

Peiner Umformtechnik GmbH

(Peine, Germany)

ANNUAL REPORT

**for the year ended
31st December 2015**

Peiner Umformtechnik GmbH, Peine

(Incorporated in Germany)

TRANSLATED FINANCIAL STATEMENTS

BALANCE SHEET AS AT 31ST DECEMBER 2015

	Note.	Euro		Euro	
	No.	As at		As at	
		31-12-2015	31-12-2015	31-12-2014	31-12-2014
I EQUITY AND LIABILITIES					
1) Shareholders' Funds					
a) Share Capital	1	6,774,617	489,195,125	6,774,617	519,748,649
b) Reserves & Surplus	2	<u>(17,035,861)</u>	<u>(10,261,244)</u>	<u>(13,905,770)</u>	<u>(7,131,153)</u>
			<u>(740,964,462)</u>	<u>(1,066,850,704)</u>	<u>(547,102,054)</u>
2) Non - Current Liabilities					
a) Long-term borrowings	3	<u>19,932,236</u>	<u>1,439,306,762</u>	<u>15,249,915</u>	<u>1,169,973,473</u>
3) Current liabilities					
a) Short - term borrowings	3	1,786,908	129,032,636	489,133	37,526,286
b) Trade payables	4	5,745,331	414,870,359	5,110,831	392,102,924
c) Other current liabilities	5	2,005,624	144,826,142	3,045,468	233,648,334
d) Short - term provisions	6	<u>5,838,020</u>	<u>15,375,883</u>	<u>14,138,482</u>	<u>421,426,769</u>
			<u>1,110,292,533</u>		<u>1,084,704,313</u>
Total		<u>25,046,875</u>	<u>1,808,634,833</u>	<u>22,257,244</u>	<u>1,707,575,731</u>
II ASSETS					
1) Non - Current Assets					
a) Fixed assets					
Tangible assets	7	8,792,536	634,909,043	5,222,012	400,632,812
Intangible assets	7	-	-	874	66,981
Capital Work -in- Progress	7	786,407	56,786,425	877,453	67,318,194
b) Long term loans and advances	11	<u>336,000</u>	<u>24,262,560</u>	<u>1,238,000</u>	<u>94,979,360</u>
			<u>715,958,028</u>	<u>7,338,339</u>	<u>562,997,347</u>
2) Current Assets					
a) Inventories	8	12,427,790	897,410,758	12,377,368	949,591,659
b) Trade receivables	9	296,483	21,409,030	484,005	37,132,886
c) Cash and cash equivalents	10	125,355	9,051,894	341,957	26,234,906
d) Short term loans and advances	11	<u>2,282,304</u>	<u>164,805,123</u>	<u>1,715,575</u>	<u>131,618,933</u>
			<u>1,092,676,805</u>	<u>14,918,905</u>	<u>1,144,578,384</u>
Total		<u>25,046,875</u>	<u>1,808,634,833</u>	<u>22,257,244</u>	<u>1,707,575,731</u>

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST DECEMBER 2015

	Note	Euro		Euro	
	No.	Year ended 31-12-2015	Year ended 31-12-2015	Year ended 31-12-2014	Year ended 31-12-2014
INCOME					
I	12	46,733,414	3,319,007,047	51,450,441	4,150,507,082
II	13	4,042,055	287,066,774	639,493	51,587,953
III		<u>50,775,469</u>	<u>3,606,073,821</u>	<u>52,089,934</u>	<u>4,202,095,035</u>
IV Expenses					
	14	20,294,070	1,441,385,198	21,465,373	1,734,792,528
					(Increase) / Decrease in inventories of FG, WIP & Stock-in-Trade
	15	(134,754)	(9,730,558)	174,759	13,407,532
	16	14,516,006	1,030,926,717	13,631,260	1,099,633,769
	17	1,216,634	86,405,344	951,050	76,721,159
	7	1,056,642	75,042,701	844,852	68,154,211
	18	16,945,580	1,203,475,181	18,115,963	1,461,414,772
		<u>53,894,178</u>	<u>3,827,504,583</u>	<u>55,183,257</u>	<u>4,454,123,969</u>
V		<u>(3,118,709)</u>	<u>(221,430,762)</u>	<u>(3,093,323)</u>	<u>(252,028,934)</u>
VI Extraordinary items					
		(11,382)	(808,350)	(11,382)	(918,186)
VII		<u>(3,130,091)</u>	<u>(222,239,112)</u>	<u>(3,104,705)</u>	<u>(252,947,121)</u>
VIII Tax expense :					
		-	-	-	-
		-	-	-	-
IX		<u>(3,130,091)</u>	<u>(222,239,112)</u>	<u>(3,104,705)</u>	<u>(252,947,121)</u>

