

Sundram Fasteners (Zhejiang) Limited

CHINA

ANNUAL REPORT

**for the year ended
31st December 2014**

Sundram Fasteners (Zhejiang) Limited

(Incorporated in People's Republic of China)

Report of the Auditors

ZHONGLIANXING 2Shen Zi (2014) No.52

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

We have audited the accompanying financial statements of Sundram Fasteners (Zhejiang) Limited ("the Company"), which comprise the balance sheet as of December 31, 2014, the income statement, the cash flow statement, owner's equity increase-decrease change sheet and the related notes of the year 2014.

1. Management's Responsibility for the Financial Statements

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

2. Auditor's Responsibility

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

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

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

3. Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with the Accounting Standards for Business Enterprises and "Accounting Systems for Business Enterprises".

Haiyan ZhonglianXing CPAs Co., Ltd.

February 28, 2015

Sundram Fasteners (Zhejiang) Limited

(Incorporated in People's Republic of China)

BALANCE SHEET

AS AT DECEMBER 31, 2014

(All amounts in RMB Yuan unless otherwise stated)

[English Translation for Reference Only]

	Notes	December 31, 2013	December 31, 2014
ASSETS			
Cash at bank and in hand	11	5,309,981.31	3,217,245.91
Accounts receivable	12	41,417,244.73	40,650,010.54
Other receivables		32,668.62	5,985.24
Prepayment to suppliers		756,906.34	300,798.72
Inventories	12	28,975,152.70	32,828,126.31
Prepaid expenses		33,064.64	32,267.79
Total current assets		<u>76,525,018.34</u>	<u>77,034,434.51</u>
Fixed assets			
Fixed assets - cost	13	125,150,154.11	128,363,566.26
Less: Accumulated depreciation	13	53,188,639.65	62,054,362.04
Fixed assets - net book value		71,961,514.46	66,309,204.22
Construction in progress	13	94,358.97	-
Intangible assets	14	3,786,768.39	3,620,950.82
Long-term prepaid expenses	14	539,098.02	255,720.01
TOTAL ASSETS		<u>152,906,758.18</u>	<u>147,220,309.56</u>
LIABILITIES AND OWNERS' EQUITY			
Current liabilities			
Short-term loans	14	15,300,000.00	10,000,000.00
Notes payable		-	-
Accounts payable	15	29,422,158.12	19,714,204.77
Advances from customers		6,649.02	224,445.01
Accrued payroll	15	1,615,448.23	1,760,775.18
Accrued welfare expenses			
Taxes and dues payable	16	1,984,642.99	1,830,289.65
Other payables		1,200,951.90	1,077,528.35
Other Current liabilities			
Total current liabilities		<u>49,529,850.26</u>	<u>34,607,242.96</u>
Long-term loans	16	-	-
Total liabilities		<u>49,529,850.26</u>	<u>34,607,242.96</u>
Owners' equity			
Paid-in capital (USD13,000,000)	16	100,477,945.27	100,477,945.27
Surplus reserve		289,896.27	1,213,512.14
Undistributed profit	17	2,609,066.38	10,921,609.19
Total owners' equity		<u>103,376,907.92</u>	<u>112,613,066.60</u>
TOTAL LIABILITIES AND OWNERS' EQUITY		<u>152,906,758.18</u>	<u>147,220,309.56</u>

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

Legal representative:

Person in charge of accounting
function:

Person in charge of
accounting department:

INCOME STATEMENT
FOR THE PERIOD FROM JANUARY 1, 2014 TO DECEMBER 31, 2014

(All amounts in RMB Yuan unless otherwise stated)

[English Translation for Reference Only]

ITEM	Notes	2013	2014
1. Total Revenues from operations		121,980,328.09	144,077,242.70
Including: Revenues from main operations	18	120,014,783.02	141,973,418.41
Revenues from other operations	18	1,965,545.07	2,103,824.29
2. Total Cost of operations		(116,223,029.87)	(131,721,875.56)
Including: Cost of main operations	18	(101,601,138.21)	(116,847,765.44)
Cost of other operations	18	(1,926,470.21)	(2,093,285.09)
Tax and levies on operations		(559,751.48)	(761,679.03)
Selling and distribution expenses	18	(5,410,556.43)	(5,249,661.28)
General and administrative expenses	18	(5,417,129.60)	(5,500,677.33)
Including: entertainment expenses		295,458.70	216,974.00
research and development expenses			
Finance expenses - net	18	(1,307,983.94)	(1,268,807.39)
Add: Investment income		-	-
3. Operating Profit		5,757,298.22	12,355,367.14
Add: Non-operating income	18	84,341.53	191,941.09
Including: Subsidy income		71,900.00	189,200.00
gains on disposal of non-current assets		-	-
gains from debt restructuring		-	-
Less: Non-operating expenses	19	(166,286.31)	(182,072.42)
Including: losses on disposal of non-current assets	19	7,521.37	9,615.38
losses from debt restructuring			
4. Total Profit		5,675,353.44	12,365,235.81
Less: Income taxes		1,560,948.91	3,129,077.13
5. Net Profit		<u>4,114,404.53</u>	<u>9,236,158.68</u>

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

Legal representative:

Person in charge of accounting
function:

Person in charge of
accounting department:

Sundram Fasteners (Zhejiang) Limited

(Incorporated in People's Republic of China)

CASH FLOW STATEMENT

FOR THE PERIOD FROM JANUARY 1, 2014 TO DECEMBER 31, 2014

(All amounts in RMB Yuan unless otherwise stated)

[English Translation for Reference Only]

