

# **TVS Peiner Services GmbH**

(Peine, Germany)

## **ANNUAL REPORT**

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

# TVS Peiner Services GmbH, Germany

(Incorporated in Germany)

Balance sheet as of December 31, 2014

| ASSETS  | 31-12-2014<br>EUR | 31-12-2014<br>EUR | 31-12-2013<br>EUR | LIABILITIES AND SHAREHOLDERS' EQUITY         | 31-12-2014<br>EUR | 31-12-2014<br>EUR | 31-12-2013<br>EUR |
|---|-------------------|-------------------|-------------------|--|-------------------|-------------------|-------------------|
| <b>A. LONG TERM ASSETS</b>  |                   |                   |                   | <b>A. SHAREHOLDERS' EQUITY</b>               |                   |                   |                   |
| I. Intangible assets  |                   |                   |                   | I. Capital subscribed                        | 25.000,00         |                   | 25.000,00         |
| Software  | 346.671,00        |                   | 525.273,00        | II. Loss carried forward                     | -641.080,56       |                   | -660.002,47       |
| II. Property, Plant and Equipment   |                   | 346.671,00        | 525.273,00        | III. Net profit/Net loss                     | 10.155,63         |                   | 18.921,91         |
| 1. Technical equipment, plant and equipment                               | 2.102,00          |                   | 2.344,00          | IV. Deficit not covered by equity            | 605.924,93        |                   | 616.080,56        |
| 2. Other equipment, fixtures, fitting and equipment                       | 41.061,00         |                   | 41.345,00         |  |                   | 0,00              | 0,00              |
| 3. Advance payments and plant and machinery<br>in process of construction | 37.749,00         | 80.912,00         | 43.689,00         | <b>B. PROVISIONS AND ACCRUED LIABILITIES</b> |                   | 157.284,84        | 307.211,69        |
|   |                   | 427.583,00        | 568.962,00        | Other provisions and accrued liabilities     |                   |                   |                   |
| <b>B. CURRENT ASSETS</b>  |                   |                   |                   | <b>C. LIABILITIES</b>                        |                   |                   |                   |
| I. Inventories  |                   | 50.696,16         | 49.391,53         | 1. Trade payables                            | 154.874,68        |                   | 180.977,15        |
| Raw materials and supplies  |                   |                   |                   | 2. Liabilities towards affiliated companies  | 1.115.510,07      |                   | 1.196.426,00      |
| II. Accounts receivable and other assets                                  |                   |                   |                   | 3. Other liabilities                         | 28.183,00         |                   | 42.195,50         |
| 1. Accounts due from affiliated companies                                 | 296.152,70        |                   | 439.466,54        |  |                   | 1.298.567,75      | 1.419.538,65      |
| 2. Other assets   | 62.605,60         | 358.758,30        | 36.317,23         |  |                   |                   |                   |
|   |                   |                   | 474.783,77        |  |                   |                   |                   |
| III. Cash on hand   |                   | 12.890,20         | 15.788,48         |  |                   |                   |                   |
|   |                   | 422.344,66        | 539.963,78        |  |                   |                   |                   |
| <b>C. DEFERRED CHARGES AND PREPAID EXPENSE</b>                            |                   | 0,00              | 1.744,00          |  |                   |                   |                   |
| <b>D. DEFICIT NOT COVERED BY EQUITY</b>                                   |                   | 605.924,93        | 616.080,56        |  |                   | 1.455.652,59      | 1.726.750,34      |
|   |                   | 1.455.852,59      | 1.726.750,34      |  |                   |                   |                   |

The English translation of the financial statements is just a courtesy translation. In all cases the German version shall prevail.

**Profit- and Loss-Statement for the fiscal year 2014**

|   | 2014<br>EUR       | 2014<br>EUR             | 2013<br>EUR             |
|---|-------------------|-------------------------|-------------------------|
| 1. Net sales  |                   | 5.159.598,23            | 5.247.288,36            |
| 2. Other income   |                   | 71.384,79               | 54.045,18               |
| 3. Cost of materials  |                   |                         |                         |
| a) Cost of raw materials, and supplies<br>and purchased goods   | 491.899,16        |                         | 508.825,01              |
| b) Cost of purchased services   | <u>345.967,84</u> |                         | <u>383.597,21</u>       |
|   |                   | <u>837.867,00</u>       | <u>892.422,22</u>       |
| 4. Gross profit   |                   | <u>4.393.116,02</u>     | <u>4.408.911,32</u>     |
| 5. Personnel expenses   |                   |                         |                         |
| a) Wages and salaries   | 2.440.446,75      |                         | 2.553.755,66            |
| b) Social security, pension and other benefit costs   | 446.301,22        |                         | 402.108,74              |
|   |                   | <u>2.886.747,97</u>     | <u>2.955.864,40</u>     |
| 6. Depreciation and amortisation costs and other write-offs<br>on plant, and equipment                          |                   | 187.974,00              | 187.659,00              |
| 7. other expenses   |                   | <u>1.263.363,34</u>     | <u>1.207.980,66</u>     |
| 8. Operating Result   |                   | 55.030,71               | 57.407,26               |
| 9. Interest and similar income  | 3.115,87          |                         | 0,00                    |
| 10. Interest and similar expenses<br>- thereof from affiliated companies EUR 45.583,29<br>(2013: EUR 74.273,67) | <u>45.701,29</u>  |                         | <u>74.454,69</u>        |
| 11. Financial result  |                   | -42.585,42              | -74.454,69              |
| 12. profit/loss from ordinary operations  |                   | 12.445,29               | -17.047,43              |
| 13. extraordinary income  | 0,00              |                         | 39.000,00               |
| 14. extraordinary result  |                   | <u>0,00</u>             | <u>39.000,00</u>        |
| 15. Other taxes   |                   | <u>2.289,66</u>         | <u>3.030,66</u>         |
| 16. Net profit  |                   | <u><u>10.155,63</u></u> | <u><u>18.921,91</u></u> |

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## Notes to the financial statements for the fiscal year 2014

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### General notes

These Annual Financial Statements were prepared in accordance with Sects. 242 ff. and 264 ff. of the German Commercial Code (HGB) and the relevant provisions of the German Limited Liability Company Act (GmbHG). In principle, the provisions for small corporation apply. The structure of the balance sheet was in accordance with Sect. 266 of the German Commercial Code under the structure for large corporations. The Profit and Loss Statement was prepared under Sect. 277 paragraph 2 of the German Commercial Code (HGB), according to the cost summary format.

The accounting and valuation methods have remained the same as the previous year.

The Annual Financial Statements have been prepared on a going concern basis, as the shareholder has declared in writing that the Company is financially equipped to meet its payment obligations until the end of 2016.

### Accounting and valuation principles

The following accounting and valuation methods were used as standard when compiling the Annual Financial Statements.