Peiner Umformtechnik GmbH, Peine
(Incorporated in Germany)

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

	Euro As at 31-12-2015	Euro As at 31-12-2015	Euro As at 31-12-2014	Euro As at 31-12-2014		
1 SHARE CAPITAL						
a. Capital Subscribed						
Share Capital	<u>6,774,617</u>	<u>489,195,125</u>	<u>6,774,617</u>	<u>519,748,649</u>		
b. Reconciliation of number of shares						
	As at 31-12-2015		As at 31-12-2014			
Equity Shares	No. of Shares	Value in Euro	Value in Rs	No. of Shares	Value in Euro	Value in Rs
1. Balance at the beginning of the year	-	6,774,617	489,195,125	-	6,774,617	519,748,649
2. Add : Shares issued during the year	-	-	-	-	-	-
3. Bonus Shares issued during the year	-	-	-	-	-	-
4. Balance at the end of the year	<u>-</u>	<u>6,774,617</u>	<u>489,195,125</u>	<u>-</u>	<u>6,774,617</u>	<u>519,748,649</u>
c. Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company						
Name of the Shareholder	As at 31-12-2015		As at 31-12-2014			
	No. of Shares	Shares as % of Total No. of Shares	No. of Shares	Shares as % of Total No. of Shares		
1. Sundram Fasteners Limited, Chennai	-	100.00	-	100.00		
Sub Total	<u>-</u>	<u>100.00</u>	<u>-</u>	<u>100.00</u>		
2. Total No. of Shares of the Company	<u>-</u>	<u>100.00</u>	<u>-</u>	<u>100.00</u>		
d. Bonus Shares / Buy Back / Shares for consideration other than cash issued during the period of five years immediately preceding the financial year ended 31st December, 2015 :						
(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						
2. RESERVES & SURPLUS						
a) Capital Reserves						
	<u>1,508,311</u>	<u>108,915,141</u>	<u>1,508,311</u>	<u>115,717,624</u>		
	<u>1,508,311</u>	<u>108,915,141</u>	<u>1,508,311</u>	<u>115,717,624</u>		
b) Surplus in Statement of Profit and Loss						
1. Balance as at the beginning of the year	(15,414,081)	(1,113,050,784)	(12,309,376)	(944,375,341)		
2. Profit / (Loss) for the year	(3,130,091)	(222,239,112)	(3,104,705)	(252,947,121)		
3. Balance available for appropriation (1+2)	<u>(18,544,172)</u>	<u>(1,335,289,896)</u>	<u>(15,414,081)</u>	<u>(1,197,322,461)</u>		
Balance as at the end of the year	<u>(18,544,172)</u>	<u>(1,335,289,896)</u>	<u>(15,414,081)</u>	<u>(1,197,322,461)</u>		
c) Foreign Exchange Translation Reserve / (Asset)						
Foreign exchange reserve / (Asset) arising on account of application of Indian Accounting Standard - 11						
Opening balance as on 01.01.2015		14,754,133		(21,000,786)		
Current year foreign exchange gain / (loss)		<u>(18,538,965)</u>		<u>35,754,919</u>		
	<u>-</u>	<u>(3,784,832)</u>	<u>-</u>	<u>14,754,133</u>		
Total Reserves and Surplus (a+ b+ c)	<u>(17,035,861)</u>	<u>(1,230,159,587)</u>	<u>(13,905,770)</u>	<u>(1,066,850,704)</u>		