	2013	2014
1. Cash flows from operating activities		
Cash received from sale of goods or rendering of services	128,346,577.65	167,495,587.20
Refund of tax and levy	0.00	0.00
Cash received relating to other operating activities	171,877.02	232,678.76
Sub-total of cash inflows	<u>128,518,454.67</u>	<u>167,728,265.96</u>
Cash paid for goods and services	90,514,410.28	125,646,630.99
Cash paid to and on behalf of employees	14,111,058.42	14,496,568.58
Payments of taxes and levies	7,108,100.67	10,372,009.71
Cash paid relating to other operating activities	7,400,916.11	8,471,346.61
Sub-total of cash outflows	<u>119,134,485.48</u>	<u>158,986,555.89</u>
Net cash flows from operating activities	<u>9,383,969.19</u>	<u>8,741,710.07</u>
2. Cash flows from investing activities		
Net cash received from disposal of fixed assets intangible	14,153.85	9,615.38
Cash paid to acquire fixed assets and other long-term assets	5,360,572.36	4,449,323.18
Net cash flows from investing activities	<u>(5,346,418.51)</u>	<u>(4,439,707.80)</u>
3. Cash flows from financing activities		
Cash received from capital contributions		
Cash received from borrowings	35,500,000.00	26,600,000.00
Sub-total of cash inflows	<u>35,500,000.00</u>	<u>26,600,000.00</u>
Cash payments of amounts borrowed	38,157,996.49	31,900,000.00
Cash payments for interest expenses	1,234,890.30	1,089,897.24
Other cash receipts relating to financing activities	42,000.00	0.00
Sub-total of cash outflows	<u>39,434,886.79</u>	<u>32,989,897.24</u>
Net cash flows from financing activities	<u>(3,934,886.79)</u>	<u>(6,389,897.24)</u>
4. Effect of foreign exchange rate changes on cash and cash equivalents	<u>(5,532.11)</u>	<u>(4,840.43)</u>
5. Net increase in cash and cash equivalents	<u>97,131.78</u>	<u>(2,092,735.40)</u>
Add: beginning balance of cash and cash equivalents	5,212,849.53	5,309,981.31
6. Ending balance of cash and cash equivalents	5,309,981.31	3,217,245.91

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

Legal representative:

Person in charge of accounting
function:

Person in charge of
accounting department:

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM JANUARY 1, 2014 TO DECEMBER 31, 2014

(All amounts in RMB Yuan unless otherwise stated)

[English Translation for Reference Only]

1. COMPANY BACKGROUND AND PRINCIPAL ACTIVITIES

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

The Company's approved scope of business operations includes the production and sale of high-tensile automobile fasteners and spare parts. The Company commenced its commercial operations in May 2004. In the period from January 1, 2014 to December 31, 2014, the principal activities of the Company were production and sale of high-tensile automobile fasteners and other automobile spare parts.

2. BASIS OF PREPARATION

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

3. PRINCIPAL ACCOUNTING POLICIES

(a) Accounting period

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

(b) Recording currency

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

(c) Basis of accounting and measurement bases

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

(d) Foreign currency translation

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

(e) Cash and cash equivalents

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

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

(f) Receivables and provision for bad debts

Accounts receivable

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

Sundram Fasteners (Zhejiang) Limited

(Incorporated in People's Republic of China)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM JANUARY 1, 2014 TO DECEMBER 31, 2014

(All amounts in RMB Yuan unless otherwise stated)

[English Translation for Reference Only]

3. PRINCIPAL ACCOUNTING POLICIES (Contd.)

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

Other receivables

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

(g) Inventories

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

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

(h) Fixed assets and depreciation

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

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2014 TO DECEMBER 31, 2014**

(All amounts in RMB Yuan unless otherwise stated)

[English Translation for Reference Only]

3. PRINCIPAL ACCOUNTING POLICIES (Contd.)

(i) Intangible assets

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

(j) Long-term prepaid expenses

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

(k) Impairment of assets

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

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

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

(l) Borrowings

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

(m) Profit distribution

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

(n) Revenue recognition

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

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

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

Sundram Fasteners (Zhejiang) Limited

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM JANUARY 1, 2014 TO DECEMBER 31, 2014

(All amounts in RMB Yuan unless otherwise stated)

[English Translation for Reference Only]

(o) Operating leases

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

(p) Accounting for income taxes

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

4. TAXATION

(a) Enterprise income taxes

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

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

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

(b) Value Added Tax

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

Input VAT on purchases of raw materials, fuel, utilities and other production materials (merchandise, transportation costs) can be deducted from output VAT. VAT payable is the net difference between output and deductible input VAT.

5. CASH AT BANK AND IN HAND

	December 31, 2013		December 31, 2014	
	Original currency	Recording currency	Original currency	Recording currency
Cash in hand		23,286.47		31,205.17
Including: USD	-	-	-	-
Cash at bank		5,286,694.84		3,186,040.74
Including: USD	9,103.78	55,504.84	583.48	3,570.31
GBP	-	-	-	-
EUR	27,092.12	228,085.85	0.02	0.15
		5,309,981.31		3,217,245.91

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2014 TO DECEMBER 31, 2014**

(All amounts in RMB Yuan unless otherwise stated)

[English Translation for Reference Only]

6. ACCOUNTS RECEIVABLE AND PROVISION FOR BAD DEBTS

	December 31, 2013	December 31, 2014
(1) The ageing analysis of receivable is as follows :		
Accounts receivable		
Less than 3 months	33,396,705.35	32,893,390.42
3 to 6 months	6,420,378.13	6,035,707.26
More than 6 months	1,600,161.25	1,720,912.86
Less : Specific provisions	-	-
	41,417,244.73	40,650,010.54
(2) The top 5 clients :		
Company name	balance at the end of the year	
Wuxi Cummins Turbo Technologies Co., Ltd	6,883,633.75	
Chassis Brakes International (Wuhan) Co., Ltd	5,849,706.08	
Caterpillar (Xuzhou) Co.Ltd	4,080,040.82	
Beijing Foton Cummins Engine Co., LTD	3,467,518.58	
Sundram Fasteners (India) Ltd - PADI	2,946,450.31	

7. INVENTORIES

	December 31, 2013	December 31, 2014
Material at outside point	-	-
self-manufactured goods	-	-
Goods in transit	-	-
Raw materials	7,357,510.65	8,432,150.74
Work in progress	9,731,507.90	8,745,955.14
Finished goods -at factory	11,313,939.06	15,651,282.33
Low cost consumables and packaging materials	509,516.11	520,230.35
Finish goods-at outside point	-	-
Cost difference :		
Work-in-process	369,989.93	-180,430.27
Finished goods	-307,310.95	-341,061.98
Less: Provision for losson realization of inventories	-	-
	28,975,152.70	32,828,126.31

Sundram Fasteners (Zhejiang) Limited

(Incorporated in People's Republic of China)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM JANUARY 1, 2014 TO DECEMBER 31, 2014