**Intangible fixed assets** have been valued at acquisition cost less scheduled depreciation. Scheduled depreciation is provided on a straight-line basis over a service life of 3 to 5 years. Self-constructed intangible fixed assets are not capitalised.

Tangible fixed assets are valued at the acquisition or manufacturing cost, less scheduled depreciation. Scheduled depreciation is provided on a straight-line basis over a service life of 7 to 13 years for technical equipment and machines, or 3 to 16 years for factory and office equipment.

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Low-value assets are reported as a collective item, which is liquidated with a profit reduction in the financial year of development and in the following four financial years by a fifth respectively.

The **inventories of operating supplies** include consumables and other operating supplies, these are recognised at their average purchase cost on the basis of the lowest value principle on balance sheet date.

Receivables, **other assets** and liquid assets are recognised at nominal value.

**Prepaid expenses** and accrued income relate to expenses prior to the balance sheet date which represent an expense for a certain time after that date. The Reversal is made using the straight-line method in accordance with the economic allocation to the financial year.

**Provisions** comprises all identifiable risks and contingent liabilities and are registered at the settlement amount based on a prudent commercial assessment. At the determination of the settlement amount future price and cost increases were taken into account.

**Liabilities** are recognized at their settlement amount.

## **Notes to the balance sheet**

### **Fixed assets**

The development of fixed assets items is shown in the fixed asset analysis under depreciation.

### **Inventories**

|             | 31-12-2014<br>KEUR | 31-12-2013<br>KEUR |
|-------------|--------------------|--------------------|
| Consumables | 51                 | 49                 |
|             | <u>51</u>          | <u>49</u>          |

Apart from the customary **retention of title**, inventories are free from the third-party rights.

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## Receivables and other assets

All accounts due from affiliated companies were trade accounts receivable in the reporting period and in the previous year. Of the accounts due affiliated companies KEUR 2 (previous year KEUR 2) relates to receivables from shareholder.

Of the Accounts due from affiliated companies, KEUR 32 (previous year KEUR 0) have a remaining term of more than one year. The other Receivables and other assets have a residual term of less than one year.

## Subscribed capital

The subscribed capital of the parent company remained unchanged at KEUR 25 was paid in full.

## Provisions

Other provisions were provided primarily for the obligations to personnel.

## Liabilities

Liabilities are shown with their maturities at their settlement value.

| Type of liability                          | Residual term |              |              | Total      |            | Secured with |
|--|---------------|--------------|--------------|------------|------------|--------------|
|  | Up to 1 year  | 2 to 5 years | Over 5 years | 31-12-2014 | 31-12-2013 |              |
| 1. Trade payables                          | 155           | 0            | 0            | 155        |            | 0            |
| (Previous year)                            | (181)         | (0)          | (0)          |            | (181)      | (0)          |
| 2. Liabilities toward affiliated companies | 130           | 336          | 650          | 1.116      |            | 0            |
| (Previous year)                            | (108)         | (408)        | (680)        |            | (1.196)    | (0)          |
| - thereof to shareholder                   | 0             | 0            | 650          | 650        |            |              |
| (Previous year)                            | (0)           | (0)          | (650)        |            | (650)      | (0)          |
| - thereof into subordinated                | 0             | 0            | 650          | 650        |            |              |
| (Previous year)                            | (0)           | (0)          | (650)        |            | (650)      | (0)          |
| 4. Other liabilities                       | 28            | 0            | 0            | 28         |            | 0            |
| (Previous year)                            | (42)          | (0)          | (0)          |            | (42)       | (0)          |
| - thereof for taxes                        | 28            | 0            | 0            | 28         |            | 0            |
| (Previous year)                            | (42)          | (0)          | (0)          |            | (42)       | (0)          |

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Liabilities towards affiliated companies concern loan liabilities in an amount of KEUR 1,116 (previous year KEUR 1,190) and trade payables in an amount of KEUR 0 (previous year KEUR 6).

**Contingent liabilities**

No reportable contingent liabilities existed at balance sheet date.

**Other financial obligations**

Other financial obligations from rental and leasing contracts amount to the following.

|       | <u>KEUR</u> |
|-------|-------------|
| 2015  | 241         |
| 2016  | 219         |
| 2017  | 199         |
| 2018  | 193         |
| 2019  | 105         |
| 2020  | <u>0</u>    |
| total | <u>957</u>  |

Of these amounts, KEUR 793 relates to affiliated companies.

At the balance sheet date payment obligations amount to over KEUR 289 for supplier orders.

**Other information****Management**

In fiscal year 2014 were members of the management

Francesco Bruno, Hildesheim

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## Employees

Average number of employees

|                    | <u>2014</u> | <u>2013</u> |
|--------------------|-------------|-------------|
| industrial workers | 19.0        | 16.0        |
| Clerical staff     | <u>27.5</u> | <u>30.0</u> |
|                    | <u>46.5</u> | <u>46.0</u> |

## Group relations

The sole shareholder is Sundram Fasteners Ltd., Chennai, India. The Company is included in the consolidated accounts of the Sundram Group, Chennai, India. The consolidated financial accounts can be obtained there.

Peine, March 17,2015

gez. Francesco Bruno

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# TVS Peiner Services GmbH, Germany

*(Incorporated in Germany)*

Statement of fixed assets 01. January - 31. December 2014  
TVS Peiner Services GmbH

|  | At cost      |           | Disposals |              | 31-12-2014   |            | 01-01-2014 |              | Accumulated depreciation |            | Net book value |     |
|--|--------------|-----------|-----------|--------------|--------------|------------|------------|--------------|--------------------------|------------|----------------|-----|
|  | 01-01-2014   | Additions | Disposals | EUR          | EUR          | EUR        | EUR        | EUR          | EUR                      | EUR        | EUR            | EUR |
|  | EUR          | EUR       | EUR       | EUR          | EUR          | EUR        | EUR        | EUR          | EUR                      | EUR        | EUR            | EUR |
| <b>I. Intangible assets</b>  |              |           |           |              |              |            |            |              |                          |            |                |     |
| Software   | 874.293,00   | 0,00      | 0,00      | 874.293,00   | 349.020,00   | 178.602,00 | 0,00       | 527.622,00   | 346.671,00               | 525.273,00 |                |     |
| <b>II. Property, Plant and Equipment</b>                               |              |           |           |              |              |            |            |              |                          |            |                |     |
| 1. Technical equipment, plant and machinery                            | 434.530,64   | 0,00      | 0,00      | 434.530,64   | 432.186,64   | 242,00     | 0,00       | 432.428,64   | 2.102,00                 | 2.344,00   |                |     |
| 2. Other equipment, fixtures, fitting and equipment                    | 863.375,25   | 8.846,00  | 0,00      | 872.221,25   | 822.030,25   | 9.130,00   | 0,00       | 831.160,25   | 41.061,00                | 41.345,00  |                |     |
| 3. Advance payments and plant and machinery in process of construction | 0,00         | 37.749,00 | 0,00      | 37.749,00    | 0,00         | 0,00       | 0,00       | 0,00         | 37.749,00                | 0,00       |                |     |
|  | 1.297.905,89 | 46.595,00 | 0,00      | 1.344.500,89 | 1.254.216,89 | 9.372,00   | 0,00       | 1.263.588,89 | 80.912,00                | 43.689,00  |                |     |
|  | 2.172.198,89 | 46.595,00 | 0,00      | 2.218.793,89 | 1.603.236,89 | 187.974,00 | 0,00       | 1.791.210,89 | 427.583,00               | 568.962,00 |                |     |

