

51<sup>ST</sup> ANNUAL REPORT  
2014-15



ENGINEERED *for* EXCELLENCE



SHRIRAM PISTONS & RINGS LTD.



Grand Award for QCDDM from **Honda** Motorcycle & Scooter India



Gold Award for Quality from **Honda** Cars India Ltd.



Award for Overall Quality Excellence from **Volvo-Eicher** Commercial Vehicles



Vendor Performance Award from **Suzuki** Motorcycle India



Quality Award "Silver" from **Bajaj**



Good Quality Performance Award from **Wabco** India



#### **Board of Directors**

Shri Pradeep Dinodia - Chairman  
Shri Hari S. Bhartia  
Smt. Meenakshi Dass  
Shri O.P. Khaitan  
Shri Ravinder Narain  
Shri C.Y. Pal  
Dr. Alexander Sagel  
Shri M. Sekimoto  
Shri Inderdeep Singh  
Shri Toru Suzuki  
Shri A.K. Taneja - Managing Director & CEO  
Shri R. Srinivasan - Joint Managing Director  
Shri Luv D. Shriram - Wholetime Director  
Dr. Peter Neu - Alternate Director to Dr. Alexander Sagel  
Shri N. Okano - Alternate Director to Shri M. Sekimoto

#### **Principal Executives**

Shri A.K. Taneja - Managing Director & CEO  
Shri R. Srinivasan - Joint Managing Director & Company Secretary  
Shri Anil Gadi - Executive Director  
Shri V.K. Jayaswal - Executive Director  
Shri Devendra Mishra - Executive Director  
Shri Naveen Agarwal - Dy. Executive Director  
Shri Arun Shukla - Dy. Executive Director  
Shri Vinod Raheja - Dy. Executive Director & CFO  
Shri Subrata Neogy - Chief Technology Officer

#### **Advisors**

Shri Rajiv Sethi - Sr. Advisor  
Shri Rakesh Anand - Advisor  
Shri P.S. Ladiwala - Advisor

#### **Technical Collaborators**

KS Kolbenschmidt GmbH, Germany  
Riken Corporation, Japan  
Honda Foundry Co. Ltd., Japan  
Fuji Oozx Inc., Japan

#### **Bankers**

UCO Bank  
State Bank of Hyderabad  
Corporation Bank  
Axis Bank Ltd.  
HDFC Bank Ltd.  
IDBI Bank Ltd.  
Citi Bank Ltd.  
The Hongkong and Shanghai Bank Ltd.

#### **Statutory Auditors**

M/s Deloitte Haskins & Sells, Gurgaon, Haryana

#### **Registered Office**

3<sup>rd</sup> Floor, Himalaya House,  
23, Kasturba Gandhi Marg,  
New Delhi - 110 001

#### **Works**

Industrial Area, Meerut Road, Ghaziabad (U.P.)  
Industrial Area, Pathredi, District Alwar (Rajasthan)



## DIRECTORS' REPORT

The Directors have pleasure in presenting their 51<sup>st</sup> Annual Report along with the audited accounts of the Company for the year ended 31<sup>st</sup> March, 2015.

Net sales of the company increased by 6.4% during the year from Rs. 11697 Million to Rs.12444 Million. Gross Profit for the year, after all interest charges but before depreciation and taxes, declined by 12.9% over the last year from Rs. 2012 Million to Rs. 1753 Million.

Profit after tax for the year is Rs. 573 Million against Rs. 697 Million last year.

The summarized standalone and consolidated results of the Company are as under:

(Rs. Million)

Particulars	Financial Year ended			
	Standalone		Consolidated	
	31/03/2015	31/03/2014	31/03/2015	31/03/2014
Total Income	12615.86	11792.65	12615.90	11792.69
Profit/(loss) before Interest, Depreciation & Tax (EBITDA)	2073.43	2388.17	2073.45	2388.20
Gross Profit	1753.01	2011.52	1753.03	2011.55
Depreciation	960.42	1005.63	960.42	1005.63
Profit Before Tax	792.59	1005.89	792.61	1005.92
Income Tax (including for earlier years)	219.43	309.36	219.43	309.37
Net Profit After Tax	573.16	696.53	573.18	696.55

The Directors, in their meeting of 16.05.2015, have recommended that equity shareholders be paid dividend of Rs. 3.50 per share for the year, inclusive of Rs. 1.50 per share already paid; the equity dividend alongwith dividend tax would absorb Rs. 94.1 Million against Rs. 91.6 Million last year and an amount of Rs. 472.7 Million be transferred to General Reserve Account.

The company registered growth of 11.8% in sales to OEMs. However, sales in the Aftermarket were impacted on account of disruption of work at Pathredi Plant. As a result, only a moderate increase of 6.4% in overall sales of the Company could be achieved.

However, the decline in profits over last year was disproportionately higher, in view of loss of production at Pathredi and expenses incurred towards recruitment and training of new personnel and implementation of multiple confidence building measures, to achieve durable harmony.

The Management has taken several short-term and long-term measures to strengthen the pyramid of trust with the workmen at Pathredi Plant, resulting in stabilizing of operations and achieving normal levels of production towards the third quarter of the fiscal year. These confidence building initiatives are continuing.

Continuous demand from customers for price reduction despite increase in cost of raw materials, increase in competition and increase in power tariff also impacted the profits of the company. The impact was partially mitigated through cost reduction and productivity improvement.

Enforcement of stricter emission norms and continuous demand for improved fuel efficiency from OEMs requires most modern



and superior technology. With a full - fledged Tech Center in place, and strong support from our technology partners, the Company is well poised to retain its leadership in market by offering latest technology products and cost-effective solution to OEMs, and winning new business. The Tech Centre is being further strengthened to stay ahead of competition.

The company achieved exports of Rs. 2156 Million, which was 2% lower than last year. Exports remain an important cornerstone in company's strategy for sustainable growth and to pro-actively acquire deeper understanding of the technology, quality and service expectations of global OEMs operating in advanced automobile markets. We are actively working with our collaborators to jointly service OEMs in export markets, and prospects for exports in the current year are good.

There was no operation in subsidiary company, M/s SPR International Auto Exports Limited, during the year. Annual accounts of subsidiary company are available on company's website and shall also be kept for inspection by any member in the Head office and Registered office. Hard copy of Annual Accounts of subsidiary company would also be made available to members seeking such information.

In accordance with the Accounting Standard (AS - 21) on consolidated financial statements, the consolidated financial statements are attached, which form part of the Annual Report.

The Directors confirm that: -

1. in the preparation of the annual accounts, the applicable Accounting Standards issued by The Institute of Chartered Accountants of India and requirements of Companies Act have been followed and there are no material departures from the same.
2. appropriate accounting policies have been selected and applied consistently, and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2015 and of the profit of the Company for the same year.
3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. the annual accounts have been prepared on a going concern basis.
5. internal financial controls are followed by the company and are adequate and operating effectively.
6. proper and adequate systems have been devised to ensure compliance with provisions of all applicable laws and such systems are adequate and operating effectively.

There are no disqualifications, reservations or adverse remarks or disclaimers in the Auditors' and Secretarial Auditor's Report.

No orders were passed by the Regulators or Courts or Tribunals which could impact going concern status and company's operations in future.