(All amounts in RMB Yuan unless otherwise stated)

[English Translation for Reference Only]

8. FIXED ASSETS

	Buildings	Machinery and equipment	Office and electronic equipment	Motor vehicles	Total
Cost					
Beginning balance	27,477,499.44	94,607,139.08	2,612,218.99	453,296.6	125,150,154.11
Current period additions	-	3,115,327.28	122,820.52	174,068.95	3,412,216.75
Current period decreases	-	-	-	198,804.60	198,804.60
Ending balance	27,477,499.44	97,722,466.36	2,735,039.51	428,560.95	128,363,566.26
Accumulated depreciation					
Beginning balance	(6,943,796.48)	(43,861,678.97)	(1,975,197.20)	(407,967.00)	(53,188,639.65)
Current period depreciation	(989,189.98)	(7,829,929.32)	(201,920.68)	(23,606.61)	(9,044,646.59)
Current period decreases	-	-	-	(178,924.20)	(178,924.20)
Ending balance	(7,932,986.46)	(51,691,608.29)	(2,177,117.88)	(252,649.41)	(62,054,362.04)
Net book value					
Beginning balance	20,533,702.96	50,745,460.11	637,021.79	45,329.6	71,961,514.46
Ending balance	19,544,512.98	46,030,858.07	557,921.63	175,911.54	66,309,204.22

9. CONSTRUCTION IN PROCESS

	Erection of the equipment		Total
Beginning balance	94,358.97	0.00	94,358.97
Current period additions	21,887.38	2,722,328.99	2,744,216.37
Amount carried forward to fixed assets	116,246.35	2,722,328.99	2,838,575.34
Other decreases	-	-	-
Ending balance	0.00	0.00	0.00

10. INTANGIBLE ASSETS

	Land use rights	Software	Total
original cost	3,748,680.00	908,439.63	4,657,119.63
Beginning balance	2,961,457.20	825,311.19	3,786,768.39
Current period additions	-	-	-
Current period amortization	74,973.60	90,843.97	165,817.57
Ending balance	2,886,483.60	734,467.22	3,620,950.82

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2014 TO DECEMBER 31, 2014**

(All amounts in RMB Yuan unless otherwise stated)

[English Translation for Reference Only]

11. LONG-TERM PREPAID EXPENSES

	Bearing housing storage	Cost for garden plants	Measuring tools	Software	Decoration and maintenance expense	Total
Beginning balance	188,394.07	177,464.55	17,468.49	93,240.33	62,530.58	539,098.02
Current period additions	-	-	-	-	-	-
Current period amortization / write-off	67,227.12	92,590.20	17,468.49	62,736.84	43,355.36	283,378.01
Ending balance	121,166.95	84,874.35	0.00	30,503.49	19,175.22	255,720.01

12. SHORT-TERM LOANS

	December 31, 2013	December 31, 2014	Annual interest rate
Secured loans	-	-	-
Mortgage loan benchmark interest rate	15,300,000.00	10,000,000.00	6 million yuan, 10% higher than
Including: CNY loan than LBR interest rate	15,300,000.00	10,000,000.00	4 million yuan, 0.93% higher
USD loan	-	-	-
(Original currency)	-	-	-

The mortgage loan at the end of the year is provided by ICBC Haiyan branch, 78000m² land use right and 26865.57m² factory building is as the Mortgage assets. As of December 31, 2014, the principal amount is 15,300,000 yuan.

13. ACCOUNTS PAYABLE

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

Less than 1 year	18,837,692.33	95.55%
1 to2 years	597,848.00	3.03%
2 to 3 years	61,956.44	0.31%
More than 3 years	216,708.00	1.10%
	19,714,204.77	100.00%

Sundram Fasteners (Zhejiang) Limited

(Incorporated in People's Republic of China)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM JANUARY 1, 2014 TO DECEMBER 31, 2014

(All amounts in RMB Yuan unless otherwise stated)

[English Translation for Reference Only]

13. ACCOUNTS PAYABLE (Contd.)

(2) The top 5 suppliers

Company name	balance at the end of the year
CSR CHANGZHOU AUTO PARTS CO., LTD	2,549,295.55
KAO-MENG MACHINERY (TAICANG) CO., LTD.	2,413,918.07
POSCO SEAH STEEL WIRE (NANTONG) CO., LTD.	2,345,538.01
JIAXING YONGTUO MACHANICAL AND ELECTRICAL EQUIPMENT CO., LTD	1,164,306.72
NINGBO JINHUI HIGH STRENGTH FASTENER CO., LTD	620,295.58

14. ACCRUED PAYROLL

	Chinese employees	Foreign employees	Total
Beginning balance	1,490,090.23	125,358.00	1,615,448.23
Amount happened in current period	12,073,534.69	719,934.58	12,793,469.27
Amount paid out in current period	11,906,970.13	741,172.19	12,648,142.32
Ending balance	1,656,654.79	104,120.39	1,760,775.18

15. TAXES AND DUES PAYABLE

Item	December 31, 2013	December 31, 2014
Corporate income tax	1,216,339.75	1,075,011.04
Value-added tax	182,282.52	472,793.42
Personal income tax	19,523.19	-
Real estate tax	-	-
Land use tax	-	-
Stamp tax	2,645.66	2,795.76
Operating tax	-	-
Urban maintenance and construction tax	10,886.93	25,741.08
Educational Surtax	6,532.16	15,444.65
The local education surcharge	4,354.77	10,296.43
Foundation for water works	11,011.12	11,308.84
Housing provident fund	49,975.00	26,371.00
Social security fee	481,091.89	192,052.84
	1,984,642.99	1,830,289.65

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16. LONG-TERM LOANS

	December 31, 2013	December 31, 2014
Principal	-	-
Interest	-	-

17. PAID-IN CAPITAL

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

18. SURPLUS RESERVE

	Beginning balance	Increase in current period	Decrease in current period	Ending balance
Reserve fund	289,896.27	923,615.87	-	1,213,512.14

19. UNDISTRIBUTED PROFIT

	December 31, 2013	December 31, 2014
Undistributed profit at beginning of the period	(1,215,441.88)	2,609,066.38
Add : increase in current period	4,114,404.53	9,236,158.68
Including : net profit of current period	4,114,404.53	9,236,158.68
Less : decrease in current period	289,896.27	923,615.87
Including : provision for reserve fund	289,896.27	923,615.87
Undistributed profit at end of the period	2,609,066.38	10,921,609.19

In accordance with the "Law of the PRC on Enterprises Operated Exclusively with Foreign Capital" and the Company's Articles of Association, appropriations from net profit would be made to the Reserve Fund and the Staff and Workers' Bonus and Welfare Fund, after offsetting accumulated losses from prior years, and before profit distributions to the investors. Appropriation of Reserve Fund should not be less than 10% of profit after tax and it can cease to accrue when the accumulated appropriation exceeds 50% of the registered capital. The percentage to be appropriated to the Staff and Workers' Bonus and Welfare Fund is determined by the Board of Directors of the Company.