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**The English translation of the auditors report is just a courtesy translation. In all cases the German version shall prevail.**

## Audit Opinion

We have audited the financial statements of TVS Peiner Services GmbH, Peine for the business year from January 1, 2014 until December 31, 2014 as exhibited in the attached version. We have issued the following opinion on the financial statement:

“To the TVS Peiner Services GmbH

We have audited the annual financial statement - comprising the balance sheet, profit and loss statement and notes to the annual financial statements, together with the bookkeeping system of TVS Peiner Services GmbH, Peine, for the fiscal year from January 1 to December 31, 2014. The maintenance of the books and records and the preparation of the annual financial statements in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, based on our audit.

We conducted our audit of the annual financial statements in accordance with Sec. 317 HGB [“Handelsgesetzbuch”: German Commercial Code] and the generally accepted German standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements. We believe that our audit provides a reasonable basis for our opinion.

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Our audit has not led to any reservations.

In our opinion, based on the knowledge acquired during the audit, the annual financial statement complies with the legal requirements and gives a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting.

Without qualifying our opinion we draw the attention to the statement of the management in the notes financial statements. In the section "General Information" is stated that the that the solvency of the society only could be got by further financing measures and the shareholder has obliged himself with a financing promise to equip the society financially so that this is able to fulfill her liabilities in due time until the end of 2016 any time."

March 26, 2015

BDO AG  
Wirtschaftsprüfungsgesellschaft

gez. Dr. Haferkorn

Dr. Haferkorn  
Wirtschaftsprüfer  
(Public Auditor)

gez. ppa. Heesch

ppa. Heesch  
Wirtschaftsprüfer  
(Public Auditor)

# TVS Peiner Services GmbH, Germany

(Formerly Peiner Logistik GmbH, Peine) (Incorporated in Germany)

## TRANSLATED FINANCIAL STATEMENTS

### BALANCE SHEET AS AT 31ST DECEMBER 2014

|                                     | Note | Euro             |                  | ₹                   |                     | Euro             |                  | ₹                   |                     |
|-------------------------------------|------|------------------|------------------|---------------------|---------------------|------------------|------------------|---------------------|---------------------|
|                                     |      | As at            |                  | As at               |                     | As at            |                  | As at               |                     |
|                                     |      | 31-12-2014       |                  | 31-12-2014          |                     | 31-12-2013       |                  | 31-12-2013          |                     |
| <b>I EQUITY AND LIABILITIES</b>     |      |                  |                  |                     |                     |                  |                  |                     |                     |
| <b>1) Shareholders' Funds</b>       |      |                  |                  |                     |                     |                  |                  |                     |                     |
| a) Share Capital                    | 1    | 25,000           | 1,918,000        | 25,000              | 2,123,750           |                  |                  |                     |                     |
| b) Reserves & Surplus               | 2    | <u>(630,924)</u> | <u>(605,924)</u> | <u>(48,404,559)</u> | <u>(46,486,559)</u> | <u>(641,080)</u> | <u>(616,080)</u> | <u>(54,459,793)</u> | <u>(52,336,043)</u> |
| <b>2) Non - current liabilities</b> |      |                  |                  |                     |                     |                  |                  |                     |                     |
| a) Long term Borrowings             | 3    | <u>985,510</u>   | <u>985,510</u>   | <u>75,608,333</u>   | <u>75,608,333</u>   | <u>1,088,426</u> | <u>1,088,426</u> | <u>92,461,789</u>   | <u>92,461,789</u>   |
| <b>3) Current Liabilities</b>       |      |                  |                  |                     |                     |                  |                  |                     |                     |
| a) Short term Borrowings            | 3    | 130,000          | 9,973,600        | 108,000             | 9,174,600           |                  |                  |                     |                     |
| b) Trade payables                   | 4    | 154,875          | 11,881,985       | 180,917             | 15,368,912          |                  |                  |                     |                     |
| c) Other current liabilities        | 5    | 28,183           | 2,162,200        | 42,196              | 3,584,508           |                  |                  |                     |                     |
| d) Short-term provisions            | 6    | <u>157,285</u>   | <u>470,342</u>   | <u>12,066,893</u>   | <u>36,084,678</u>   | <u>307,212</u>   | <u>638,324</u>   | <u>26,097,633</u>   | <u>54,225,653</u>   |
| Total                               |      | <u>849,928</u>   | <u>849,928</u>   | <u>65,206,452</u>   | <u>65,206,452</u>   | <u>1,110,670</u> | <u>1,110,670</u> | <u>94,351,398</u>   | <u>94,351,398</u>   |
| <b>II ASSETS</b>                    |      |                  |                  |                     |                     |                  |                  |                     |                     |
| <b>1) Non-current assets</b>        |      |                  |                  |                     |                     |                  |                  |                     |                     |
| a) Fixed assets                     |      |                  |                  |                     |                     |                  |                  |                     |                     |
| i) Tangible assets                  | 7    | 43,163           | 3,311,468        | 43,689              | 3,711,381           |                  |                  |                     |                     |
| ii) Intangible assets               | 7    | 346,671          | 26,596,599       | 525,273             | 44,621,942          |                  |                  |                     |                     |
| iii) Capital Work-in-Progress       | 7    | <u>37,749</u>    | <u>427,583</u>   | <u>2,896,103</u>    | <u>32,804,170</u>   | –                | 568,962          | –                   | 48,333,323          |
| <b>2) Current assets</b>            |      |                  |                  |                     |                     |                  |                  |                     |                     |
| a) Inventories                      | 8    | 50,696           | 3,889,409        | 49,392              | 4,195,810           |                  |                  |                     |                     |
| b) Cash and cash equivalents        | 9    | 12,890           | 988,936          | 15,788              | 1,341,231           |                  |                  |                     |                     |
| c) Short term loans and advances    | 10   | 333,759          | 25,606,013       | 451,529             | 38,357,369          |                  |                  |                     |                     |
| d) Other Current Assets             | 11   | <u>24,999</u>    | <u>422,345</u>   | <u>1,917,923</u>    | <u>32,402,282</u>   | <u>24,999</u>    | <u>541,708</u>   | <u>2,123,665</u>    | <u>46,018,075</u>   |
| Total                               |      | <u>849,928</u>   | <u>849,928</u>   | <u>65,206,452</u>   | <u>65,206,452</u>   | <u>1,110,670</u> | <u>1,110,670</u> | <u>94,351,398</u>   | <u>94,351,398</u>   |