The Company has appointed M/s Pricewaterhouse Coopers as its Internal Auditors. The Internal Control System is commensurate with the size, scale and complexity of company's operations. The Internal Auditors report to the Chairman of Audit Committee.

The Internal Audit team monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on their reports, the corrective actions in respective areas are taken to strengthen the controls and significant audit observations and corrective actions thereon are presented to the Audit Committee.

Cost Audit Report of the Company for the year ended 31<sup>st</sup> March, 2014, duly audited by M/s Chandra Wadhwa & Co., Cost Accountants, New Delhi, was submitted to the Ministry of Corporate Affairs, Government of India on 2<sup>nd</sup> September, 2014 before the due date of 27<sup>th</sup> September 2014.

Company's equity shares were listed on 'Delhi Stock Exchange'. SEBI, vide its order dated 19.11.2014 has withdrawn recognition of 'Delhi Stock Exchange'. Accordingly, Company's shares cease to be listed and will be moved to Dissemination



Board of Bombay Stock Exchange (BSE) for facilitating dealing in Company's shares.

Company is committed to good corporate governance practice and corporate social responsibility. In line with the Company's principles/commitment, the following policies/programmes are in place and are available on Company's website viz. [www.shrirampistons.com](http://www.shrirampistons.com) under the link "Investors":

1. Corporate Social Responsibility (CSR) Policy,
2. Vigil Mechanism/ Whistle Blower policy,
3. Company's policy on dealing with Related party transactions and
4. Familiarization programmes for Independent Directors.

Fixed deposits amounting to Rs. 95.73 Million were accepted during the year and deposits amounting to Rs. 1.84 Million pertaining to 37 depositors remained unclaimed/unpaid at the close of the year. During the year, there was no default in repayment of deposits and interest thereon. Deposits accepted by the company are in compliance with requirements of Chapter V of the Companies Act, 2013.

Company has not given any loans, guarantees or made investments under section 186 of the Companies Act, 2013.

The Company has entered into contract/arrangements with the related parties in the ordinary course of business and on arm's length basis. Thus provisions of Section 188(1) of the Act are not applicable.

Following reports which form an integral part of Directors' report are enclosed: -

1. Report on "CORPORATE GOVERNANCE" - as per annexure - I.
2. Report on "MANAGEMENT DISCUSSION AND ANALYSIS" - as per annexure - II.
3. Report on "CONSERVATION OF ENERGY", "TECHNOLOGY ABSORPTION" and "FOREIGN EXCHANGE EARNING & OUTGO" - as per annexure - III.
4. Data of "EMPLOYEES" - as per annexure - IV.
5. Extract of "ANNUAL RETURN" - as per Annexure - V.
6. Report on "CSR ACTIVITIES UNDERTAKEN BY THE COMPANY" - as per Annexure - VI.
7. "SECRETARIAL AUDIT REPORT" - as per Annexure - VII.
8. "NOMINATION AND REMUNERATION POLICY" - as per Annexure-VIII.
9. "SALIENT FEATURES OF SUBSIDIARY COMPANY" - as per Annexure-IX.

Smt. Meenakshi Dass was appointed as the 'Wholetime Director' of the company for the period of five years from 5<sup>th</sup> May, 2009 to 4<sup>th</sup> May, 2014. On conclusion of her term she opted not to be re-appointed as 'Wholetime Director' and continue to be associated with the company as 'Non-Executive Director'.

Shri Luv D. Shriram was appointed as 'Wholetime Director' for a period of 5 years w.e.f. 5<sup>th</sup> May, 2014 till 4<sup>th</sup> May, 2019.

Shri Tokuo Washio, Independent Director, resigned from the Board due to personal reasons from the closing hours of 31<sup>st</sup> March, 2015. The directors express their deep appreciation for the valuable guidance and services rendered by Shri Tokuo Washio.

Shri Toru Suzuki was appointed as Independent Director w.e.f. 30.04.2015 in casual vacancy caused due to resignation of Shri Tokuo Washio.

Shri O.P. Khaitan, Shri C.Y. Pal, Shri Ravinder Narain, Shri Inderdeep Singh and Shri Toru Suzuki are independent Directors of the Company. These Directors have given the declarations to the Board that they meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013.

Shri M. Sekimoto and Shri Hari S. Bhartia, Directors, retire by rotation and being eligible, offer themselves for re-appointment.



Brief resume and other details of Shri M. Sekimoto, Shri Hari S. Bhartia and Shri Toru Suzuki are given in the 'Notice of the Annual General Meeting'.

Shri Naveen Agarwal was appointed as Chief Financial Officer (CFO) of the company w.e.f. 1<sup>st</sup> October, 2014 and he ceased to be the CFO consequent to appointment of Shri Vinod Raheja as CFO w.e.f. 24<sup>th</sup> February, 2015.

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

The Directors affirm that remuneration paid to all Directors, Key Managerial Personnel and Senior Management Personnel is as per the remuneration policy framed by Nomination and Remuneration Committee of the Company.

The Directors place on record their appreciation of the support extended to the Company by the Collaborators, the Bankers, its business associates and their appreciation of the work of all ranks of Company's personnel during the year.

On behalf of the Board

New Delhi  
May 16, 2015

**(PRADEEP DINODIA)**  
**CHAIRMAN**



## ANNEXURE I TO DIRECTORS' REPORT REPORT ON CORPORATE GOVERNANCE

- 1.0) The Company has been following Good Corporate Governance practices. The corporate goals of the Company are to optimize shareholders' value while ensuring operational accountability and total transparency in all its operations.
- 2.0) As on 31.03.2015, the Company had 3 Executive and 10 Non-Executive Directors. Out of 10 Non-Executive Directors, 5 directors are Independent.
- 2.1) During the year, 6 Board of Directors' Meetings were held as under:-
- 15<sup>th</sup> May, 2014                      - 31<sup>st</sup> October, 2014
  - 27<sup>th</sup> June, 2014                    - 30<sup>th</sup> January, 2015
  - 29<sup>th</sup> July, 2014                    - 31<sup>st</sup> March, 2015

A separate meeting of Independent Directors was held on 31<sup>st</sup> March 2015 which was attended by all the Independent Directors except Shri Tokuo Washio.