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

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20. REVENUES AND OPERATION COSTS

	Revenues	operation costs
main operations	141,973,418.41	116,847,765.44
including:		
Fasteners	108,843,650.77	90,866,513.35
Bearing Housing	33,129,767.64	25,981,252.09
other operations	2,103,824.29	2,093,285.09
including:		
Rental	482,582.00	-
Substandard goods	162,857.11	1,571,735.06
Tailings	1,205,396.67	521,550.03
Sales of materials	-	-
Others	252,988.51	-

21. SELLING AND DISTRIBUTION EXPENSES

	2013	2014
	5,410,556.43	5,249,661.28
Including:		
Freight	494,188.97	521,108.48
Mail	4,543,196.04	4,268,778.52
Mailing fee	16,473.73	33,301.65
Storage fee	244,189.47	284,935.35
handling charge	988.42	11,230.48
Travel expense	86,376.40	32,020.00

22. GENERAL AND ADMINISTRATIVE EXPENSES

	2013	2014
	5,417,129.60	5,500,677.33
Including:		
Pay cost	871,030.18	1,007,006.46
Welfare cost	1,252,572.30	1,309,461.35
Social insurance premiums	-	161,214.93
Depreciation	-	-
Tax and dues	533,769.26	822,173.35
Travelling fee	301,717.64	415,953.07
Entertainment fee	295,458.70	216,974.00
Office expenses	434,951.65	362,734.81
Communication fees	288,780.00	305,680.00

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23. FINANCE EXPENSES

	2013	2014
Interest expense	1,234,890.30	1,089,897.24
Finance charges	83,157.31	36,211.85
Less: interest income	(15,595.78)	-16,795.38
Less: Exchange gains and losses, net	5,532.11	159,493.68
	1,307,983.94	1,268,807.39

24. NON-OPERATING INCOME

	2013	2014
	84,341.53	191,941.11
Including:		
Government subsidy	71,900.00	189,200.00
Compensation income	-	-
Others	12,441.53	2,741.11

25. NON-OPERATING EXPENSES

	2013	2014
	166,286.31	182,072.42
Including:		
Water resource special fund	122,525.02	144,857.04
Expenses from liquidation of fixed assets	7,521.37	9,615.38
Expenses from indemnity	-	-
Fine	36,000.00	27,600.00
For late tax payment	239.98	-
Others	(0.06)	-

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26. SIGNIFICANT RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(1) Related parties:

Name of entity	Registered address	Principal business	Relationship with the Company	Type of enterprise
Sundram Fasteners Limited	Chennai, India	Direct equity investment	Holding Company	Foreign enterprise
TVS INFOTECH	Chennai in India	Service for Information Technology	Controlled by the same Controller	Foreign enterprise

Sundram Fasteners Limited, incorporated in India, is the ultimate holding Company.

(2) Related party transactions

(a) Pricing policies

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

(b) Significant related party transactions

(i) Sales of goods	2013	2014
Sundram Fasteners Limited	53,965.63	6,584,507.49
TVS INFOTECH	-	-
PEINER UMFORMTECHNIK	-	1,227,857.61
(ii) Purchase for materials and intangible assets		
Sundram Fasteners Limited	-	12,103.79
TVS INFOTECH	908,439.63	-
PEINER UMFORMTECHNIK	-	-

(c) Amounts receivable from and payable to related parties	December 31, 2013	December 31, 2014
Accounts receivable		
Sundram Fasteners Limited	-	2,946,450.31
TVS INFOTECH	-	-
PEINER UMFORMTECHNIK	-	340,420.24
Accounts payable		
Sundram Fasteners Limited	-	-
TVS INFOTECH	-	-
PEINER UMFORMTECHNIK	-	-

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BALANCE SHEET AS AT DECEMBER 31, 2014

Particulars	Note.	RMB		₹		RMB		₹	
		As at 31-12-2014	As at 31-12-2014	As at 31-12-2014	As at 31-12-2014	As at 31-12-2013	As at 31-12-2013	As at 31-12-2013	As at 31-12-2013
I EQUITY AND LIABILITIES									
1) Shareholders' Funds									
a) Share Capital	1	100,477,945	1,021,860,703	100,477,945	1,025,879,821				
b) Reserves & Surplus	2	12,135,121	112,613,066	123,414,174	1,145,274,878	2,898,962	103,376,907	29,598,402	1,055,478,223
2) Non-current liabilities									
a) Long term borrowings - Secured	3	-	-	-	-	-	-	-	-
b) Trade Payables	4	876,512	876,512	8,914,132	8,914,132	530,143	530,143	5,412,759	5,412,759
3) Current Liabilities									
a) Short-term borrowings	3	10,000,000	101,700,000	15,300,000	156,213,000				
b) Trade payables	4	18,837,693	191,579,331	28,892,016	294,987,476				
c) Other current liabilities	5	4,893,038	33,730,732	49,762,198	343,041,529	4,807,692	48,999,708	49,086,536	500,287,012
Total		147,220,310	1,497,230,539	152,906,758	1,561,177,994				
II ASSETS									
1) Non-current assets									
a) Fixed assets									
i) Tangible assets	6	69,195,686	703,720,129	74,922,970	764,963,525				
ii) Intangible assets	6	764,971	7,779,760	918,552	9,378,419				
iii) Capital Work-in-Progress	6	-	-	94,360	963,405				
(b) Long-term Loans and Advances	10	225,217	70,185,874	2,290,452	713,790,341	445,858	76,381,740	4,552,207	779,857,556
2) Current assets									
a) Inventories	7	32,828,127	333,862,044	28,975,153	295,836,310				
b) Trade receivables	8	40,650,011	413,410,607	41,417,244	422,870,068				
c) Cash and cash equivalents	9	3,217,246	32,719,391	5,309,981	54,214,909				
d) Short-term loans and advances	10	339,052	77,034,436	3,448,156	783,440,198	822,640	76,525,018	8,399,151	781,320,438
Total		147,220,310	1,497,230,539	152,906,758	1,561,177,994				