# TVS Peiner Services GmbH, Germany

(Incorporated in Germany)

## TRANSLATED FINANCIAL STATEMENTS

### STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED DECEMBER 31, 2014

|                     |   | Euro       | ₹                | Euro               | ₹                |                    |
|---------------------|---|------------|------------------|--------------------|------------------|--------------------|
|                     | Note  | Year ended | Year ended       | Year ended         | Year ended       |                    |
|                     |   | 31-12-2014 | 31-12-2014       | 31-12-2013         | 31-12-2013       |                    |
| <b>INCOME</b>       |   |            |                  |                    |                  |                    |
| I                   | Revenue from Operations                     | 12         | 5,210,305        | 420,315,340        | 5,299,724        | 415,445,392        |
| II                  | Other Income                                | 13         | 23,794           | 1,919,417          | 1,609            | 126,143            |
| III                 | Total Revenue                               |            | <u>5,234,099</u> | <u>422,234,757</u> | <u>5,301,334</u> | <u>415,571,535</u> |
| <b>IV EXPENSES</b>  |   |            |                  |                    |                  |                    |
|                     | Cost of Materials & components consumed     | 14         | 342,848          | 27,662,689         | 346,280          | 27,128,446         |
|                     | Employee benefit expense                    | 15         | 3,013,238        | 243,077,915        | 3,069,779        | 240,639,981        |
|                     | Finance Costs                               | 16         | 45,701           | 3,686,723          | 35,455           | 2,779,293          |
|                     | Depreciation and amortization expenses      |            | 187,974          | 15,163,863         | 187,659          | 14,710,589         |
|                     | Other Expenses                              | 17         | 1,634,182        | 131,829,466        | 1,643,239        | 128,813,486        |
|                     | Total Expenses                              |            | <u>5,223,943</u> | <u>421,420,656</u> | <u>5,282,412</u> | <u>414,071,795</u> |
| V                   | Profit before Extraordinary Item (III - IV) |            | <u>10,156</u>    | <u>814,101</u>     | <u>18,922</u>    | <u>1,499,740</u>   |
| VI                  | Extraordinary Income                        |            | -                | -                  | -                | -                  |
| VII                 | Profit before tax                           |            | <u>10,156</u>    | <u>814,101</u>     | <u>18,922</u>    | <u>1,499,740</u>   |
| VIII Tax expenses : |   |            |                  |                    |                  |                    |
|                     | Current Tax                                 |            | -                | -                  | -                | -                  |
| IX                  | Profit / (Loss) for the period (VII - VIII) |            | <u>10,156</u>    | <u>814,101</u>     | <u>18,922</u>    | <u>1,499,740</u>   |

## TRANSLATED FINANCIAL STATEMENTS

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31st DECEMBER 2014

|   | EURO<br>Year ended<br>31-12-2014 | EURO<br>Year ended<br>31-12-2014 | ₹<br>Year ended<br>31-12-2014 | ₹<br>Year ended<br>31-12-2014 | ₹<br>Year ended<br>31-12-2014 | ₹<br>Year ended<br>31-12-2014 | ₹<br>Year ended<br>31-12-2014 | ₹<br>Year ended<br>31-12-2014 | ₹<br>Year ended<br>31-12-2013 | ₹<br>Year ended<br>31-12-2013 | ₹<br>Year ended<br>31-12-2013 | ₹<br>Year ended<br>31-12-2013 |
|---|----------------------------------|----------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>                                    |                                  |                                  |                               |                               |                               |                               |                               |                               |                               |                               |                               |                               |
| Net Profit before Tax   |                                  | 10,156                           |                               |                               | 814,101                       |                               |                               |                               | 18,922                        |                               |                               | 1,499,740                     |
| <b>Adjustments For:</b>   |                                  |                                  |                               |                               |                               |                               |                               |                               |                               |                               |                               |                               |
| Depreciation  | 187,974                          |                                  | 15,163,863                    |                               |                               | 187,659                       |                               |                               |                               | 14,710,589                    |                               |                               |
| Exchange variation on application of AS 11  | -                                |                                  | (777,486)                     |                               |                               |                               |                               |                               |                               | 1,338,666                     |                               |                               |
| Interest expense (Net)  | 42,585                           |                                  | 3,435,366                     |                               |                               | 35,455                        |                               |                               |                               | 2,779,293                     |                               |                               |
| (Profit)/ Loss on Sale of Asset   | -                                | 230,559                          | -                             |                               | 17,821,742                    | (571)                         |                               |                               | 222,543                       | (44,794)                      |                               | 18,783,754                    |
| <b>Operating Profit before Extraordinary items &amp; Working Capital changes:</b> |                                  | 240,715                          |                               |                               | 18,635,844                    |                               |                               |                               | 241,465                       |                               |                               | 20,283,494                    |
| <b>Adjustments For Changes in Working Capital :</b>                               |                                  |                                  |                               |                               |                               |                               |                               |                               |                               |                               |                               |                               |
| (Increase)/Decrease in inventories  | (1,304)                          |                                  | (100,076)                     |                               |                               | (2,504)                       |                               |                               |                               | (212,694)                     |                               |                               |
| (Increase)/Decrease in trade and other receivables                                | 117,769                          |                                  | 9,035,274                     |                               |                               | (169,391)                     |                               |                               |                               | (14,389,724)                  |                               |                               |
| Increase/(Decrease) in Trade Payables and provisions                              | (175,969)                        |                                  | (13,500,373)                  |                               |                               | 97,104                        |                               |                               |                               | 8,248,975                     |                               |                               |
| Increase/(Decrease) in other liabilities  | (14,013)                         | (73,517)                         | (1,075,021)                   |                               | (5,640,196)                   | (42,397)                      |                               |                               | (117,188)                     | (3,601,612)                   |                               | (9,955,055)                   |
| Cash generated from operations  |                                  | 167,198                          |                               |                               | 12,995,648                    |                               |                               |                               | 124,277                       |                               |                               | 10,328,439                    |
| Taxes paid  |                                  | -                                |                               |                               | -                             |                               |                               |                               | -                             |                               |                               | -                             |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>   |                                  | 167,198                          |                               |                               | 12,995,648                    |                               |                               |                               | 124,277                       |                               |                               | 10,328,440                    |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>                                   |                                  |                                  |                               |                               |                               |                               |                               |                               |                               |                               |                               |                               |
| Purchase of Fixed Assets  |                                  | (8,846)                          |                               |                               | (678,665)                     |                               |                               |                               | (633)                         |                               |                               | (53,773)                      |
| Sale of Asset   |                                  | -                                |                               |                               | -                             |                               |                               |                               | 571                           |                               |                               | 44,794                        |
| Changes in CWIP   |                                  | (37,749)                         |                               |                               | (2,896,103)                   |                               |                               |                               | -                             |                               |                               | -                             |
| Interest (paid)/received  |                                  | 3,116                            |                               |                               | 251,357                       |                               |                               |                               | -                             |                               |                               | -                             |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>                                      |                                  | (43,479)                         |                               |                               | (3,323,411)                   |                               |                               |                               | (62)                          |                               |                               | (8,979)                       |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                                     |                                  |                                  |                               |                               |                               |                               |                               |                               |                               |                               |                               |                               |
| Loans raised during the year  |                                  | (80,916)                         |                               |                               | (6,207,870)                   |                               |                               |                               | (95,574)                      |                               |                               | (8,119,011)                   |
| Interest expenses   |                                  | (45,701)                         |                               |                               | (3,686,723)                   |                               |                               |                               | (35,455)                      |                               |                               | (2,779,293)                   |
| <b>NET CASH USED IN FINANCING ACTIVITIES</b>                                      |                                  | (126,617)                        |                               |                               | (9,894,593)                   |                               |                               |                               | (131,029)                     |                               |                               | (10,896,304)                  |
| <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>                       |                                  | (2,898)                          |                               |                               | (222,356)                     |                               |                               |                               | (6,814)                       |                               |                               | (578,844)                     |
| <b>CASH AND CASH EQUIVALENTS -Opening Balance</b>                                 |                                  | 15,788                           |                               |                               | 1,211,292                     |                               |                               |                               | 22,602                        |                               |                               | 1,920,075                     |
| <b>CASH AND CASH EQUIVALENTS-Closing Balance</b>                                  |                                  | 12,890                           |                               |                               | 988,936                       |                               |                               |                               | 15,788                        |                               |                               | 1,341,231                     |
| <b>Notes : CASH AND CASH EQUIVALENTS include:</b>                                 |                                  |                                  |                               |                               |                               |                               |                               |                               |                               |                               |                               |                               |
| a) Cash and Cheques on hand   |                                  | -                                |                               |                               | -                             |                               |                               |                               | -                             |                               |                               | -                             |
| b) With Scheduled Banks:  |                                  |                                  |                               |                               |                               |                               |                               |                               |                               |                               |                               |                               |
| i) Current Account  |                                  | 12,890                           |                               |                               | 988,936                       |                               |                               |                               | 15,788                        |                               |                               | 1,341,231                     |
| c) With HSBC Bank plc., London  |                                  | -                                |                               |                               | -                             |                               |                               |                               | -                             |                               |                               | -                             |
|   |                                  | 12,890                           |                               |                               | 988,936                       |                               |                               |                               | 15,788                        |                               |                               | 1,341,231                     |