- 2.2) Data of Directors' attendance, Directorship in other Companies and membership in Board Committees is as under:-

Directors	See Note	Attendance at		Directorship in other Indian Public Ltd. Companies as on 31.3.2015 (Ref. Note No. 6)	Board Committee Membership in other Indian Public Ltd. Companies as on 31.3.2015 as	
		Board Meetings during Y.E. March 2015	Last AGM		Member	Chairman
<b>Non-Executive Directors:</b>						
Shri Pradeep Dinodia	1&2	6	Yes	5	1	4
Shri Hari S. Bhartia		1	No	6	1	NIL
Smt. Meenakshi Dass		4	Yes	4	NIL	NIL
Shri O.P. Khaitan		6	Yes	6	6	3
Shri Ravinder Narain		6	Yes	3	2	1
Shri C.Y. Pal		6	Yes	3	1	2
Dr. Alexander Sagel		–	No	NIL	NIL	NIL
Dr. Peter Neu (Alternate to Dr. Alexander Sagel)		2	Yes	NIL	NIL	NIL
Shri M. Sekimoto		3	No	NIL	NIL	NIL
Shri N. Okano (Alternate to Shri M. Sekimoto)		1	Yes	NIL	NIL	NIL
Shri Inderdeep Singh	4	6	Yes	1	NIL	1
Shri Toru Suzuki		–	NA	NIL	NIL	NIL
Shri Tokuo Washio		2	Yes	NIL	NIL	NIL
<b>Executive Directors:</b>						
Shri A.K. Taneja (Managing Director)	1&3	6	Yes	2	1	NIL
Shri R. Srinivasan (Jt. Managing Director)		6	Yes	NIL	NIL	NIL
Shri Luv D. Shriram (Wholetime Director)		5	Yes	1	NIL	NIL

**Notes:**

1. Shri Luv D. Shriram and Smt. Meenakshi Dass are related to each other and are promoters of the Company.
2. Smt. Meenakshi Dass was appointed as Whole Time Director till 4<sup>th</sup> May, 2014. After conclusion of her term, she opted to remain associated with the Company as Non-Executive Director.
3. Shareholders, in their meeting held on 29<sup>th</sup> July, 2014, have approved appointment of Shri Luv D. Shriram as Whole Time Director for 5 years w.e.f. 5<sup>th</sup> May, 2014.
4. Appointed as Independent Director in casual vacancy caused due to resignation of Shri Tokuo Washio w.e.f. 30<sup>th</sup> April, 2015.
5. Resigned from the Board of Directors w.e.f. closing hours of 31<sup>st</sup> March, 2015.
6. Directorships in other Companies of Directors exclude Companies formed under Section 8 of the Companies Act, 2013.
7. For calculating Board Committee membership/chairmanship, only Audit Committee and the Stakeholders' Relationship Committee membership / chairmanship of Indian Public Limited Companies has been considered.





2.3) Shareholding of Non-Executive Director

- Smt. Meenakshi Dass - 33,35,668 shares held jointly as 1<sup>st</sup> holder } (In capacity of Trustee – shares belong to Deepak Shriram Family Benefit Trust)  
 - 33,35,668 shares held jointly as 2<sup>nd</sup> holder }  
 - 12,40,176 shares

3.0) The Company has an Audit Committee comprising of four Directors – Shri O.P. Khaitan (Chairman), Shri C.Y. Pal & Shri Inderdeep Singh, all of whom are Independent Directors and Shri Pradeep Dinodia, who is a Non-Executive Director. Shri R. Srinivasan, the Company Secretary is also the Secretary to the Audit Committee. Statutory Auditors and Internal Auditors are invitees to the Audit Committee meetings.

The role and powers of Company’s Audit Committee are substantively as per the recommendations made by SEBI and as per provisions of the Companies Act, 2013.

All recommendations made by Audit Committee were accepted by the Board.

3.1) During the year, 5 Meetings of the Audit Committee were held as under :-

- 15<sup>th</sup> May, 2014                      - 31<sup>st</sup> October, 2014
- 29<sup>th</sup> July, 2014                      - 30<sup>th</sup> January, 2015
- 29<sup>th</sup> September, 2014

3.2) Attendance at Audit Committee Meetings was as under:-

Directors	Attendance
Shri O.P. Khaitan (Chairman)	5
Shri C.Y. Pal	5
Shri Inderdeep Singh	4
Shri Pradeep Dinodia	5
Smt. Meenakshi Dass	1
<b>Notes:</b>	
1. Shri Pradeep Dinodia is a practicing Chartered Accountant and all other members of the Audit Committee also have good exposure to financial matters.	
2. Smt. Meenakshi Dass was appointed as a member of the Committee w.e.f. 27.06.2014. She resigned from the Committee w.e.f. 29.07.2014.	

3.3) The last Annual General Meeting of the Company was held on 29<sup>th</sup> July, 2014 and was attended by Shri O.P. Khaitan, the Chairman of the Audit Committee.

4.0) The Company has a Nomination and Remuneration Committee to recommend for Board’s consideration, the appointment of Directors, KMPs and Senior Management Personnel and remuneration of Executive Directors.

It comprises of 4 Directors – Shri Ravinder Narain (Chairman), Shri O.P. Khaitan and Shri C.Y. Pal, all of whom are Independent Directors and Shri Pradeep Dinodia, who is a Non-Executive Director.

During the year, 1 meeting of Nomination and Remuneration Committee was held on 27<sup>th</sup> June, 2014 which was attended by all members of the committee.

Remuneration policy of the Company is given in Annexure-VIII of Directors’ Report.



4.1) Remuneration of Non-Executive Directors is approved by the Board of Directors.

Non-Executive Directors were paid sitting fee of Rs. 50,000 for every meeting of the Board or any Committee of the Board attended during the year.

Commission of up to 1% of the Net Profits of the Company is paid to the Non-Executive Directors as determined by the Board. This is as approved by the shareholders in Annual General Meeting of 26<sup>th</sup> June, 2010. The fees and commission paid/provided to Non-Executive Directors for the year ended 31<sup>st</sup> March, 2015 is as under:-

Directors	Sitting Fees for Board and Committee meetings paid during the year	Commission
	Million/Rs.	Million/Rs.
Shri Pradeep Dinodia (Chairman)	0.65	5.23
Shri Hari S. Bhartia	0.05	0.10
Smt. Meenakshi Dass	0.30	0.45
Dr. Alexander Sagel	-	0.10
Dr. Peter Neu (Alternate Director to Dr. Alexander Sagel)	0.10	-
Shri O.P. Khaitan	0.65	0.50
Shri Ravinder Narain	0.40	0.45
Shri C.Y. Pal	0.65	0.50
Shri M. Sekimoto	0.15	0.45
Shri Noritada Okano (Alternate Director to Shri M. Sekimoto)	0.05	-
Shri Inderdeep Singh	0.60	0.50
Shri Tokuo Washio	0.10	0.10

4.2) Remuneration paid/provided to Managing Director and Whole-time Directors for the year ended 31<sup>st</sup> March, 2015 is as under:-

Directors	Salary	Commission	Company's Contribution to funds*	Perquisites and allowances	Total	Contract Period
	Mn/Rs.	Mn/Rs.	Mn/Rs.	Mn/Rs.	Mn/Rs.	
Shri A.K. Taneja (Managing Director)	6.00	17.53	1.91	4.33	29.77	1 <sup>st</sup> April, 2014 to 31 <sup>st</sup> March, 2019
Shri R. Srinivasan (Jt. Managing Director)	4.80	13.15	1.53	3.49	22.97	1 <sup>st</sup> February, 2011 to 31 <sup>st</sup> January, 2016
Shri Luv D. Shriram (Whole Time Director)	5.40	14.90	0.001	2.55	22.85	5 <sup>th</sup> May 2014 to 4 <sup>th</sup> May, 2019
Smt. Meenakshi Dass (Whole Time Director)	0.48	-	0.01	0.54	1.03	5 <sup>th</sup> May 2009 to 4 <sup>th</sup> May, 2014

**Notes:**

- The notice period is six months, on either side.
- In the event of termination of appointment, compensation will be paid in accordance with the provisions of the Companies Act, 2013.
- The Company does not have a scheme of stock options.
- \*4. Aggregate of the Company's contribution to Provident Fund, Superannuation Fund & Gratuity Fund.