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STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST DECEMBER 2014

	Note.	RMB Year Ended 31-12-2014	₹ Year Ended 31-12-2014	RMB Year Ended 31-12-2013	₹ Year Ended 31-12-2013	
INCOME						
I	Revenue From Operation	11	141,973,419	1,406,956,576	120,014,783	1,150,941,769
II	Other Income	12	2,302,945	22,822,189	2,057,961	19,735,846
III	Total Revenue		144,276,364	1,429,778,765	122,072,744	1,170,677,615
IV EXPENSES						
	Cost of Materials & components Consumed	13	66,356,662	658,151,511	59,403,368	567,834,262
	(Increase)/Decrease in inventories of Finished Goods & Work in Process	14	(2,767,619)	(28,146,688)	(6,776,852)	(69,191,657)
	Employee benefit expense	15	16,642,527	164,927,447	14,946,874	143,340,522
	Finance Costs	16	1,123,936	11,138,208	1,257,262	12,057,144
	Depreciation and amortization expenses		9,273,201	91,897,422	9,033,136	86,627,772
	Other Expenses	17	41,282,421	409,108,791	38,533,603	369,537,249
	Total Expenses		131,911,128	1,307,076,691	116,397,391	1,110,205,292
V.	Profit before exceptional and extraordinary items and tax (III-IV)		12,365,236	122,702,074	5,675,353	60,472,323
VI.	Tax expense - Income Tax		3,129,077	31,009,154	1,560,949	14,969,500
VII.	Profit/(Loss) for the Period (V-VI)		9,236,159	91,692,920	4,114,404	45,502,823

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CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2014

	IN RMB		IN ₹		IN RMB		IN ₹	
	Year ended 31-12-2014	Year ended 31-12-2014	Year ended 31-12-2014	Year ended 31-12-2014	Year ended 31-12-2013	Year ended 31-12-2013	Year ended 31-12-2013	Year ended 31-12-2013
A. CASH FLOW FROM OPERATING ACTIVITIES								
Net Profit before Tax		12,365,236		122,702,074		5,675,353		60,472,323
Adjustments for :	9,273,201		91,897,422		9,033,136		86,627,772	
Depreciation			2,411,032				5,600,544	
Exchange variation - Depreciation			2,238,815				(3,494,754)	
Exchange variation			11,159,741		1,318,048		12,640,077	
Interest expense (Net)	1,126,109		(21,533)		(60,786)		(582,933)	
Unrealised Exchange loss/ (gain)	(2,173)		104,395		28,159		287,505	
Loss on sale of assets	10,265							
		10,407,402		107,789,873		10,318,557		101,078,210
Operating Profit before Extra ordinary Items & Working Capital changes:		22,772,638		230,491,946		15,993,910		161,550,533
Adjustments For Changes in Working Capital :								
(Increase)/Decrease in inventories	(3,852,974)		(39,184,742)		(7,929,439)		(80,959,569)	
(Increase)/Decrease in trade and other receivables	1,471,463		14,964,781		(12,309,298)		(125,677,930)	
Increase / (Decrease) in Trade Payables and provisions	(9,622,607)		(97,861,916)		15,231,976		155,518,475	
Cash Generated From Operations		10,768,520		108,410,069		10,987,149		110,431,509
Taxes Paid		(3,129,077)		(31,009,154)		(1,560,949)		(14,969,500)
NET CASH FROM OPERATING ACTIVITIES		7,639,443		77,400,915		9,426,200		95,462,009
B. CASH FLOW FROM INVESTING ACTIVITIES:								
Purchase of Fixed Assets		(3,317,858)		(33,742,614)		(5,360,573)		(54,731,456)
Sale of Assets		9,615		97,788		7,522		76,800
		(3,308,242)		(33,644,825)		(5,353,051)		(54,654,656)
NET CASH USED IN INVESTING ACTIVITIES:		(5,300,000)		(53,901,000)		(2,718,755)		(27,758,502)
C. CASH FLOW FROM FINANCING ACTIVITIES:								
Proceeds From Term Loans (Secured)		2,173		21,533		60,786		382,933
Unrealised Exchange loss/ (gain)		(1,126,109)		(11,159,741)		(1,318,048)		(12,640,077)
Interest expense		(6,423,936)		(65,039,209)		(3,976,017)		(39,815,646)
NET CASH USED IN FINANCING ACTIVITIES		(2,092,735)		(21,283,119)		97,132		991,707
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		5,309,981		54,002,510		5,212,850		53,223,202
CASH AND CASH EQUIVALENTS - Opening Balance		3,217,246		32,719,391		5,309,981		54,214,909
CASH AND CASH EQUIVALENTS - Closing Balance								
Notes:								
CASH AND CASH EQUIVALENTS include:								
a) Cash and Cheques on hand		31,205		317,357		23,286		237,755
b) With ICB Bank, People's Republic of China		3,186,041		32,402,034		5,286,695		53,977,154
		3,217,246		32,719,391		5,309,981		54,214,909