# TVS Peiner Services GmbH, Germany

(Incorporated in Germany)

## TRANSLATED FINANCIAL STATEMENTS

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

|                        | Euro<br>As at<br>31-12-2014 | ₹<br>As at<br>31-12-2014 | Euro<br>As at<br>31-12-2013 | ₹<br>As at<br>31-12-2013 |
|------------------------|-----------------------------|--------------------------|-----------------------------|--------------------------|
| <b>1 SHARE CAPITAL</b> |                             |                          |                             |                          |
| <b>a. Subscribed</b>   |                             |                          |                             |                          |
| Share Capital          | 25,000                      | 1,918,000                | 25,000                      | 2,123,750                |
|                        | <u>25,000</u>               | <u>1,918,000</u>         | <u>25,000</u>               | <u>2,123,750</u>         |

#### b. Reconciliation of number of shares

| Equity Shares                           | As at 31-12-2014 |               |            | As at 31-12-2013 |               |            |
|---|------------------|---------------|------------|------------------|---------------|------------|
|   | No. of Shares    | Value in Euro | Value in ₹ | No. of Shares    | Value in Euro | Value in ₹ |
| 1. Balance at the beginning of the year | -                | 25,000        | 1,918,000  | -                | 25,000        | 2,123,750  |
| 2. Add : Shares issued during the year  | -                | -             | -          | -                | -             | -          |
| 3. Bonus Shares issued during the year  | -                | -             | -          | -                | -             | -          |
| 4. Balance as at the end of the year    | -                | 25,000        | 1,918,000  | -                | 25,000        | 2,123,750  |

#### 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

|  | Euro<br>As at<br>31-12-2014 | ₹<br>As at<br>31-12-2014 | Euro<br>As at<br>31-12-2013 | ₹<br>As at<br>31-12-2013 |
|--|-----------------------------|--------------------------|-----------------------------|--------------------------|
| <b>2. RESERVES &amp; SURPLUS</b>   |                             |                          |                             |                          |
| <b>a. Surplus in Statement of Profit and Loss</b>  |                             |                          |                             |                          |
| 1. Balance as at the beginning of the year   | (641,080)                   | (49,183,671)             | (660,002)                   | (56,067,156)             |
| 2. Profit / (Loss) for the year  | 10,156                      | 814,101                  | 18,922                      | 1,499,740                |
| 3. Balance available for appropriation (1 + 2)   | (630,924)                   | (48,369,570)             | (641,080)                   | (54,567,416)             |
| <b>Balance as at the end of the year</b>   | <u>(630,924)</u>            | <u>(48,369,570)</u>      | <u>(641,080)</u>            | <u>(54,567,416)</u>      |
| <b>b. Foreign Exchange Translation Reserve/ (Asset)</b>  |                             |                          |                             |                          |
| Foreign exchange reserve/ (Asset) arising on account of application of Indian Accounting Standard - 11 |                             |                          |                             |                          |
| Opening balance as on 01.01.2014   |                             | 107,623                  |                             | (2,005,609)              |
| Current year foreign exchange gain / (loss)  |                             | (142,612)                |                             | 2,113,232                |
|  | -                           | (34,989)                 | -                           | 107,623                  |
| <b>Total Reserves and Surplus (a + b)</b>  | <u>(630,924)</u>            | <u>(48,404,559)</u>      | <u>(641,080)</u>            | <u>(54,459,793)</u>      |