- 5.0) The Company has a "Stakeholders' Relationship Committee". This Committee comprises of Shri Inderdeep Singh (Chairman), who is an Independent Director and Shri Pradeep Dinodia, who is a Non-Executive Director. Shri R. Srinivasan, Joint Managing Director and Company Secretary, is also the Compliance Officer.

There were no requests pending for share transfers as on 31<sup>st</sup> March, 2015. No shareholder's complaint was received during the year. No shareholder's complaint was pending at the beginning/close of the year.

- 6.0) Date, Venue and Time for the last three Annual General Meetings (AGM) is as under: -

FINANCIAL YEAR	VENUE	DATE	TIME	SPECIAL RESOLUTION PASSED
2011-12	Hotel The Lalit, New Delhi	12.06.2012	4:30 p.m.	No Special Resolution was passed during the year
2012-13	Hotel The Lalit, New Delhi	05.07.2013	4:00 p.m.	No Special Resolution was passed during the year
2013-14	Hotel The Lalit, New Delhi	29.07.2014	4:30 p.m.	No Special Resolution was passed during the year

- 6.1) No special resolution was passed last year through postal ballot.  
 6.2) No Special Resolution is proposed to be conducted through postal ballot.  
 6.3) As required, a poll (electronically, physical and postal ballot) was conducted for Annual General Meeting held on 29.07.2014. Shri Deepak Juneja, Practicing Company Secretary, was appointed as the scrutinizer for the poll. All the resolutions were passed with requisite majority. Procedure for postal ballot is given in the "Notice of the Annual General Meeting".

#### 7.0) DISCLOSURES

- (i) There were no transactions of the company of material nature with its Promoters, Directors or Key Managerial Personnel or their relatives, which could be construed to have potential conflict of interest with the Company.  
 Disclosures on related party transactions as per the Accounting Standard 18 have been made at Note No. 32 of "Notes forming part of the Financial Statements" of the Annual Accounts.
- (ii) There were no penalties or restrictions imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital market during the last 3 years.
- (iii) The Company has devised Whistle Blower Policy for directors, employees and stakeholders to report any kind of misuse of company's properties, mismanagement or wrongful conduct prevailing/executed in the company. As per the policy, every Whistle Blower is granted access to Chairman of the Audit Committee in appropriate cases.
- (iv) Mandatory Requirements – All requirements have been complied with.
- (v) Performance Evaluation: The Board has carried out annual evaluation of its own performance, and that of its committees and individual directors.

The evaluation was carried out after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy and composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance and discussion amongst directors.

The performance evaluation of the Chairman, the Non Independent Directors and the Board as whole was carried out by the Independent Directors.

The Directors expressed their satisfaction with the evaluation process.



8.0) Quarterly results are published in "Financial Express" and "Jansatta". The Quarterly results are also displayed on Company's website viz. [www.shrirampistons.com](http://www.shrirampistons.com).

The Management Discussion and Analysis Report forms part of Directors' Report.

9.0) General Information for Shareholders:-

(i) **51<sup>st</sup> Annual General Meeting**

The 51<sup>st</sup> Annual General Meeting of the Company will be held on Friday, 26<sup>th</sup> June, 2015 at 4:30 P.M. at Hotel The Lalit, Barakhamba Avenue, Connaught Place, New Delhi.

(ii) **Financial Year of the Company**

The Financial Year of the Company is April 1 to March 31.

(iii) **Date of book closure**

The Register of Members and the Share Transfer Books of the Company will remain closed from 19<sup>th</sup> June, 2015 to 26<sup>th</sup> June, 2015 (both days inclusive).

(iv) **Date of Dividend Payment**

Dividend will be paid on or after 26<sup>th</sup> June, 2015 (Date of AGM).

(v) **Listing of Shares on Stock Exchange**

Company's equity shares were listed on 'Delhi Stock Exchange'. SEBI, vide its order dated 19.11.2014 has withdrawn recognition of 'Delhi Stock Exchange'. Accordingly, Company's shares cease to be listed and will be moved to Dissemination Board of Bombay Stock Exchange (BSE) for facilitating dealing in Company's shares.

Pursuant to the above, the DSE's officials have refused to accept the Listing fees for 2015-16.

(vi) **Stock Code**

The Stock Code was 19149.

(vii) **Market Price Data**

The last transaction on Delhi Stock Exchange was undertaken at Rs. 31.55 on 3<sup>rd</sup> July, 1997.

(viii) **Performance in comparison to broad-based indices such as BSE Sensex, CRISIL index etc.**

This is not applicable as the Company's shares are not actively traded on the Stock Exchange.

(ix) **Registrar and Transfer agents**

M/s Alankit Assignments Ltd., having Corporate office at Alankit House, 205-208, Anarkali Complex, Jhandewalan Extension, New Delhi – 110 055, Telephone numbers – 42541234, 23541234 and Fax number 42541201 are Registrar & Share Transfer Agents (RTA) of the Company who handle share transfer work in Physical and Electronic mode.

(x) **Share Transfer System**

Securities lodged at the Registrar's address are normally processed within 15 days from the date of lodgment, if documents are complete in all respects. All requests for dematerialization are processed and the confirmation is given to the Depositories within 15 days.

(xi) **Distribution of Equity Shareholding as on 31.03.2015**

Equity Shares Held	Upto 500	501-1000	1001-2000	2001-3000	3001-4000	4001-5000	5001-10000	10001 and above	TOTAL
Shareholders-Nos.	157	5	11	9	2	1	6	14	205
Shareholding-%	0.04	0.02	0.07	0.10	0.03	0.02	0.21	99.52	100



(xii) **Dematerialization of shares and liquidity**

Electronic Holding by members comprises 10.59% (previous year – 10.53%) of the paid up share capital of the Company as on 31<sup>st</sup> March, 2015 held through National Securities Depository Limited and Central Depository Services (India) Ltd. Under the depository system, ISIN allotted to the Company's equity shares is INE526E01018.

(xiii) **Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion dates and likely impact on equity**

Company has not issued any warrants/ other instruments so far.

(xiv) **Plant Location**

The company's plants are located at Meerut Road, Ghaziabad (U.P.) and Industrial Area, Pathredi, District Alwar (Rajasthan).

(xv) **Investors' correspondence may be addressed to:**

The Company Secretary,  
Shriram Pistons & Rings Ltd.  
3<sup>rd</sup> Floor, Himalaya House,  
23, Kasturba Gandhi Marg,  
New Delhi - 110 001  
Ph. 23315941, Fax: 23311203

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## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

### To the Members of Shriram Pistons & Rings Ltd.

We have examined the compliance of conditions of corporate governance by Shriram Pistons & Rings Ltd. for the year ended on March 31, 2015 as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For Deloitte Haskins & Sells  
Chartered Accountants  
(Firm Registration No. 015125N)**

Place : Gurgaon  
Date : May 16, 2015

Vijay Agarwal  
Partner  
Membership No. 094468



## ANNEXURE II TO DIRECTORS' REPORT REPORT ON MANAGEMENT DISCUSSION AND ANALYSIS

### 1. Industry Structure and Development

The domestic automobile market is dependent on the growth of economy. With Indian economy showing signs of recovery from the second half, 2014-15 has ended on a mixed note.