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2014

	RMB	₹	RMB	₹		
	As at	As at	As at	As at		
	31-12-2014	31-12-2014	31-12-2013	31-12-2013		
1 SHARE CAPITAL						
a. Capital Subscribed						
Share Capital	100,477,945	1,021,860,703	100,477,945	1,025,879,821		
b. Reconciliation of number of shares						
	As at 31-12-2014		As at 31-12-2013			
Equity Shares	No. of Shares	Value in RMB	Value in ₹	No. of Shares	Value in RMB	Value in ₹
1. Balance at the beginning of the year	-	100,477,945	1,021,860,703	-	100,477,945	1,025,879,821
2. Add : Shares issued during the year	-	-	-	-	-	-
3. Bonus Shares issued during the year	-	-	-	-	-	-
4. Balance as at the end of the year	-	100,477,945	1,021,860,703	-	100,477,945	1,025,879,821
c. Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company						
Name of the Shareholder	As at 31-12-2014		As at 31-12-2013			
	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		
2. Total No. of Shares of the Company	-	100.00	-	100.00		
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 2014 :						
(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	RMB	₹	RMB	₹		
	As at	As at	As at	As at		
	31-12-2014	31-12-2014	31-12-2013	31-12-2013		
a. Surplus in Statement of Profit and Loss						
1. Balance as at the beginning of the year	2,898,962	29,482,440	(1,215,442)	(12,409,667)		
2. Profit / (Loss) for the Year	9,236,159	91,692,920	4,114,404	45,502,823		
3. Balance available for appropriation(1+2)	12,135,121	121,175,360	2,898,962	33,093,156		
4. Balance as at the end of the year	12,135,121	121,175,360	2,898,962	33,093,156		
b. Foreign Exchange Translation Reserve / (Asset)						
Foreign exchange reserve/ (Asset) arising on account of application of Indian Accounting Standard - 11						
Opening balance as on 01.01.2014		(3,494,754)		4,887,967		
Current year foreign exchange gain / (loss)		5,733,569		(8,382,721)		
	-	2,238,815	-	(3,494,754)		
Total Reserves and Surplus (a + b)	12,135,121	123,414,174	2,898,962	29,598,402		

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NOTES TO THE FINANCIAL STATEMENTS (Contd.)

3. BORROWINGS	Long-term / Non Current				Short-term / Current			
	As at 31-12-2014		As at 31-12-2013		As at 31-12-2014		As at 31-12-2013	
	RMB	₹	RMB	₹	RMB	₹	RMB	₹
a. Secured								
i) Term Loans								
From ICBC Leasing Co., Ltd	-	-	-	-	-	-	-	-
ii) Loans repayable on Demand								
From ICBC Haiyan Branch	-	-	-	-	10,000,000	101,700,000	15,300,000	156,213,000
(A)	-	-	-	-	10,000,000	101,700,000	15,300,000	156,213,000
b. Unsecured								
i) Term Loans								
ii) Loan from Holding Company								
iii) Temporary Overdraft from Bank								
(B)	-	-	-	-	-	-	-	-
Total (A+B)	-	-	-	-	10,000,000	101,700,000	15,300,000	156,213,000
4. TRADE PAYABLES								
Raw Materials	876,512	8,914,132	530,143	5,412,759	18,837,693	191,579,331	28,892,016	294,987,476
Total	876,512	8,914,132	530,143	5,412,759	18,837,693	191,579,331	28,892,016	294,987,476
5. OTHER LIABILITIES								
1 Notes payable	-	-	-	-	-	-	-	-
2 Customer advances	-	-	-	-	224,445	2,282,606	6,649	67,886
3 Accrued payroll	-	-	-	-	1,760,775	17,907,084	1,615,448	16,493,726
4 Other levies payable	-	-	-	-	218,424	2,221,370	531,067	5,422,193
5 Other payables	-	-	-	-	1,077,528	10,958,463	1,200,952	12,261,719
6 Others - taxes payable	-	-	-	-	1,611,866	16,392,675	1,453,576	14,841,012
Total	-	-	-	-	4,893,038	49,762,198	4,807,692	49,086,536

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NOTES TO THE FINANCIAL STATEMENTS (Contd.)

6. FIXED ASSETS SCHEDULE

Particulars	Tangible										Intangible		Total			
	Lease hold Land		Buildings		Machinery and Equipment		Office and Electronic Equipment		Motor Vehicles		Total		Software		Total	
	RMB	₹	RMB	₹	RMB	₹	RMB	₹	RMB	₹	RMB	₹	RMB	₹	RMB	₹
A. COST OF ASSETS:																
As at 31-12-2013	3,995,788	40,796,990	27,477,499	280,545,269	94,607,138	965,938,884	2,612,219	26,670,756	453,297	4,628,158	129,145,941	1,318,380,058	1,358,829	13,873,641	130,504,770	1,332,453,698
Additions	-	-	-	-	3,115,327	31,682,878	122,821	1,249,085	174,069	1,770,281	3,412,217	34,702,244	-	-	3,412,217	34,702,244
Sales/Discards	-	-	-	-	-	-	-	-	(198,805)	(2,021,843)	(198,805)	(2,021,843)	-	-	(198,805)	(2,021,843)
- Exchange difference	(159,832)	(159,832)	(1,099,100)	(1,099,100)	(3,784,286)	(104,489)	(104,489)	(104,489)	(18,132)	(5,165,839)	(18,132)	(5,165,839)	(54,353)	(54,353)	-	(5,220,192)
As at 31-12-2014	3,995,788	40,637,158	27,477,499	279,446,169	97,722,465	993,837,476	2,735,040	27,815,352	428,561	4,358,465	132,359,353	1,346,094,620	1,358,829	13,819,288	133,718,182	1,359,913,908
B Depreciation/Amortization																
As at 31-12-2013	1,034,329	10,560,496	6,943,796	70,896,162	43,861,681	447,827,768	1,975,196	20,166,753	407,968	4,165,354	54,222,971	553,616,533	440,276	4,495,222	54,663,247	558,111,755
Charges for the year	74,974	742,988	989,190	9,802,873	7,829,929	77,594,600	201,921	2,001,034	23,607	233,942	9,119,620	90,375,436	153,581	1,521,986	9,273,201	91,897,422
Deduction on sale or discards	-	-	-	-	-	-	-	-	(178,924)	(1,819,659)	(178,924)	(1,819,659)	-	-	(178,924)	(1,819,659)
Exchange variation (op bal restated)	-	(41,373)	-	(277,752)	-	(1,754,467)	-	(79,008)	-	(16,319)	-	(2,168,919)	-	(17,611)	-	(2,186,530)
Restating to Closing Rate - CY Deprn	-	19,493	-	257,189	-	2,035,782	-	52,499	-	6,138	-	2,371,101	-	39,931	-	2,411,032
As at 31-12-2014	1,109,303	11,281,605	7,932,986	80,678,472	51,691,611	525,703,682	2,177,117	22,141,278	252,650	2,569,455	63,163,667	642,374,492	593,857	6,039,528	63,757,524	648,414,020
C Written Down Value																
As at 31-12-2014	2,886,485	29,355,554	19,544,513	198,767,697	46,030,854	468,133,795	557,923	5,674,074	175,910	1,789,009	69,195,686	703,720,128	764,972	7,779,760	69,960,658	711,499,888
As at 31-12-2013	2,961,458	30,236,494	20,533,703	209,649,107	50,745,457	518,111,116	637,023	6,504,003	45,329	462,804	74,922,970	764,963,525	918,552	9,378,419	75,841,522	774,341,943
D Capital Work in Progress																
As at 31-12-2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31-12-2013	-	-	-	-	94,359	963,405	-	-	-	-	-	94,359	-	-	94,359	963,405