TRANSLATED FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	Long-term / Non Current				Short-term / Current			
	As at 31-12-2015		As at 31-12-2014		As at 31-12-2015		As at 31-12-2014	
	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro
3. BORROWINGS								
1. Loan from Banks	9,082,236	655,828,262	5,249,915	402,773,473	-	-	-	-
2. Loans from related parties	10,850,000	783,478,500	10,000,000	767,200,000	1,786,908	129,032,636	489,133	37,526,286
	<u>19,932,236</u>	<u>1,439,306,762</u>	<u>15,249,915</u>	<u>1,169,973,473</u>	<u>1,786,908</u>	<u>129,032,636</u>	<u>489,133</u>	<u>37,526,286</u>
4. TRADE PAYABLES								
Raw Materials	-	-	-	-	5,745,331	414,870,359	5,110,831	392,102,924
	-	-	-	-	<u>5,745,331</u>	<u>414,870,359</u>	<u>5,110,831</u>	<u>392,102,924</u>
5. OTHER LIABILITIES								
1. Current maturities of long-term debt	-	-	-	-	1,465,135	105,797,385	2,753,000	211,210,160
2. Other Liabilities	-	-	-	-	540,489	39,028,757	292,468	22,438,174
Total	-	-	-	-	<u>2,005,624</u>	<u>144,826,142</u>	<u>3,045,468</u>	<u>233,648,334</u>
6. PROVISIONS								
1. Provisions for pension and similar obligations	-	-	-	-	5,111,078	369,070,942	4,845,187	371,722,747
2. Other Provisions and accrued liabilities	-	-	-	-	726,942	52,492,454	647,863	49,704,023
Total	-	-	-	-	<u>5,838,020</u>	<u>421,563,396</u>	<u>5,493,050</u>	<u>421,426,769</u>

7. FIXED ASSET SCHEDULE

	Tangible						Intangible			
	Plant & Machinery		Fixtures, Fittings and Office Equipments		Total Rupees	Software	Total	Total		
	Euro	Euro	Euro	Euro					Euro	Euro
A. Cost of Assets										
As at 31-12-2014	31,471,940	2,414,527,180	11,232,095	861,726,364	42,704,035	3,276,253,544	280,918	21,551,976	42,984,953	3,297,805,521
Additions	1,144,277	82,628,260	3,482,015	251,436,291	4,626,292	334,064,551	-	-	4,626,292	334,064,551
Sales/Discards	(220,027)	(15,888,140)	(25,532)	(1,843,693)	(245,559)	(17,731,833)	-	-	(245,559)	(17,731,833)
Other Adjustments										
- Exchange difference	-	(141,938,448)	-	(50,656,750)	-	(192,595,198)	-	(1,266,938)	-	(193,862,136)
- Borrowing Costs	-	-	-	-	-	-	-	-	-	-
As at 31-12-2015	<u>32,396,190</u>	<u>2,339,328,852</u>	<u>14,688,578</u>	<u>1,060,662,212</u>	<u>47,084,768</u>	<u>3,399,991,064</u>	<u>280,918</u>	<u>20,285,038</u>	<u>47,365,687</u>	<u>3,420,276,103</u>
B. Depreciation / Amortization										
As at 31-12-2014	28,755,877	2,206,150,850	8,726,145	669,469,883	37,482,023	2,875,620,733	280,044	21,484,995	37,762,067	2,897,105,730
Charges for the year	789,682	56,083,234	266,086	18,897,444	1,055,768	74,980,678	874	62,023	1,056,642	75,042,701
Deduction on sale or discards	(220,027)	(15,888,140)	(25,532)	(1,843,693)	(245,559)	(17,731,833)	-	-	(245,559)	(17,731,833)
Exchange variation (op bal restated)	-	(129,689,003)	-	(39,354,916)	-	(169,043,919)	-	(1,263,000)	-	(170,306,919)
Restating to Closing Rate - CY Depn	-	939,722	-	316,643	-	1,256,365	-	1,019	-	1,257,384
As at 31-12-2015	<u>29,325,532</u>	<u>2,117,596,663</u>	<u>8,966,699</u>	<u>647,485,361</u>	<u>38,292,232</u>	<u>2,765,082,024</u>	<u>280,918</u>	<u>20,285,038</u>	<u>38,573,150</u>	<u>2,785,367,063</u>
C. Written Down Value										
As at 31-12-2015	3,070,658	221,732,190	5,721,878	413,176,851	8,792,536	634,909,040	-	-	8,792,536	634,909,040
As at 31-12-2014	2,716,063	208,376,330	2,505,949	192,256,481	5,222,012	400,632,811	874	66,981	5,222,886	400,699,791
D. Capital Work-in-Progress										
As at 31-12-2015	786,407	56,786,425	-	-	786,407	56,786,425	-	-	786,407	56,786,425
As at 31-12-2014	877,453	67,318,194	-	-	877,453	67,318,194	-	-	877,453	67,318,194