## TRANSLATED FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS (Contd.)

|   | 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 |             |           |              |
|   | Euro                    | ₹           | Euro                                     | ₹           | Euro                 | ₹            | Euro             | ₹           |           |              |
| <b>3. BORROWINGS</b>                                      |                         |             |  |             |                      |              |                  |             |           |              |
| Loans from related parties<br>(Peiner Umformtechnik GmbH) | 985,510                 | 75,608,333  | 1,088,426                                | 92,461,789  | 130,000              | 9,973,600    | 108,000          | 9,174,600   |           |              |
| Total   | 985,510                 | 75,608,333  | 1,088,426                                | 92,461,789  | 130,000              | 9,973,600    | 108,000          | 9,174,600   |           |              |
| <b>4. TRADE PAYABLES</b>                                  |                         |             |  |             |                      |              |                  |             |           |              |
| Accounts payable by Third parties                         | -                       | -           | -  | -           | 154,875              | 11,881,985   | 180,917          | 15,368,912  |           |              |
| Total   | -                       | -           | -  | -           | 154,875              | 11,881,985   | 180,917          | 15,368,912  |           |              |
| <b>5. OTHER LIABILITIES</b>                               |                         |             |  |             |                      |              |                  |             |           |              |
| Tax payable   | -                       | -           | -  | -           | 28,183               | 2,162,200    | 42,196           | 3,584,508   |           |              |
| Total   | -                       | -           | -  | -           | 28,183               | 2,162,200    | 42,196           | 3,584,508   |           |              |
| <b>6. PROVISIONS</b>                                      |                         |             |  |             |                      |              |                  |             |           |              |
| 1. Accrued personnel expenses                             | -                       | -           | -  | -           | 120,214              | 9,222,813    | 203,498          | 17,287,163  |           |              |
| 2. Gratuity   | -                       | -           | -  | -           | -                    | -            | 76,800           | 6,524,160   |           |              |
| 3. Social security agencies                               | -                       | -           | -  | -           | 29,071               | 2,230,320    | 18,914           | 1,606,710   |           |              |
| 4. Accrued annual charges                                 | -                       | -           | -  | -           | 8,000                | 613,760      | 8,000            | 679,600     |           |              |
| Total   | -                       | -           | -  | -           | 157,285              | 12,066,893   | 307,212          | 26,097,633  |           |              |
| <b>7. FIXED ASSETS SCHEDULE</b>                           |                         |             |  |             |                      |              |                  |             |           |              |
|   | Tangible                |             |  |             | Intangible           |              |                  |             |           |              |
|   | Plant & Machinery       |             | Fixtures, Fittings and Office Equipments |             | Total                |              | Software         |             | Total     |              |
|   | Euro                    | ₹           | Euro                                     | ₹           | Euro                 | ₹            | Euro             | ₹           | Euro      | ₹            |
| <b>A. Cost of Assets</b>                                  |                         |             |  |             |                      |              |                  |             |           |              |
| As at 31-12-2013  | 434,531                 | 36,913,408  | 863,375                                  | 73,343,699  | 1,297,906            | 110,257,107  | 874,293          | 74,271,190  | 2,172,199 | 184,528,297  |
| Additions   | -                       | -           | 8,846                                    | 678,665     | 8,846                | 678,665      | -                | -           | 8,846     | 678,665      |
| Sales/Discards  | -                       | -           | -  | -           | -                    | -            | -                | -           | -         | -            |
| Other Adjustments   |                         |             |  |             |                      |              |                  |             |           |              |
| - Exchange difference                                     | -                       | (3,576,190) | -  | (7,105,576) | -                    | (10,681,766) | -                | (7,195,431) | -         | (17,877,197) |
| - Borrowing Costs   | -                       | -           | -  | -           | -                    | -            | -                | -           | -         | -            |
| As at 31-12-2014  | 434,531                 | 33,337,218  | 872,221                                  | 66,916,788  | 1,306,752            | 100,254,007  | 874,293          | 67,075,759  | 2,181,045 | 167,329,766  |
| <b>B. Depreciation / Amortization</b>                     |                         |             |  |             |                      |              |                  |             |           |              |
| As at 31-12-2013  | 432,187                 | 36,714,285  | 822,030                                  | 69,831,441  | 1,254,217            | 106,545,726  | 349,020          | 29,649,249  | 1,603,237 | 136,194,973  |
| Charges for the year                                      | 242                     | 19,493      | 9,130                                    | 736,545     | 9,372                | 756,038      | 178,602          | 14,407,823  | 187,974   | 15,163,861   |
| Deduction on sale or discards                             | -                       | -           | -  | -           | -                    | -            | -                | -           | -         | -            |
| Impairment for the year                                   | -                       | -           | -  | -           | -                    | -            | -                | -           | -         | -            |
| Other Adjustments   |                         |             |  |             |                      |              |                  |             |           |              |
| - Exchange difference                                     | -                       | (3,556,899) | -  | (6,765,306) | -                    | (10,322,206) | -                | (2,872,435) | -         | (13,194,640) |
| - Exchange Diff CY  | -                       | (954)       | -  | (36,065)    | -                    | (37,019)     | -                | (705,478)   | -         | (742,497)    |
| As at 31-12-2014  | 432,429                 | 33,175,924  | 831,160                                  | 63,766,615  | 1,263,589            | 96,942,539   | 527,622          | 40,479,159  | 1,791,211 | 137,421,696  |
| <b>C. Written Down Value</b>                              |                         |             |  |             |                      |              |                  |             |           |              |
| As at 31-12-2014  | 2,102                   | 161,294     | 41,061                                   | 3,150,174   | 43,163               | 3,311,468    | 346,671          | 26,596,599  | 389,834   | 29,908,070   |
| As at 31-12-2013  | 2,344                   | 199,123     | 41,345                                   | 3,512,258   | 43,689               | 3,711,381    | 525,273          | 44,621,941  | 568,962   | 48,333,324   |
| <b>D. Capital Work-in-Progress</b>                        |                         |             |  |             |                      |              |                  |             |           |              |
| As at 31-12-2014  | 37,749                  | 2,896,103   | -  | -           | 37,749               | 2,896,103    | -                | -           | 37,749    | 2,896,103    |
| As at 31-12-2013  | -                       | -           | -  | -           | -                    | -            | -                | -           | -         | -            |



# TVS Peiner Services GmbH, Germany

(Incorporated in Germany)