Production of Heavy Commercial Vehicles (HCV) posted good growth of 21% although Light Commercial Vehicles (LCV) registered only modest growth of 3%. However, the production levels achieved in 2014-15 for both HCV and LCV were lower than the production levels achieved in 2010-11 & 2011-12 respectively.

Production of Small Commercial Vehicles declined by 20% in 2014-15, on top of decline of 17% in the previous year.

Production of Passenger Vehicles increased by 6% mainly due to increase in sales of small cars & utility vehicles. Production of 2-wheelers increased by 10%.

However, production of tractors declined by 12%, with steep decline in production in the second half of the year.

### 2. Opportunities and Threats

#### Opportunities

Despite government's focus on infrastructure, mining and manufacturing sector and huge latent demand for vehicles in India, only single digit growth is expected in the automotive sector in 2015-16. Further, due to unseason rains and slowing rural economy, tractors are not expected to show any growth at all.

The Company has diverse product portfolio, spread across all market segments i.e. OEMs and After market, both in domestic and export markets and across all vehicle segments i.e. Commercial Vehicles, Cars, Two Wheelers, Tractors and Stationary Engines. Therefore, the Company will be able to take advantage of the growth in demand across various vehicle and customer segments and offset any decline in market for Tractors and Agricultural engines.

The company is targeting to achieve higher growth rate than industry growth in 2015-16, based on new business acquired from key customers and special focus on after-market, both Domestic & Exports.

#### Threats

Higher cost of raw materials, higher power tariff and increasing aspirations of work-force leading to higher wages are adversely impacting the profitability of the auto components' industry.

The Company is taking all possible steps to meet the expectations of customers and concurrently reduce cost by improving productivity across the organisation.

Adverse and volatile exchange rates could also impact profits of the company in the coming year, although the company is taking all possible steps to mitigate such risk.

Concept of green motoring is taking off globally, with the adoption of hybrid and full electric vehicles. Such trend may eventually come to India and impact the usage of Internal Combustion engines, possibly in the next 10-20 years.

### 3. Segment-wise/Product-wise performance

The Company deals principally in only one segment i.e. automotive components. Therefore, segment-wise performance is not applicable.

### 4. Outlook

Outlook for automotive sector is favourable in near future based on Government focus on 'Make in India' and ease of doing business by bringing in Labour, Land and Judicial reforms, national digitisation plan, introduction of GST and transparent taxation policies. Higher outlay for building infrastructure also bodes well for the auto industry.

### 5. Risk & Concerns

This year, factors such as slowing down of investment in manufacturing, high interest rates and weak agricultural performance impacted the production/sales of Small Commercial Vehicles and Tractors.

Customers, particularly OEMs continue to demand lower prices in spite of increasing costs; retaining the current operating margins in the face of growing competition is a major management challenge.

The automobile industry is dependent on the growth of economy. Factors such as GDP growth, increase in per capita income, reasonable interest rates and fuel prices drive the demand for automobiles. Government intervention is required to implement infrastructure projects and give impetus to policies which will encourage public spending.

The company has developed and implemented risk mitigation plan by being present across all market segments – OEMs and aftermarket, both in domestic and export markets across all vehicle segments to optimise plant utilisation and its continuous drive for cost reduction.

The management is of the opinion that although risk factors could impact the profits of the company but they shall not threaten the existence of the company.

### 6. Internal Control Systems & their adequacy

The Company has proper and adequate system of internal controls, which provide reasonable assurance regarding all financial and operating functions and compliance with statutory provisions.

The Company has an internal audit section besides an external firm which is carrying out internal audits. The internal auditors' reports are regularly reviewed by Senior Management and Audit Committee of the Board for its implementation and effectiveness.

The Company endeavours to constantly upgrade internal controls and periodic evaluation of the same is being undertaken.

Company has in place a system to periodically assess various risks and its likelihood and an action plan to pro-actively mitigate the impact of various risks.

### 7. Financial/Operational performance

Net sales of the Company during the year ended 31<sup>st</sup> March, 2015 were Rs. 12444 Million (increase of 6.4% over last year).

Net profit (PAT) of the Company during the year ended 31<sup>st</sup> March, 2015 was Rs. 573 Million (reduction of 17.7% over last year).

Earnings per share decreased from Rs. 31.13 in 2013-14 to Rs. 25.62 in 2014-15.



8. **Human Resources /Industrial Relations**

The Management considers people as its key resource and provides development opportunities through various training and welfare programs for employees and their families.

Continuous steps are undertaken for maintaining excellent industrial relations. The IR disturbance at Pathredi, although substantially an outcome of external factors, highlighted the need to deepen the engagement with Associates at all levels and build higher level of trust and understanding. The Company launched several people engagement initiatives including "Know Your Associates" (KYA), "Pyramid of Trust" etc. These are helping to strengthen cordial relations with employees and motivate them to contribute to the growth of the Company.

Dignity, respect, fairness, transparency and opportunity for growth for all employees are the key values of the Company and these are being reinforced continuously, through many initiatives.

During the year, there were no complaints received by the Internal Complaint Committee formed under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

9. **Cautionary Statement**

Statements in the Management Discussion and Analysis Report describing the Company's objectives, projections, estimates, expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could vary materially from those expressed or implied. Important factors that could make a difference to the Company's operations include, among others, economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and incidental factors.

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**ANNEXURE III TO DIRECTORS' REPORT**  
**REPORT ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND**  
**FOREIGN EXCHANGE EARNING & OUTGO**  
**[PARTICULARS REQUIRED UNDER THE COMPANIES (ACCOUNTS) RULES, 2014]**

**A. Conservation of Energy**

1. **Energy Conservation measures taken during the year:**

Energy conservation is an environmentally sustainable and economically viable process and has been a priority focus area for the Company. Following measures were taken during the year:

At Ghaziabad:

- i) Reusing of water treated by Effluent Treatment plant
- ii) Use of cleaner fuels
- iii) Reduction in power distribution losses in Foundry, through load balancing on transformer

At Pathredi:

- i) Optimisation of power used in Aluminium Foundry through better production planning
- ii) Interlocking of fume extraction blower of oil fired furnace with furnace controls
- iii) Optimized loading of charge trays
- iv) Reduction in pressure drop across generation & distribution ends of compressed air infrastructure
- v) Installation of Air-Co saver energy conservation unit on continuously running split air conditioners
- vi) Control of compressed air leakages & wastages in Plants on continuous basis
- vii) Use of LED flood lights for outdoor open areas
- viii) Automatic photo - sensitive based switching on / off of yard lighting in 132 KV HT yard
- ix) Adequate insulation of chilled coolant tanks/ hot water tanks / heated vessels
- x) Change of pulleys of belt driven blowers of central air conditioning AHU as well as Canteen comfort cooling machine for reduced rpm

2. **Steps taken by company to utilize alternate sources of energy:-**

- i) Replacement of LPG with CNG which is a cleaner fuel
- ii) Installation of Solar power roof top system is being considered
- iii) Installation of suitable capacity solar PV power plant for 100% preferential use before grid / D/G power during daylight hours is being considered

3. **Impact of the above measures: –**

These measures have resulted, or will lead to an improvement in energy efficiency, and reduction in cost of production.

