sales	4,43,907	4,02,57,942	29,930	27,24,871
Export Sales	1,47,71,655	1,33,96,41,359	1,28,86,860	1,17,32,19,775
	1,52,15,562	1,37,98,99,301	1,29,16,791	1,17,59,44,646
Other Operating Revenue (Refer Note 17A)	2,28,706	2,07,41,389	1,94,931	1,77,46,509
Revenue from operations (Net)	1,54,44,268	1,40,06,40,690	1,31,11,722	1,19,36,91,155
17A OTHER OPERATING REVENUE				
Scrap Sales	2,28,706	2,07,41,389	1,94,931	1,77,46,509
	2,28,706	2,07,41,389	1,94,931	1,77,46,509
18 OTHER INCOME				
Profit on Sale of Assets	-	-	-	-
	-	-	-	-
19 COST OF RAW MATERIALS AND COMPONENTS CONSUMED				
Opening stock of raw materials and components	4,36,447	3,88,04,542	2,47,542	2,13,45,547
Add: Exchange rate fluctuation on account of average rate transferred to currency translation reserve	-	7,76,876	-	11,90,677
Add : Purchases during the year	51,12,166	46,36,22,342	47,25,328	43,01,93,846
Less: Exchange rate fluctuation on account of average rate transferred to currency translation reserve	-	(12,77,794)	-	9,29,633
Less: Closing stock of raw materials and components	4,64,652	4,34,17,111	4,36,447	3,88,04,542
	50,83,961	46,10,64,443	45,36,422	41,29,95,894
20 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS				
A) Opening Stock:				
Work-in-progress	2,91,087	2,58,80,547	4,22,928	3,64,69,081
Finished goods	2,10,224	1,86,91,040	94,516	81,50,115
Add / (Less): Exchange rate fluctuation on account of average rate transferred to currency translation reserve	-	8,92,334	-	24,88,906
	5,01,311	4,54,63,921	5,17,444	4,71,08,102
B) Closing Stock:				
Work-in-progress	2,93,972	2,74,68,721	2,91,087	2,58,80,547
Finished goods	89,099	83,25,437	2,10,224	1,86,91,040
Add / (Less): Exchange rate fluctuation on account of average rate transferred to currency translation reserve	-	10,53,445	-	(10,67,793)
	3,83,071	3,47,40,713	5,01,311	4,56,39,380
Net (increase) / decrease in inventories	1,18,240	1,07,23,208	16,133	14,68,722

TRANSLATED FINANCIAL STATEMENTS

Notes to financial statements (Contd.)

	15 months ended 31 March 2020		Year ended 31 December 2018	
	GBP	₹	GBP	₹
21 EMPLOYEE BENEFITS EXPENSE				
Salaries and wages	39,57,101	35,88,69,534	29,94,057	27,25,78,948
Contribution to provident and other funds	4,94,694	4,48,63,833	3,34,037	3,04,10,689
Staff welfare expenses	44,236	40,11,625	61,828	56,28,835
	44,96,031	40,77,44,992	33,89,922	30,86,18,472
22 FINANCE COSTS				
Interest expenses	1,61,771	1,46,71,022	38,966	35,47,486
	1,61,771	1,46,71,022	38,966	35,47,486
23 DEPRECIATION AND AMORTIZATION EXPENSE				
Depreciation of tangible assets	3,68,496	3,34,18,877	3,19,004	2,90,42,105
Depreciation on right of use of asset	1,43,278	1,29,93,896	-	-
Amortization of intangible assets	-	-	1,623	1,47,758
	5,11,774	4,64,12,773	3,20,627	2,91,89,863
24 OTHER EXPENSES				
Stores and tools consumed	17,31,362	15,70,17,260	11,02,276	10,03,51,189
Power & fuel	6,82,991	6,19,40,462	5,02,293	4,57,28,714
Rent	1,61,273	1,46,25,824	2,16,338	1,96,95,446
Rates & taxes [excluding taxes on Income]	75,586	68,54,864	55,623	50,63,909
Insurance	1,76,051	1,59,66,081	1,17,200	1,06,69,886
Repairs and maintenance				
- Building	23,293	21,12,431	39,637	36,08,552
- Plant & Equipment	5,39,242	4,89,03,864	4,11,476	3,74,60,744
Sub-contract expenses	22,59,465	20,49,10,886	20,87,050	19,00,05,023
Audit fee	23,000	20,85,870	10,500	9,55,920
Net Foreign exchange loss(net off gain)	2,385	2,16,291	2,346	2,13,624
Finance guarantee expenses	15,480	14,03,869	-	-
Bad debts	255	23,169	-	-
Miscellaneous expenses	12,26,455	11,12,27,222	11,70,065	10,65,22,719
(Under this head there is no expenditure which is in excess of 1% of Revenue from Operations or ₹ 10 lakhs whichever is higher)				
	69,16,838	62,72,88,093	57,14,804	52,02,75,726

**Cramlington Precision Forge Limited,
United Kingdom**

TRANSLATED FINANCIAL STATEMENTS

Notes to financial statements (Contd.)