Peiner Umformtechnik GmbH, Peine
(Incorporated in Germany)

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31-12-2015		Non Current		As at 31-12-2014		Current		As at 31-12-2014	
	Euro		Euro		Euro		Euro		Euro	
8. INVENTORIES (Valued at lower of cost and net realizable value)										
a Raw Materials and components					2,765,227	199,677,069	2,849,558		218,618,107	
b Work-in-process					3,032,430	218,971,802	2,683,887		205,907,798	
c Finished Goods					6,630,133	478,761,887	6,843,923		525,065,753	
Total					12,427,790	897,410,758	12,377,368		949,591,659	
9. TRADE RECEIVABLES (Unsecured, considered good unless stated otherwise)										
Outstanding for a period more than six months from the date they are due for payment	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	482,202	34,819,792	536,468		41,157,863	
	-	-	-	-	482,202	34,819,792	536,468		41,157,863	
Less:- Provision for doubtful debts	-	-	-	-	185,719	13,410,762	52,463		4,024,977	
Allocation with Commerz Factoring	-	-	-	-	-	-	-		-	
	-	-	-	-	296,483	21,409,030	484,005		37,132,886	
10. CASH AND BANK BALANCES										
Cash and Cash Equivalents										
a) Balances with Bank										
Commerzbank (e)	-	-	-	-	120,636	8,711,126	337,884		25,922,477	
Deutsche Bank (e)	-	-	-	-	1,726	124,627	917		70,335	
HSBC, Hamburg	-	-	-	-	2,557	184,626	2,846		218,313	
b) Cash on hand	-	-	-	-	436	31,515	310		23,781	
	-	-	-	-	125,355	9,051,894	341,957		26,234,906	
11. LOANS AND ADVANCES										
1 Loans to Group companies										
- TVS Peiner Services GmbH	336,000	24,262,560	438,000	33,603,360	-	-	-		-	
- PUT Grundstucks GmbH	-	-	800,000	61,376,000	-	-	-		-	
2 Accounts due from affiliated companies										
- Windbolt GmbH	-	-	-	-	-	-	167,898		12,881,142	
- PUT Grundstucks GmbH	-	-	-	-	48,877	3,529,382	37,139		2,849,276	
- Sundram Fasteners Ltd.	-	-	-	-	-	-	-		-	
3 Receivable against employees	-	-	-	-	55,400	4,000,434	34,700		2,662,184	
4 Vendors with Debit Balance	-	-	-	-	13,056	942,805	20,382		1,563,722	
5 Input Tax	-	-	-	-	495,560	35,784,354	72,904		5,593,203	
6 Prepaid Expenses	-	-	-	-	1,669,411	120,548,148	1,382,552		106,069,405	
Total	336,000	24,262,560	1,238,000	94,979,360	2,282,304	164,805,123	1,715,575		131,618,933	