4. **Capital Investment on energy conservation equipments: - Rs. 172.24 Million**

**B. Technology Absorption**

1. Efforts, in brief, made towards technology absorption:-

- Continuous interaction with Collaborators for upgrading design & quality of products manufactured and to enhance technical expertise for in-house design and development
- Visit of our engineers to Collaborators' plants and visit of Collaborators' engineers to our Plant for transfer of technology and latest production processes as per Collaborators' practice
- Visit of key R&D personnel of collaborators to OEMs for Application Engineering support



2. Benefits derived as a result of the above effort:-

- Product design & quality improvement and cost reduction were achieved through improved design/process capability and better utilization of Plant
- Offered latest technology products to meet stricter fuel efficiency and emission norms
- Building trust & long term business relation with customers to emerge as 'most preferred supplier'

3. Imported technology:-

- Technology is being continuously received from Technical collaborators viz. M/s KS Kolbenschmidt GmbH, Germany, M/s Honda Foundry, Japan, M/s Riken Corporation, Japan and M/s Fuji Oozx, Japan under subsisting Technical Collaboration Agreements for manufacture of Pistons, Piston Rings and Engine Valves.

Details of technology imported during last three years:

S. No.	Details of technology imported	Year of import	Whether technology has been fully absorbed	Reason for non-absorption of technology, if any
<b>Pistons:</b>				
1	Improved surface Coating	2012-13	Yes	Piston design technology is being continuously upgraded, in phased manner.
2	Improved Piston design	2012-13	Ongoing	
3	New Piston alloy	2014-15	Yes	
<b>Rings:</b>				
1	Improvement in Oil Ring design for lower oil consumption	2012 -13	Yes	
2	Coating to avoid micro welding	2013-14	Yes	
<b>Engine Valves:</b>				
1	Triboloy coated engine valves for CNG application	2012-13	Yes	Under implementation
2	Engine valve temperature measurement through			
	i) Hardness Survey	2014-15	Yes	
	ii) Thermocouples	2014-15	No	

4. Expenditure on R & D:-

- Capital/Intangible : Rs. 23.10 Million
- Recurring : Rs. 149.02 Million
- Total : Rs. 172.12 Million
- Total R&D expenditure as percentage of total turnover 1.4%

C. Foreign Exchange Earnings & Outgo

1. Exports:-

- Exports continue to remain focus area for the Company. The company made exports worth Rs. 2156 Million in the year as compared to Rs. 2201 Million in the previous year
- We participated in domestic and international auto trade fairs. Response to company's products was very encouraging resulting in several fresh enquiries from customers
- Several initiatives have been taken for long term growth of Company's export to global OEMs and in the aftermarket, in close coordination with our collaborators
- Development of new markets in Indian sub-continent for export of company's products commenced during the year. New models have been added to the product range for several markets
- Company is planning further growth of over 20% in 2015-16

2. Foreign Exchange earned - Rs. 2156.27 Million  
 Foreign Exchange utilized - Rs. 1870.36 Million





## ANNEXURE IV TO DIRECTORS' REPORT DATA OF EMPLOYEES

**[UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 OF THE COMPANIES  
(APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014]**

### I. PARTICULARS OF EMPLOYEES:

Name	Designation/ Duties	Remuneration (Rs.)	Qualification	Experience (Years)	Commence- ment of Employment	Age (Years)	%age of Equity Shares held	Last Employment Held
Naveen Agarwal	Dy. Executive Director and Alternate Company Secretary	6,832,080	B. Com(H), LLB, ACMA, ACS	36	Jun. 96	54	0.00002	Dy. General Manager, Jay Engg. Works Ltd., Delhi
Meenakshi Dass@#	Wholetime Director	1,034,698	Degree in Textile Designing	26	May 09	51	35.4 <sup>§</sup>	Director, Pearey Lall & Sons (E.P.) Ltd., Delhi
Anil Gadi	Executive Director	10,849,291	B.E., PGDM	38	Mar. 06	62	-	Managing Director, Energiser Lanka Ltd., Srilanka
V.K. Jayaswal	Executive Director	10,896,455	B. Sc. (Engg.), PGDBM	37	Oct. 08	60	-	Director, JV Relationship, Tata Cummins Ltd., Jamshedpur
Devendra Mishra	Executive Director	10,247,074	B.E., PGPM	27	Jul. 11	50	-	VP-Manufacturing, National Engineering Industries, Jaipur
Luv D. Shriram@*#	Wholetime Director	22,845,268	B.Com	22	May 14	43	29.8 <sup>§</sup>	Managing Director, Shriram Veritech Solutions Pvt. Ltd.
Arun Shukla	Dy. Executive Director	6,970,756	B. Tech	28	Aug 09	50	-	Uniparts India Ltd.
R. Srinivasan *	Joint Managing Director & Company Secretary	22,967,458	B.Com(H), LLB, FCMA, FCS, AMP (Harvard)	42	Feb. 74	63	0.01	ET, Usha Sales Pvt. Ltd, Delhi
A.K. Taneja *	Managing Director & CEO	29,768,916	B.Tech	43	Apr. 78	64	0.0002	Dy. Mktg. Manager, Usha Sales Pvt. Ltd., Delhi

#### Notes:

- Year of experience include experience prior to joining the Company.
- All employees are on regular employment.
- Remuneration includes payment of Salaries, allowances, expenses on perquisites and contribution to provident fund, gratuity fund, superannuation fund & other benefits on payment basis.
- @ Smt. Meenakshi Dass is a relative of Shri Luv D. Shriram, Director of the company.
- \* Employees on Contract.
- # Worked for part of the year.
- § Smt. Meenakshi Dass (First named shareholder) and Shri Luv D. Shriram (Second named shareholder) jointly hold 14.9% shares of the Company on behalf of Deepak Shriram Family Benefit Trust. Shri Luv D. Shriram (First named shareholder) and Smt. Meenakshi Dass (Second named shareholder) jointly hold 14.9% shares of the Company on behalf of Deepak Shriram Family Benefit Trust. In addition to this, Smt. Meenakshi Dass also holds 5.54% shares of the Company in her name.
- There was no employee who was in receipt of remuneration which, in the aggregate, is in excess of that drawn by the Managing Director or Whole Time Director and holds by himself or along with his spouse and dependent children, not less than 2% equity shares of the company.