## TRANSLATED FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS (Contd.)

|  | Current                  |                          |                          |                          |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
|  | EURO                     | ₹                        | EURO                     | ₹                        |
|  | As at<br>31-12-2014      | As at<br>31-12-2014      | As at<br>31-12-2013      | As at<br>31-12-2013      |
| <b>8. INVENTORIES (Valued at lower of cost and net realizable value)</b> |                          |                          |                          |                          |
| Raw Materials and components   | 50,696                   | 3,889,409                | 49,392                   | 4,195,810                |
| Total  | <u>50,696</u>            | <u>3,889,409</u>         | <u>49,392</u>            | <u>4,195,810</u>         |
| <b>9. CASH AND BANK BALANCES</b>   |                          |                          |                          |                          |
| <b>Cash and Cash Equivalents</b>   |                          |                          |                          |                          |
| <b>Balances with Bank</b>  |                          |                          |                          |                          |
| Commerzbank ( e )  | 12,416                   | 952,563                  | 14,492                   | 1,231,136                |
| Cash on hand   | 474                      | 36,373                   | 1,296                    | 110,095                  |
| Total  | <u>12,890</u>            | <u>988,936</u>           | <u>15,788</u>            | <u>1,341,231</u>         |
| <b>10. LOANS AND ADVANCES</b>  |                          |                          |                          |                          |
| a) Advances to related parties   |                          |                          |                          |                          |
| Peiner Umformtechnik   | 262,494                  | 20,138,506               | 408,923                  | 34,738,032               |
| Windbolt   | 31,883                   | 2,446,096                | 28,768                   | 2,443,803                |
| Sundram Fasteners Limited  | 1,776                    | 136,233                  | 1,776                    | 150,847                  |
| b) Prepaid Expenses  | -                        | -                        | 1,744                    | 148,153                  |
| c) Receivables from tax authorities                                      | -                        | -                        | 1,751                    | 148,773                  |
| d) Receivables from employees  | -                        | -                        | 2,300                    | 195,385                  |
| e) Vendor with debit balance   | 5,012                    | 384,542                  | 6,267                    | 532,376                  |
| f) Reclaimable Vat   | 2,594                    | 2,500,636                | -                        | -                        |
| Total  | <u>333,759</u>           | <u>25,606,013</u>        | <u>451,529</u>           | <u>38,357,369</u>        |
| <b>11. OTHER ASSETS</b>  |                          |                          |                          |                          |
| a) Other Receivables - Windbolt GmbH                                     | 24,999                   | 1,917,923                | 24,999                   | 2,123,665                |
| Total  | <u>24,999</u>            | <u>1,917,923</u>         | <u>24,999</u>            | <u>2,123,665</u>         |
|  | EURO                     | ₹                        | EURO                     | ₹                        |
|  | Year Ended<br>31-12-2014 | Year Ended<br>31-12-2014 | Year Ended<br>31-12-2013 | Year Ended<br>31-12-2013 |
| <b>12. REVENUE FROM OPERATIONS</b>                                       |                          |                          |                          |                          |
| a) Sales & Logistic Services (Refer Note 12A)                            | 5,159,598                | 416,224,789              | 5,247,288                | 411,334,933              |
| b) Other Operating Revenues (Refer Note 12B)                             | 50,707                   | 4,090,551                | 52,436                   | 4,110,459                |
| Total Revenue from operations (a + b)                                    | <u>5,210,305</u>         | <u>420,315,340</u>       | <u>5,299,724</u>         | <u>415,445,392</u>       |
| <b>12A DETAILS OF SERVICES</b>   |                          |                          |                          |                          |
| Logistic   | 2,817,591                | 227,295,077              | 2,866,520                | 224,706,467              |
| Sales  | 1,266,807                | 102,193,327              | 1,346,469                | 105,549,691              |
| IT   | 720,000                  | 58,082,400               | 720,000                  | 56,440,800               |
| Purchase Dept  | 355,200                  | 28,653,985               | 314,300                  | 24,637,977               |
| Total  | <u>5,159,598</u>         | <u>416,224,789</u>       | <u>5,247,288</u>         | <u>411,334,935</u>       |

## TRANSLATED FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS (Contd.)

|   | EURO             | ₹                  | EURO             | ₹                  |
|---|------------------|--------------------|------------------|--------------------|
|   | Year Ended       | Year Ended         | Year Ended       | Year Ended         |
|   | 31-12-2014       | 31-12-2014         | 31-12-2013       | 31-12-2013         |
| <b>12B OTHER OPERATING REVENUE</b>                            |                  |                    |                  |                    |
| Other operating income  | 50,707           | 4,090,551          | 52,436           | 4,110,459          |
| Total   | <u>50,707</u>    | <u>4,090,551</u>   | <u>52,436</u>    | <u>4,110,459</u>   |
| <b>13. OTHER INCOME</b>                                       |                  |                    |                  |                    |
| Interest Income   | 3,116            | 251,357            | -                | -                  |
| Profit on sale of assets                                      | -                | -                  | 571              | 44,794             |
| Reversal of accruals  | 20,678           | 1,668,060          | 1,038            | 81,348             |
| Total   | <u>23,794</u>    | <u>1,919,417</u>   | <u>1,609</u>     | <u>126,143</u>     |
| <b>14. RAW MATERIALS INCLUDING PACKING MATERIALS CONSUMED</b> |                  |                    |                  |                    |
| Opening Stock of Raw Material                                 | 49,392           | 3,789,318          | 46,887           | 3,983,051          |
| Add: Purchase of materials                                    | 344,152          | 27,762,780         | 348,784          | 27,341,205         |
| Less: Closing Stock of Raw Material                           | 50,696           | 3,889,409          | 49,392           | 4,195,810          |
| Total   | <u>342,848</u>   | <u>27,662,689</u>  | <u>346,280</u>   | <u>27,128,446</u>  |
| <b>15. EMPLOYEE BENEFIT EXPENSES</b>                          |                  |                    |                  |                    |
| Salaries, Wages, Bonus and Allowances                         | 2,440,447        | 196,870,839        | 2,553,756        | 200,188,906        |
| Employees' Provident and Other Funds                          | 446,301          | 36,003,119         | 402,109          | 31,521,304         |
| Staff & Labour welfare expenses                               | 126,490          | 10,203,957         | 113,915          | 8,929,770          |
| Total   | <u>3,013,238</u> | <u>243,077,915</u> | <u>3,069,779</u> | <u>240,639,981</u> |
| <b>16. FINANCE COST</b>                                       |                  |                    |                  |                    |
| Interest expense  | 45,701           | 3,686,723          | 35,455           | 2,779,293          |
| Total   | <u>45,701</u>    | <u>3,686,723</u>   | <u>35,455</u>    | <u>2,779,293</u>   |
| <b>17. OTHER EXPENSES</b>                                     |                  |                    |                  |                    |
| Stores and Tools consumed                                     | 20,349           | 1,641,545          | 30,644           | 2,402,161          |
| Rent  | 400,931          | 32,343,115         | 427,173          | 33,486,114         |
| Sub-Contract expenses   | 345,968          | 27,909,226         | 383,597          | 30,070,185         |
| Freight inward  | -                | -                  | 25               | 1,956              |
| Freight and Cartage   | 1,884            | 151,979            | 3,588            | 281,224            |
| Insurance   | 7,784            | 627,918            | 3,173            | 248,751            |
| Rates & Tax   | 2,290            | 184,707            | 3,031            | 237,573            |
| Repairs & Maintenance - Building                              | 34,007           | 2,743,320          | 20,538           | 1,609,944          |
| Repairs & Maintenance - Machinery                             | 99,241           | 8,005,784          | 116,101          | 9,101,185          |
| Repairs & Maintenance - others                                | 285,296          | 23,014,841         | 290,916          | 22,804,872         |
| Remuneration to Auditors                                      | 8,000            | 645,360            | 7,184            | 563,192            |
| Communication expenses  | 57,060           | 4,603,014          | 74,091           | 5,808,015          |
| Travel & Entertainment  | 67,780           | 5,467,849          | 51,509           | 4,037,828          |
| Fuel & Electricity  | 49,326           | 3,979,148          | 46,637           | 3,655,884          |
| Gas   | 79,376           | 6,403,277          | 85,240           | 6,681,967          |
| Miscellaneous Expenses (Refer Note 17A)                       | 174,890          | 14,108,383         | 99,792           | 7,822,634          |
| Total   | <u>1,634,182</u> | <u>131,829,466</u> | <u>1,643,239</u> | <u>128,813,486</u> |