TRANSLATED FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	Euro Year ended 31-12-2015	Euro Year ended 31-12-2015	Euro Year ended 31-12-2014	Euro Year ended 31-12-2014
12. REVENUE FROM OPERATIONS				
Sale of Products				
Domestic Sales	34,276,149	2,434,292,074	33,404,599	2,694,749,002
Export Sales	10,983,440	780,043,934	16,108,912	1,299,505,970
Total	<u>45,259,589</u>	<u>3,214,336,008</u>	<u>49,513,511</u>	<u>3,994,254,972</u>
12A. OTHER OPERATING REVENUES				
a) Scrap Sales	360,775	25,622,270	477,846	38,547,852
b) Other operating income	41,841	2,971,554	122,710	9,899,032
c) Income from shared services	686,722	48,770,967	721,686	58,218,413
d) Trading receipts	146,879	10,431,378	332,263	26,803,666
e) Revenue from appreciation bad debt	-	-	5,630	454,206
f) Reimbursement of expenses	189,822	13,481,129	233,998	18,876,593
g) Tax clearing costs for car-leasing	47,786	3,393,742	42,796	3,452,348
Total	<u>1,473,825</u>	<u>104,671,039</u>	<u>1,936,930</u>	<u>156,252,110</u>
Total Revenue from operations	<u>46,733,414</u>	<u>3,319,007,047</u>	<u>51,450,441</u>	<u>4,150,507,082</u>
13. Other Income				
Reversal of accruals & prov for impending losses	7,240	514,185	58,980	4,757,913
Profit on sale of assets	17,920	1,272,690	45,000	3,630,150
Interest income	597,502	42,434,576	336,064	27,110,307
Net Foreign exchange gain(net off loss)	40,298	2,861,966	187,449	15,121,542
Miscellaneous Income	3,379,095	239,983,357	12,000	968,040
Total	<u>4,042,055</u>	<u>287,066,774</u>	<u>639,493</u>	<u>51,587,953</u>
14. RAW MATERIALS INCLUDING PACKING MATERIALS CONSUMED				
Opening Stock of Raw Material	2,849,558	205,766,600	2,044,270	156,836,411
Add: Purchase of materials	20,209,739	1,435,295,667	22,270,661	1,796,574,224
Less: Closing Stock of Raw Material	2,765,227	199,677,069	2,849,558	218,618,107
Total	<u>20,294,070</u>	<u>1,441,385,198</u>	<u>21,465,373</u>	<u>1,734,792,528</u>
15. (INCREASE)/DECREASE IN INVENTORIES OF FINISHED GOODS & WORK-IN-PROCESS				
(A) Inventories at the beginning of the year				
Work-in-process	2,683,887	193,803,469	4,125,820	316,532,876
Finished Goods	6,843,923	494,199,662	5,576,749	427,848,208
	<u>9,527,810</u>	<u>688,003,131</u>	<u>9,702,569</u>	<u>744,381,084</u>
(B) Inventories at the end of the year				
Work-in-process	3,032,430	218,971,802	2,683,887	205,907,798
Finished Goods	6,630,133	478,761,887	6,843,923	525,065,753
	<u>9,662,563</u>	<u>697,733,689</u>	<u>9,527,810</u>	<u>730,973,552</u>
Total (A-B)	<u>(134,754)</u>	<u>(9,730,558)</u>	<u>174,759</u>	<u>13,407,532</u>
16. EMPLOYEE BENEFIT EXPENSES				
Salaries, Wages, Bonus and Allowances	11,704,255	831,236,221	11,046,329	891,107,357
Employees' Provident and Other Funds	2,682,659	190,522,408	2,307,743	186,165,625
Staff & Labour welfare expenses	129,092	9,168,088	277,188	22,360,787
Total	<u>14,516,006</u>	<u>1,030,926,717</u>	<u>13,631,260</u>	<u>1,099,633,769</u>

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	Euro Year ended 31-12-2015	Euro Year ended 31-12-2015	Euro Year ended 31-12-2014	Euro Year ended 31-12-2014
17. FINANCE COST				
a) Interest expense	1,216,351	86,385,266	901,241	72,703,086
b) Other borrowing costs				
- Commission charges	-	-	-	-
- Bank handling Charges				
c) Applicable net gain/loss on foreign currency transactions and translation including borrowing cost	283	20,078	49,809	4,018,073
Total	<u>1,216,634</u>	<u>86,405,344</u>	<u>951,050</u>	<u>76,721,159</u>
18. OTHER EXPENSES				
Stores and Tools consumed	431,272	30,628,918	494,686	39,906,344
Power & Fuel	2,119,887	150,554,407	2,327,751	187,779,649
Rent	1,299,479	92,289,017	1,336,422	107,809,181
Rates & Taxes	2,263	160,694	2,824	227,829
Sub-Contract expenses	7,465,626	530,208,762	8,203,106	661,744,542
Insurance	260,047	18,468,510	217,237	17,524,544
Repairs & Maintenance - Building	559,915	39,765,148	549,873	44,358,275
Repairs & Maintenance - Machinery	1,321,453	93,849,602	1,279,214	103,194,201
Repairs & Maintenance - Others	844,146	59,951,271	821,126	66,240,196
Remuneration to Auditors	34,388	2,442,200	35,000	2,823,450
Directors Remuneration	160,000	11,363,200	160,000	12,907,200
Freight outward	513,585	36,474,834	686,013	55,340,645
Legal and Professional Charges	205,101	14,566,298	62,686	5,056,914
Commission on Sales	1,025,600	72,838,112	1,257,900	101,474,793
Miscellaneous Expenses (Refer Note 18A)	702,818	49,914,209	682,125	55,027,008
Total	<u>16,945,580</u>	<u>1,203,475,181</u>	<u>18,115,963</u>	<u>1,461,414,772</u>
18A. MISCELLANEOUS EXPENSES				
Bank charges	154,696	10,986,475	162,944	13,144,710
Consultancy	19,259	1,367,757	90,936	7,335,823
Books & periodicals	4,794	340,495	4,277	345,026
Communication expenses	5,655	401,648	5,413	436,699
Packing Materials	55,863	3,967,385	85,786	6,920,349
Training expenses	342,020	24,290,290	255,969	20,649,020
Advertisement	545	38,706	4,402	355,096
Marketing expenses	31,051	2,205,254	32,894	2,653,522
Travel & Entertainment	26,321	1,869,326	22,517	1,816,462
Sundry expenses	62,614	4,446,873	16,987	1,370,301
Total	<u>702,818</u>	<u>49,914,209</u>	<u>682,125</u>	<u>55,027,008</u>