### II. VARIATIONS IN THE NET WORTH OF THE COMPANY:

Net worth as on 31.03.2015: Rs. 6072.1 Million

Net worth as on 31.03.2014: Rs. 5600 Million



## ANNEXURE V TO DIRECTORS' REPORT EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31<sup>st</sup> March, 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]

### I. REGISTRATION AND OTHER DETAILS:

- i) CIN: L29112DL1963PLC004084
- ii) Registration Date: 9<sup>th</sup> December, 1963
- iii) Name of the Company: Shriram Pistons and Rings Limited
- iv) Category/Sub-Category of the Company: Company having Share Capital
- v) Address of the Registered office and contact details:  
R. Srinivasan  
Joint Managing Director and Company Secretary  
Shriram Pistons and Rings Ltd.  
3<sup>rd</sup> Floor, Himalaya House,  
23, Kasturba Gandhi Marg,  
New Delhi – 110001  
Ph: +91-11-23315941  
Fax: +91-11-23311203
- vi) Whether listed company Yes / No: No. Company's equity shares were listed on 'Delhi Stock Exchange'. SEBI, vide its order dated 19.11.2014 has withdrawn recognition of 'Delhi Stock Exchange'. Accordingly, Company's shares cease to be listed and will be moved to 'Dissemination Board' of Bombay Stock Exchange (BSE) for facilitating dealing in Company's share.
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any:  
Mr. J.K. Singla  
M/s Alankit Assignments Limited  
205-208, Anarkali Complex, Jhandewalan Extension,  
New Delhi -110055  
Ph: +91-11- 42541234  
Fax: +91-11- 42541201

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the company
1	Pistons, Piston Pins, Piston Rings and Engine Valves	2811	100%



III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

S. No.	Name and Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	SPR International Auto Exports Limited 23, Kasturba Gandhi Marg, New Delhi – 110001 Ph: +91-11-23315941 Fax: +91-11-42541201	U51909DL2005 PLC136329	Subsidiary Company	100	2 (87) of the Companies Act, 2013

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY):

i) Category-wise Shareholding

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/HUF	-	7912455	7912455	35.36	-	7912455	7912455	35.36	NIL
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	2778157	2778157	12.42	-	2778157	2778157	12.42	NIL
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1):-</b>	-	<b>10690612</b>	<b>10690612</b>	<b>47.78</b>	-	<b>10690612</b>	<b>10690612</b>	<b>47.78</b>	<b>NIL</b>
(2) Foreign									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	-	<b>10690612</b>	<b>10690612</b>	<b>47.78</b>	-	<b>10690612</b>	<b>10690612</b>	<b>47.78</b>	<b>NIL</b>



Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	2318758	-	2318758	10.36	2318758	-	2318758	10.36	NIL
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	2318758	-	2318758	10.36	2318758	-	2318758	10.36	NIL
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	48	-	-	0.0002	48	-	-	0.0002	NIL
ii) Overseas	-	9167031	9167031	40.97	-	9167031	9167031	40.97	NIL
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	36763	66900	103663	0.46	51731	51932	103663	0.46	NIL
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	94800	94800	0.42	-	94800	94800	0.42	NIL
c) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):</b>	36811	9328731	9365542	41.86	51779	9313763	9365542	41.86	NIL
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>2355569</b>	<b>11448741</b>	<b>11684300</b>	<b>52.22</b>	<b>2370537</b>	<b>9313763</b>	<b>11684300</b>	<b>52.22</b>	<b>NIL</b>
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>2355569</b>	<b>20019343</b>	<b>22374912</b>	<b>100</b>	<b>2370537</b>	<b>20004375</b>	<b>22374912</b>	<b>100</b>	<b>NIL</b>



**ii) Shareholding of promoters:**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Smt. Meenakshi Dass & Shri Luv D. Shriram*	3335668	14.91	-	3335668	14.91	-	NIL
2	Shri Luv D. Shriram & Smt. Meenakshi Dass*	3335668	14.91	-	3335668	14.91	-	NIL
3	Smt. Meenakshi Dass	1240176	5.54	-	1240176	5.54	-	NIL
4	Shri Deepak C. Shriram	943	0.004	-	943	0.004	-	NIL
5	Sarva Commercial Pvt. Ltd.	1062561	4.75	-	1062561	4.75	-	NIL
6	Sera Com Pvt. Ltd.	946040	4.23	-	946040	4.23	-	NIL
7	Manisha Commercial Pvt. Ltd.	664936	2.97	-	664936	2.97	-	NIL
8	Shabnam Commercial Pvt. Ltd.	102320	0.46	-	102320	0.46	-	NIL
9	Charat Ram Shriram Pvt. Ltd.	2300	0.01	-	2300	0.01	-	NIL
	<b>Total</b>	<b>10690612</b>	<b>47.78</b>	<b>-</b>	<b>10690612</b>	<b>47.78</b>	<b>-</b>	<b>NIL</b>

\*: Shares held as Trustees on behalf of Deepak Shriram Family Benefit Trust

**iii) Change in Promoters' Shareholding:**

There was no change in promoters' shareholding during the year

**iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	Name of Shareholders	Shareholding at the beginning of the year		Changes during the year		Shareholding at the end of the year	
		Nos. of shares	% of total shares of the company	Nos. of shares	% of total shares of the company	Nos. of shares	% of total shares of the company
1	Riken Corporation	4692057	20.97	NIL	-	4692057	20.97
2	KS Kolbenschmidt GmbH	4474974	20.00	NIL	-	4474974	20.00
3	National Insurance Company Ltd	1427232	6.38	NIL	-	1427232	6.38
4	Life Insurance Corporation of India	891526	3.98	NIL	-	891526	3.98
5	Shri N.R. Dongre and Shri Deepak C. Shriram (as Trustees of Chinar Trust)	48000	0.21	NIL	-	48000	0.21
6	Shri Sanjiv Dass and Shri Subodh Verma (as Trustees of Mansarover Trust)	23400	0.10	NIL	-	23400	0.10
7	Shri Subodh Verma and Shri Sanjiv Dass (as Trustees of Mansarover Trust)	23400	0.10	NIL	-	23400	0.10
8	Shri Mahendra Kumar Goyal	9600	0.04	NIL	-	9600	0.04
9	Shri Rajni Kantilal Sanghvi	9600	0.04	NIL	-	9600	0.04
10	Shri Deepak Wahal	9000	0.04	NIL	-	9000	0.04



(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name of Shareholders	Shareholding at the beginning of the year		Changes during the year		Shareholding at the end of the year	
		Nos. of shares	% of total shares of the company	Nos. of shares	% of total shares of the company	Nos. of shares	% of total shares of the company
1	Smt. Meenakshi Dass and Shri Luv D. Shriram*	3335668	14.91	NIL	-	3335668	14.91
2	Shri Luv D. Shriram and Smt. Meenakshi Dass*	3335668	14.91	NIL	-	3335668	14.91
3	Smt. Meenakshi Dass	1240176	5.54	NIL	-	1240176	5.54
4	Shri Ashok Kumar Taneja	48	0.0002	NIL	-	48	0.0002
5	Smt. Usha Srinivasan & Shri R. Srinivasan	3236	0.014	NIL	-	3236	0.014
6	Shri Naveen Agarwal	4	0.00002	NIL	-	4	0.00002

\*Shares held as Trustee of Deepak Shriram Family Benefit Trust.