TRANSLATED FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

7. INVENTORIES (VALUED AT LOWER OF COST AND NET REALIZABLE VALUE)

	As at 31-12-2014		As at 31-12-2013	
	RMB	₹	RMB	₹
a) Raw Materials and components	5,215,225	53,038,838	4,234,531	43,234,557
b) Work-in-process	8,565,525	87,111,388	10,101,498	103,136,293
c) Finished Goods	15,310,220	155,704,941	11,006,628	112,377,673
d) Stores and Spares	1,085,048	11,034,934	455,383	4,649,462
e) Loose tools	2,652,109	26,971,943	3,177,113	32,438,324
Total	<u>32,828,127</u>	<u>333,862,044</u>	<u>28,975,153</u>	<u>295,836,310</u>

8. TRADE RECEIVABLES (UNSECURED, CONSIDERED GOOD UNLESS STATED OTHERWISE)

	Non Current				Current			
	As at 31-12-2014		As at 31-12-2013		As at 31-12-2014		As at 31-12-2013	
	RMB	₹	RMB	₹	RMB	₹	RMB	₹
Trade Receivables								
Unsecured, considered good unless stated otherwise								
(i) Outstanding for a period more than six months from the date they are due for payment	-	-	-	-	1,720,913	17,501,684	1,600,161	16,337,646
(ii) Other Receivables	-	-	-	-	38,929,098	395,908,923	39,817,083	406,532,422
Total	-	-	-	-	<u>40,650,011</u>	<u>413,410,607</u>	<u>41,417,244</u>	<u>422,870,068</u>

9. CASH AND BANK BALANCES

Cash and Cash Equivalents

a Balances with Bank

i) Current Account	-	-	-	-	-	-	-	-
ii) Deposit Accounts-maturity less than 3 months	-	-	-	-	3,186,041	32,402,034	5,286,695	53,977,154
iii) Dividend Warrant Accounts	-	-	-	-	-	-	-	-
b Cheques / drafts on hand	-	-	-	-	-	-	-	-
c Cash on hand	-	-	-	-	31,205	317,357	23,286	237,755
Total	-	-	-	-	<u>3,217,246</u>	<u>32,719,391</u>	<u>5,309,981</u>	<u>54,214,909</u>

10. LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD UNLESS STATED OTHERWISE)

Other loans and advances

Prepaid Expenses	-	-	-	-	32,268	328,163	33,065	337,590
Long-term Prepaid expenses	225,217	2,290,452	445,858	4,552,207	-	-	-	-
Advances for supply of Raw Materials	-	-	-	-	300,799	3,059,123	756,906	7,728,014
Other receivables	-	-	-	-	5,985	60,870	32,669	333,547
Total	<u>225,217</u>	<u>2,290,452</u>	<u>445,858</u>	<u>4,552,207</u>	<u>339,052</u>	<u>3,448,156</u>	<u>822,640</u>	<u>8,399,151</u>

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TRANSLATED FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

11. REVENUE FROM OPERATIONS

	Year ended 31-12-2014		Year ended 31-12-2013	
	RMB	₹	RMB	₹
Sale of products				
Domestic Sales	129,591,332	1,284,250,103	116,668,156	1,118,847,614
Export Sales	12,382,087	122,706,473	3,346,627	32,094,155
Total	141,973,419	1,406,956,576	120,014,783	1,150,941,769

11a DETAILS OF PRODUCT SOLD

Fasteners	108,843,651	1,078,640,579	89,117,759	854,639,310
Bearing Housing	33,129,768	328,315,997	30,897,024	296,302,459
Total	141,973,419	1,406,956,576	120,014,783	1,150,941,769

12. OTHER INCOME

	2,302,945	22,822,189	2,057,961	19,735,846
Total	2,302,945	22,822,189	2,057,961	19,735,846

12a. OTHER INCOME

Rental income	482,582	4,782,388	489,505	4,694,352
Scrap income	1,338,666	13,266,178	1,464,018	14,039,940
Other Income	464,902	4,607,181	88,842	851,990
Interest Income	16,795	166,442	15,596	149,564
Total	2,302,945	22,822,189	2,057,961	19,735,846

13 RAW MATERIALS INCLUDING PACKING MATERIALS CONSUMED

Opening Stock of Raw Material	7,357,511	74,825,883	4,383,259	44,753,070
Add: Purchase of materials	64,214,376	636,364,466	62,377,620	598,201,376
Less: Closing Stock of Raw Material	5,215,225	53,038,838	7,357,511	75,120,184
Total	66,356,662	658,151,511	59,403,368	567,834,262

14 (INCREASE)/DECREASE IN INVENTORIES OF FINISHED GOODS, WIP

(A) Inventories at the beginning of the year				
Work-in- process	10,101,498	102,732,233	4,614,734	47,116,438
Finished Goods	11,006,628	111,937,408	9,716,540	99,205,870
Sub Total	21,108,126	214,669,641	14,331,274	146,322,309
(B) Inventories at the end of the year				
Work-in- process	8,565,525	87,111,388	10,101,498	103,136,293
Finished Goods	15,310,220	155,704,941	11,006,628	112,377,673
Sub Total	23,875,745	242,816,329	21,108,126	215,513,966
Total (A – B)	(2,767,619)	(28,146,688)	(6,776,852)	(69,191,657)