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

|                                   | Euro                     |                          | ₹                        |                          |
|-----------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|                                   | Year Ended<br>31-12-2014 | Year Ended<br>31-12-2014 | Year Ended<br>31-12-2013 | Year Ended<br>31-12-2013 |
| <b>17A MISCELLANEOUS EXPENSES</b> |                          |                          |                          |                          |
| Bank charges                      | 2,262                    | 182,509                  | 1,765                    | 138,370                  |
| Consultancy                       | 66                       | 5,324                    | 76,369                   | 5,986,582                |
| Legal expenses                    | 7,245                    | 584,490                  | 10,829                   | 848,867                  |
| Marketing                         | 49,278                   | 3,975,268                | (785)                    | (61,545)                 |
| Advertisement                     | 5,972                    | 481,729                  | 5,148                    | 403,528                  |
| Agency fee                        | 8,583                    | 692,391                  | 958                      | 75,058                   |
| Books & periodicals               | 3,644                    | 293,933                  | 1,041                    | 81,628                   |
| Donation                          | -                        | -                        | 200                      | 15,678                   |
| Sundry expenses                   | 97,148                   | 7,836,955                | 3,840                    | 301,025                  |
| Gifts                             | 692                      | 55,784                   | 427                      | 33,443                   |
| Total                             | <u>174,890</u>           | <u>14,108,383</u>        | <u>99,792</u>            | <u>7,822,634</u>         |

## 18. 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.

Raw materials, consumables and supplies consist of consumer material and other supplies.

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 has been received from India and is waiting for delivery to customers. They have been recorded at acquisition costs minor adequate allowances, if any.

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 Profit and Loss account.

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

#### Prior Period items

| Particulars              | EURO                    |                         | ₹                       |                         |
|--------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                          | Year ended<br>31-Dec-14 | Year ended<br>31-Dec-14 | Year ended<br>31-Dec-14 | Year ended<br>31-Dec-14 |
| a) Prior Period Expenses |                         | 5,698                   |                         | 459,646                 |

### 4. AS 11: Accounting for effects in foreign exchange rates

The Balance Sheet as at 31st December 2014 has been translated from Euro to Indian Rupees by applying the year end inter-bank exchange rate of EURO 1 = ₹ 76.72 (2013 EURO 1 = ₹ 84.95). 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 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 = ₹ 80.67; previous period (EURO 1 = ₹ 78.39).

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

5. 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

Upasana Engineering Limited, Chennai

Sundram Non Conventional Energy Systems Ltd., Chennai

Sundram International Inc., Michigan, USA

Sundram Bleistahl Limited, Chennai

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

Put Grundstucks GmbH, Peine, Germany

Peiner Umformtechnik GmbH, Peine, Germany

Sundram Fasteners Investments Limited, Chennai

TVS Infotech Limited, Chennai

TVS Infotech Inc., Michigan, USA.

**(III) Transactions with related parties**

|                                | EURO                               | ₹                                  | EURO                               | ₹                                  |
|--------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
|                                | As at /<br>Year ended<br>31-Dec-14 | As at /<br>Year ended<br>31-Dec-14 | As at /<br>Year ended<br>31-Dec-13 | As at /<br>Year ended<br>31-Dec-13 |
| <b>A) Services Rendered:</b>   |                                    |                                    |                                    |                                    |
| - Holding Company              | -                                  | -                                  | -                                  | -                                  |
| - Fellow Subsidiaries          |                                    |                                    |                                    |                                    |
| a) Peiner Umformtechnik GmbH   | 5,139,592                          | 414,610,853                        | 5,197,850                          | 407,459,435                        |
| b) Windbolt GmbH               | 20,007                             | 1,613,936                          | 49,439                             | 3,875,498                          |
| <b>B) Outstanding Balances</b> |                                    |                                    |                                    |                                    |
| - Due to the Company           |                                    |                                    |                                    |                                    |
| - Holding Company              | 1,776                              | 136,233                            | 1,776                              | 150,847                            |
| - Fellow Subsidiaries          |                                    |                                    |                                    |                                    |
| a) Peiner Umformtechnik GmbH   | 262,494                            | 20,138,506                         | 408,923                            | 34,738,032                         |
| b) Windbolt GmbH               | 31,883                             | 2,446,096                          | 28,768                             | 2,443,803                          |
| <b>C) Outstanding Balances</b> |                                    |                                    |                                    |                                    |
| - Payable by the Company       |                                    |                                    |                                    |                                    |
| - Holding Company              | 677,510                            | 51,978,573                         | 650,000                            | 55,217,500                         |
| - Fellow Subsidiaries          |                                    |                                    |                                    |                                    |
| a) Peiner Umformtechnik GmbH   | 438,000                            | 33,603,360                         | 540,000                            | 45,873,000                         |
| b) PUT Grundstucks             | -                                  | -                                  | 6,426                              | 545,889                            |
| <b>D) Interest Paid</b>        |                                    |                                    |                                    |                                    |
| - Holding Company              | -                                  | -                                  | -                                  | -                                  |
| - Fellow Subsidiaries          |                                    |                                    |                                    |                                    |
| a) Peiner Umformtechnik GmbH   | 45,583                             | 3,677,204                          | 35,274                             | 2,765,129                          |
| <b>E) Rent Paid</b>            |                                    |                                    |                                    |                                    |
| - Holding Company              | -                                  | -                                  | -                                  | -                                  |
| - Fellow Subsidiaries          |                                    |                                    |                                    |                                    |
| a) PUT Grundstucks GmbH        | 32,400                             | 2,613,708                          | 32,400                             | 2,539,836                          |

# TVS Peiner Services GmbH, Germany

(Incorporated in Germany)

## TRANSLATED FINANCIAL STATEMENTS

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### NOTES TO THE FINANCIAL STATEMENTS (Contd.)

#### 6. AS 19 : Leases

The Company has entered into renting and leasing contracts, which are in the nature of operating leases as defined in

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

| Year       | EURO<br>31-12-14 | ₹<br>31-12-14 |
|------------|------------------|---------------|
| - for 2015 | 241,000          | 18,489,520    |
| - for 2016 | 219,000          | 16,801,680    |
| - for 2017 | 199,000          | 15,267,280    |
| - for 2018 | 193,000          | 14,806,960    |
| - for 2019 | 105,000          | 8,055,600     |

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

| Particulars | EURO<br>31-Dec-14 | ₹<br>31-Dec-14 |
|-------------|-------------------|----------------|
| Lease rent  | -                 | -              |

- 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.

#### 7. 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.

8. For other significant accounting policies refer to the audited financial statements of TVS Peiner Services GmbH.

9. Figures for the previous year have been re-grouped, wherever necessary to conform to current year classification.
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