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

NOTES ON ACCOUNTS

1. AS - 2: Valuation of Inventories

Inventories of raw materials, consumables and supplies are valued at the lower of average cost or market value as at the balance sheet date.

Finished goods and work in process are valued at production cost on the basis of individual product costing derived from the current cost accounting records. In addition to direct cost of materials, direct labor and other special direct costs, production costs include production and material overheads.

In all cases, valuation is based on net realizable value, i.e. the cost to complete and a reasonable profit margin is deducted from the expected sales prices.

Merchandise is recorded at the lower of cost or market value as on the balance sheet date.

Adequate allowances are provided for all identifiable inventory valuation risks resulting from reduced usability and lower replacement costs.

2. AS 3: Cash Flow statements

Cash Flow statement has been attached to the Balance Sheet and Statement of Profit and Loss.

3. AS 5 : Net profit or loss for the period, prior period items and changes in accounting policies

Prior Period items

Particulars	EURO	
	As at / Year ended 31-Dec-15	As at / Year ended 31-Dec-15
a) Prior Period Expenses	1,431.14	101,639.56
b) Prior Period Income	18,480.83	1,312,508.55

4. Depreciation Accounting

Depreciation is provided under the Written Down Value Method in accordance with the German Tax Laws.

Property, plant and equipment are depreciated in accordance with their estimated useful lives on the basis of the maximum allowable tax depreciation rates.

Intangible assets having a limited life are amortized over a period of 3 years under the Straight Line Method.

5. Accounting for Fixed Assets

Property, plant and equipment are capitalized at acquisition or production cost which includes taxes, duties and other identifiable direct expenses incurred upto the date the asset is put to use. The cost of self-constructed assets includes direct costs as well as a proportionate share of overheads and construction-related depreciation expenses.

Purchased intangible assets are capitalized at acquisition cost.

6. AS 11: Accounting for effects in foreign exchange rates

The Balance Sheet as at 31st December 2015 has been translated from Euro to Indian Rupees by applying the year end inter-bank exchange rate of EURO 1 = ` 72.21 (2014 EURO 1 = ` 76.72). The financial statements have been compiled so as to have them properly drawn up in accordance with the requirements of the Indian Companies Act, 1956 in the manner so required. The financial statements prepared in accordance with Sections 242 and 264 of the German Commercial Code as well as in accordance with the relevant provisions of the German Limited Liability Companies Act and as audited by their auditors has been the basis of the translation and presentation.

Income and Expenditure

Income and expense items have been translated at average exchange rates prevailing during the year EURO 1 = ` 71.02; previous period (EURO 1 = ` 80.67).

Exchange differences arising out of the translation have been dealt with in accordance with AS 11.

7. As - 18: Related Party Transactions

Related Parties:

(I) Where Control exists:

Holding Company

Sundram Fasteners Limited, Chennai

Peiner Umformtechnik GmbH, Peine

(Incorporated in Germany)

NOTES ON ACCOUNTS (Contd.)