15 EMPLOYEE BENEFIT EXPENSES

a) Salaries,Wages,Bonus and Allowances	12,742,835	126,281,492	11,613,256	111,371,132
b) Employees' Provident and Other Funds	1,859,369	18,426,354	1,666,526	15,981,980
c) Staff & Labour welfare expenses	2,040,323	20,219,601	1,667,092	15,987,410
Total	16,642,527	164,927,447	14,946,874	143,340,522

TRANSLATED FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

16 FINANCE COST

	Year ended 31-12-2014		Year ended 31-12-2013	
	RMB	₹	RMB	₹
a) Interest expense	1,089,897	10,800,882	1,234,891	11,842,598
b) Other borrowing costs				
- Commission charges	36,212	358,859	83,157	797,479
- Bank handling Charges	-	-	-	-
c) Applicable net gain / loss on foreign currency transactions and translation including borrowing cost	(2,173)	(21,533)	(60,786)	(582,933)
Total	<u>1,123,936</u>	<u>11,138,208</u>	<u>1,257,262</u>	<u>12,057,144</u>

17 OTHER EXPENSES

a) Stores and Tools consumed	15,493,308	153,538,682	12,296,966	117,927,901
b) Power & Fuel	5,798,066	57,458,836	4,987,959	47,834,529
c) Sub-Contract expenses	8,565,946	84,888,527	10,331,871	99,082,645
d) Rates & Taxes	3,006,211	29,791,549	1,571,282	15,068,591
e) Auditors Fee	29,056	287,951	22,830	218,942
f) Insurance	161,215	1,597,640	228,073	2,187,219
g) Freight cost	4,280,009	42,414,889	4,544,184	43,578,729
h) Communication Expenses	305,680	3,029,289	288,780	2,769,400
i) Travel Expenses	447,973	4,439,413	388,094	3,721,822
j) Loss on sale of assets	10,265	101,726	28,159	270,046
k) Repairs & Maintenance - Building	139,977	1,387,174	82,921	795,211
l) Repairs & Maintenance - Machinery	1,134,078	11,238,712	1,262,353	12,105,968
m) Repairs & Maintenance - Others	96,244	953,775	252,705	2,423,438
n) Long-term Prepaid expenses written off	220,641	2,186,554	230,056	2,206,236
o) Miscellaneous Expenses (Refer Note 18)	1,593,752	15,794,074	2,017,369	19,346,571
Total	<u>41,282,421</u>	<u>409,108,791</u>	<u>38,533,603</u>	<u>369,537,249</u>

18 MISCELLANEOUS EXPENSES

a) Marketing expense	600,196	5,947,944	564,792	5,416,351
b) Consultancy expenses	48,820	483,804	495,568	4,752,500
c) Stationery	161,751	1,602,950	42,954	411,931
d) Sundry expense	380,457	3,770,329	252,255	2,419,129
e) Legal fees	27,600	273,516	36,240	347,541
f) Directors fee	-	-	10,555	101,220
g) Recruitment and training	58,345	578,196	28,881	276,969
h) Quality check expense	316,583	3,137,335	586,124	5,620,930
Total	<u>1,593,752</u>	<u>15,794,074</u>	<u>2,017,369</u>	<u>19,346,571</u>

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TRANSLATED FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

19. NOTES ON ACCOUNTS

1) AS-3: Cash flow statements

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

2) AS-11: Accounting for effects in foreign exchange rates

The Balance Sheet as at 31st December 2014 has been translated from Renminbi to Indian Rupees by applying the year end interbank exchange rate of RMB 1 = ₹ 10.17 (2013: RMB 1 = ₹ 10.21). The financial statements have been compiled so as to have them properly drawn up in accordance with the requirements of the Indian Companies Act, 2013 in the manner so required. The financial statements prepared in accordance with the Accounting Standards for Business Enterprises and the 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.

Assets and Liabilities

The assets and liabilities, both monetary and non-monetary, have been translated at the rate prevailing at the date of the balance sheet.

Income and Expenditure

Income and expense items have been translated at average exchange rates prevailing during the year (RMB 1 = ₹ 9.91); previous year (RMB 1 = ₹ 9.59).

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

3) AS-18: Related Party Transactions

Related Parties:

(i) Where Control exists:

Holding Company
Sundram Fasteners Limited, Chennai

(ii) Other Related Parties

Fellow Subsidiaries

Cramlington Precision Forge Ltd., Northumberland, United Kingdom
Sundram RBI Sdn. Bhd., Pandan Indah, Malaysia (formerly RBI Autoparts Sdn. Bhd.)
Upasana Engineering Limited, Chennai.
Sundram Non conventional energy systems Limited, Chennai
Sundram International Inc., Michigan, USA
Sundram Bleistahl Limited, Chennai
Sundram Fasteners Investments Limited, Chennai
Peiner Umformtechnik GmbH, Peine, Germany
PUT Grundstucks GmbH, Peine, Germany
TVS Peiner Services GmbH, Peine, Germany
TVS Infotech Limited, Chennai
TVS Infotech Inc., Michigan, USA

(III) Transactions with related parties

Particulars	RMB	₹	RMB	₹
	As at/ Year ended 31-Dec-14	As at/ Year ended 31-Dec-14	As at/ Year ended 31-Dec-13	As at/ Year ended 31-Dec-13
A) Sale of goods:				
- Holding Company	6,584,507	65,252,469	53,966	517,530
- Fellow Subsidiaries - Peiner Umformtechnik GmbH	1,227,858	12,168,069	-	-
B) Purchase of goods:				
- Holding Company	12,104	119,949	-	-
- Fellow Subsidiaries - TVS Infotech Limited	-	-	908,440	8,711,936
C) Finance*				
- Holding Company	-	-	-	-
- Fellow Subsidiaries	-	-	-	-
* Finance includes loans				
D) Outstanding balance				
Due to the Company				
- Holding Company	2,946,450	29,199,323	-	-
- Fellow Subsidiaries - Peiner Umformtechnik GmbH	-	-	426,086	4,086,160
Payable by the Company				
- Holding Company	-	-	-	-
- Fellow Subsidiaries	-	-	-	-

4) Previous year figures have been regrouped, reclassified and rearranged wherever necessary to confirm to those of the current year.

5) For other significant accounting policies refer to the audited financial statements of Sundram Fasteners (Zhejiang) Limited.