	15 months ended 31 March 2020		Year ended 31 December 2018	
	GBP	₹	GBP	₹
25 INCOME TAX				
The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of Cramlington Precision Forge Limited at 19% and the reported tax expense in profit or loss are as follows:				
Profit or loss section				
Accounting profit before tax	(18,44,347)	(16,72,63,841)	(9,05,152)	(8,24,05,008)
Accounting profit before income tax				
i) At UK's statutory income tax rate of 19.00% (31 December 2018: 19.00%)	(3,50,426)	(3,17,80,130)	(1,71,979)	(1,64,81,002)
Other adjustments	3,50,196	3,17,59,300	35,550	40,60,505
	(230)	(20,830)	(1,36,429)	(1,24,20,496)
Tax expense comprises of:				
Current income tax:				
Current income tax charge (net of Minimum alternate tax)	-	-	-	-
Adjustments in respect of current income tax of previous year	(230)	(20,830)	(42,080)	(38,30,963)
Deferred tax:				
Relating to origination and reversal of temporary differences	-	-	(94,349)	(85,89,533)
Income tax expense	(230)	(20,830)	(1,36,429)	(1,24,20,496)

Summary of significant accounting policies and other explanatory information

26 Related party disclosures

Related Parties :

(I) Where Control exists:

(A) Ultimate Holding Company

Sundram Fasteners Limited

(B) Holding Company

Sundram International Limited, UK

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

(A) Fellow Subsidiaries

Sundram Fasteners (Zhejiang) Limited, Republic Of China

Sundram International Inc., Michigan, USA

TVS Upasana Limited, Chennai

Sundram Non-Conventional Energy Systems Limited, Chennai

Sundram Fasteners Investments Limited, Chennai.

TVS Next Limited, Chennai (Formerly TVS Infotech Limited)

TVS Next Inc., Michigan, USA (Formerly TVS Infotech Inc.) (Subsidiary of TVS Next Ltd.)

Sunfast TVS Limited, Chennai

TVS Engineering Limited, Chennai

TRANSLATED FINANCIAL STATEMENTS

Notes to financial statements (Contd.)

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

Nature of transaction	Ultimate Holding Company		Holding Company		Fellow Subsidiary Companies	
	GBP	INR	GBP	INR	GBP	INR
Purchases						
Goods and Materials	24,881	2,256,494	-	-	-	-
	-	-	-	-	-	-
Sales						
Goods and Materials	3,874	351,333	-	-	-	-
	(2,583)	(235,185)	-	-	-	-
Finance						
Inter Corporate Deposit received (Net)	-	-	-	-	-	-
	-	-	(600,000)	(53,346,000)	-	-
Interest payable on Inter Corporate Deposit received	-	-	18,225	1,652,825	-	-
	-	-	(4,239)	(385,919)	-	-
Outstanding balances						
Due to the Company	3,874	361,987	-	-	-	-
	(83)	(7,408)	-	-	-	-
Due by the Company	11,283	1,054,321	618,225	57,716,825	-	-
	-	-	(604,239)	(53,731,919)	-	-

(Previous year figures are in brackets)

**Cramlington Precision Forge Limited,
United Kingdom**
TRANSLATED FINANCIAL STATEMENTS

Notes to financial statements (Contd.)

Particulars	31-Mar-20						31-Dec-18										
	FVTPL		FVOCI		Amortised Cost		Total		FVTPL		FVOCI		Amortised Cost		Total		
	GBP	₹	GBP	₹	GBP	₹	GBP	₹	GBP	₹	GBP	₹	GBP	₹	GBP	₹	
Financial Assets																	
Current assets																	
Trade receivables	-	-	-	13,82,84,614	14,79,930	13,82,84,614	-	-	-	-	-	-	23,93,234	21,27,82,400	23,93,234	21,27,82,400	
Cash and Cash equivalents	-	-	-	1,34,222	1,437	1,34,222	-	-	-	-	-	-	1,268	1,12,748	1,268	1,12,748	
Total Financial Assets	-	-	-	13,84,18,836	14,81,367	13,84,18,836	-	-	-	-	-	-	23,94,502	21,28,95,148	23,94,502	21,28,95,148	
Financial Liabilities																	
Non-current liabilities																	
Borrowings	-	-	-	5,60,64,000	6,00,000	5,60,64,000	-	-	-	-	-	-	8,50,000	7,55,73,500	8,50,000	7,55,73,500	
Lease Liabilities	-	-	-	11,09,61,310	11,87,514	11,09,61,310	-	-	-	-	-	-	-	-	-	-	-
Other financial liabilities	-	-	-	44,95,118	48,107	44,95,118	-	-	-	-	-	-	71,727	63,77,248	71,727	63,77,248	
Current liabilities																	
Borrowings	-	-	-	17,73,38,681	18,97,888	17,73,38,681	-	-	-	-	-	-	12,23,179	10,87,52,868	12,23,179	10,87,52,868	
Lease Liabilities	-	-	-	81,16,514	86,863	81,16,514	-	-	-	-	-	-	-	-	-	-	-
Trade payables	-	-	-	18,19,89,242	19,47,659	18,19,89,242	-	-	-	-	-	-	14,59,517	12,97,65,625	14,59,517	12,97,65,625	
Other financial liabilities	-	-	-	5,35,79,016	5,73,406	5,35,79,016	-	-	-	-	-	-	9,95,748	8,85,31,972	9,95,748	8,85,31,972	
Total Financial Liabilities	-	-	-	59,25,43,881	63,41,437	59,25,43,881	-	-	-	-	-	-	46,00,171	40,90,01,213	46,00,171	40,90,01,213	