(II) Other Related Parties

Fellow Subsidiaries

Cramlington Precision Forge Ltd., Northumberland, United Kingdom

Sundram RBI Sdn. Bhd., Pandan Indah, Malaysia

TVS Upasana Limited, Chennai

Sundram Non Conventional Energy Systems Ltd., Chennai

Sundram International Inc., Michigan, USA

Sundram Precision Components Limited, Chennai

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

PUT Grundstucks GmbH, Peine, Germany.

TVS Peiner Services GmbH, Peine, Germany

Sundram Fasteners Investments Limited, Chennai.

TVS Infotech Limited, Chennai

TVS Infotech Inc., Michigan, USA

(III) Transactions with related parties

Particulars	EURO	`	EURO	`
	As at / Year ended 31-Dec-15	As at Year ended 31-Dec-15	As at / Year ended 31-Dec-14	As at / Year ended 31-Dec-14
A) Purchase of goods:				
Holding Company	41,427	2,942,151	388,565	31,345,546
Fellow Subsidiaries				
a) TVS Upasana Limited	-	-	7,264	586,019
b) Sundram Fasteners (Zhejiang) Ltd	-	-	143,441	11,571,406
c) WindBolt GmbH	-	-	2,498	201,504
B) Services Received				
Holding Company	-	-	-	-
Fellow Subsidiaries				
a) TVS Peiner Services GmbH	4,651,276	330,333,625	5,139,592	414,610,853
C) Outstanding balances Due to the Company				
Holding Company	-	-	-	-
Fellow Subsidiaries				
a) PUT Grundstucks GmbH	48,877	3,529,382	837,139	64,225,276
b) TVS Peiner Services GmbH	336,000	24,262,560	438,000	33,603,360
c) WindBolt GmbH	-	-	167,898	12,881,142
D) Outstanding balances Payable by the company				
Holding Company	12,461,742	899,862,425	10,206,974	783,079,065
Fellow Subsidiaries				
a) TVS Peiner Services GmbH	25,166	1,817,211	262,494	20,138,506
b) PUT Grundstucks GmbH	150,000	10,831,500	-	-
E) Interest received				
Holding Company	-	-	-	-
Fellow Subsidiaries				
a) TVS Peiner Services GmbH	13,523	960,391	45,583	3,677,204
b) PUT Grundstucks GmbH	15,333	1,088,930	26,191	2,112,862
F) Rent paid:				
Holding Company	-	-	-	-
Fellow Subsidiaries				
a) PUT Grundstucks GmbH	630,998	44,813,502	664,071	53,570,612

TRANSLATED FINANCIAL STATEMENTS

NOTES ON ACCOUNTS (Contd.)

8. AS - 19: Leases

The Company has entered into renting and leasing contracts, which are in the nature of operating leases as defined in the Accounting Standard - AS 19 in respect of leases, prescribed by the Institute of Chartered Accountants of India. The renting and leasing contracts will terminate between 2010-2019.

- a) Future minimum lease payments under non-cancelable operating leases in respect of lease agreements entered into:

Year	EURO 31-Dec-15	` 31-Dec-15
- for 2016	1,035,097	74,744,343
- for 2017	882,171	63,701,556
- for 2018	806,393	58,229,645
- for 2019	515,872	37,251,141
- for 2020	132,384	9,559,423
- for 2021	101,230	7,309,805

- b) Lease payments recognized in the statement of Profit and Loss Account, in respect of operating lease agreements entered into:

Particulars	EURO 31-Dec-15	` 31-Dec-15
Lease rent	1,299,479	92,289,017

- c) Significant leasing arrangements:

The Company has entered into rent and leasing contracts in respect of buildings, machinery and equipment, other office equipment and vehicles.

These contracts are renewable for further period or periods on terms and conditions mutually agreed between the parties. Variations in the lease rentals are made in the event of a change in the basis of computation of lease rentals by the lessor.

9. AS 20: Earnings Per Share

The Capital of the Company is not divisible into shares of a specific denomination. Hence it is not possible to compute the earnings per share and consequently no disclosure has been made.

10. Accruals for pensions and early retirement obligations are determined on the basis of actuarial principles in accordance with Sec. 6a of the German Income Tax Act.
11. For other significant accounting policies refer to the financial statements of Peiner Umformtechnik GmbH.
12. Figures for the previous year have been re-grouped, wherever necessary to conform to current year classification.
-