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs./ Million)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	3378.45	-	427.75	3806.20
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	28.55	-	42.74	71.29
<b>Total (i+ii+iii)</b>	<b>3407.00</b>	<b>-</b>	<b>470.49</b>	<b>3877.49</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	3.23	-	0.86	4.09
• Reduction	677.91	-	28.09	706.00
<b>Net Change</b>	<b>674.68</b>	<b>-</b>	<b>27.23</b>	<b>701.91</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	2700.54	-	399.66	3100.20
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	31.78	-	43.60	75.38
<b>Total (i+ii+iii)</b>	<b>2732.32</b>	<b>-</b>	<b>443.26</b>	<b>3175.58</b>



## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### i) Remuneration to Managing Director and Whole-time Directors

(Rs./ Million)

S. No.	Particulars	Shri A.K. Taneja	Shri R. Srinivasan	Shri Luv D. Shiram	Smt. Meenakshi Dass	Total
		Managing Director & CEO	Jt. MD & Company Secretary	Whole Time Director#	Whole Time Director*	
1	Gross Salary					
	a) Salary	6.00	4.80	5.40	0.48	16.68
	b) Value of Perquisites	4.33	3.49	2.55	0.54	10.91
	c) Profit in lieu of salary	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission – as %age of profit	17.53	13.15	14.90	-	45.58
5	Others - Company's contribution to funds	1.91	1.53	0.001	0.01	3.45
	<b>Total (A)</b>	<b>29.77</b>	<b>22.97</b>	<b>22.85</b>	<b>1.03</b>	<b>76.62</b>
	Ceiling as per the Act	<b>43.59</b>	<b>43.59</b>	<b>43.59</b>	<b>43.59</b>	<b>87.18</b>

#### Notes:

# : Shareholders, in their meeting held on 29<sup>th</sup> July, 2014 have approved appointment of Shri Luv D. Shiram as Whole Time Director for 5 years w.e.f. 5<sup>th</sup> May, 2014.

\* : Smt. Meenakshi Dass was appointed as Whole Time Director till 4<sup>th</sup> May, 2014. After conclusion of her term, she opted to remain associated with the Company as Non-Executive Director.

### ii) Remuneration to other Directors:

(Rs./ Million)

1. Independent Directors			
Name of Independent Director	Sitting Fees	Profit Commission	Total
Shri O.P. Khaitan	0.65	0.50	1.15
Shri Ravinder Narain	0.40	0.45	0.85
Shri C.Y. Pal	0.65	0.50	1.15
Shri Inderdeep Singh	0.60	0.50	1.10
Shri Tokuo Washio	0.10	0.10	0.20
<b>Total</b>	<b>2.40</b>	<b>2.05</b>	<b>4.45</b>
2. Other Non-Executive Directors			
Name of Non-Executive Director	Sitting Fees	Profit Commission	Total
Shri Pradeep Dinodia	0.65	5.23	5.88
Shri Hari S. Bhartia	0.05	0.10	0.15
Smt. Meenakshi Dass	0.30	0.45	0.75*
Dr. Alexander Sagel	-	0.10	0.10
Dr. Peter Neu (Alternate Director to Dr. Alexander Sagel)	0.10	-	0.10
Shri M. Sekimoto	0.15	0.45	0.60
Shri Noritada Okano (Alternate Director to Shri M. Sekimoto)	0.05	-	0.05
<b>Total</b>	<b>1.30</b>	<b>6.33</b>	<b>7.63</b>
<b>Total Remuneration paid to Independent and Other Non-Executive Directors</b>	<b>3.70</b>	<b>8.38</b>	<b>12.08</b>
<b>Overall ceiling as per the Act</b>		<b>8.71</b>	

\* In addition to above, Smt. Meenakshi Dass also received remuneration of Rs. 1.04 Million as salary during her tenure as Wholetime Director (i.e. from 01.04.2014 to 04.05.2014), which is included in item VI (i)



iii) Remuneration to Key Managerial Personnel other than Managing Director and Whole-time Directors

(Rs./ Million)

S.. No.	Particulars	Shri Naveen Agarwal	Shri Vinod Raheja*	Total
		Alternate Company Secretary	Chief Financial Officer	
1	Gross Salary			
	a) Salary	2.16	0.21	2.37
	b) Value of Perquisites	1.35	0.12	1.47
	c) Profit in lieu of salary	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission – as %age of profit	2.63	-	2.63
5	Others - Company's contribution to funds	0.69	0.07	0.76
	<b>Total</b>	<b>6.83</b>	<b>0.40</b>	<b>7.23</b>

\*: Shri Vinod Raheja joined the company w.e.f. 24th February, 2015.

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT/ COURT)	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty			No such penalty was imposed on the Company during 2014-15.		
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			No such penalty was imposed on the Directors during 2014-15.		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			No such penalty was imposed on Other Officers during 2014-15.		
Punishment					
Compounding					





## ANNEXURE VI TO DIRECTORS' REPORT REPORT ON CSR ACTIVITIES UNDERTAKEN BY THE COMPANY IN 2014-15

### I A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.

CSR Policy is stated herein below:

#### CSR POLICY

##### 1. **CSR Policy**

- i) SPR's policy is to conduct its business responsibly and improve the quality of life of people, especially in the society close to our area of operation, while creating long term value for all stake holders.
- ii) The above policy is applicable for all CSR projects/programmes undertaken by the company.

##### 2. **CSR Activities**

- i) The company shall take up CSR projects and programmes that are listed under Schedule VII of the Companies Act, 2013.
- ii) The company will take up CSR projects and programmes in the following areas:-
  - a) Education
  - b) Health Care
  - c) Sanitation
  - d) Environment
  - e) Any other areas as approved by the CSR Committee/ Board
- iii) Projects aimed at persons from disadvantageous background or persons who are differently abled will have priority.
- iv) Based on the recommendation by the CSR Committee to the Board every year, the Board shall consider and approve the CSR plan for the year. Wherever required, the Board may also approve plan for specific projects for more than one year.

##### 3. **CSR Budget**

- i) Every year, the company is required to spend atleast 2% of the net profits made by the company during immediately preceding 3 financial years.
- ii) Any surplus arising out of CSR activities shall not form part of business profits of the company and shall form part of CSR corpus.

##### 4. **Implementation**

- i) A Central Department will be created for implementing CSR activities across the company. The CSR Department will be headed by Shri R.B. Sharma supported by adequate personnel.
- ii) The CSR activities will be implemented, in any of the following manner:-
  - a) Directly
  - b) Collaborating with various organisations, which are registered as a Trust or a Section 8 company or Society or NGO or any other entity specialising in CSR activity.
  - c) Collaborating with other companies or industry bodies like CII, FICCI, etc.
  - d) Contributing to various funds permitted under the Companies Act, 2013.
- iii) The CSR activities shall be carried out in a transparent and time bound manner.

##### 5. **Monitoring**

- i) After the CSR plan is approved by the Board, the CSR cell will take steps for implementation of the CSR activities.
- ii) The progress on implementation of CSR activities will be reviewed by a Committee under the Chairmanship of Managing Director, on quarterly basis.
- iii) The CSR Committee shall review the progress on implementation of CSR activities on annual basis and submit progress report to the Board.

##### 6. **General**

All or any provisions of this policy would be subject to revision/amendment by the Board of Directors of the Company based on the recommendations of CSR Committee or else in accordance with the guidelines on the subject as may be issued, from time to time.



It is also available on the weblink:

<http://www.shrirampistons.com/csr-policy.asp?links=inv1e>

**II Composition of the CSR Committee:**

- Shri Pradeep Dinodia (Chairman)
- Shri Inderdeep Singh
- Smt. Meenakshi Dass
- Shri A.K. Taneja
- Shri Luv D. Shriram

**III Average net profit of the Company for last three financial years:**

Average net profit: Rs. 1034.41 Million

**IV Prescribed CSR Expenditure (two percent of the amount as in item 3 above):**

The Company is required to spend Rs. 20.69 Million towards CSR.

**V Details of CSR spend for the financial year:**

1. Total amount spent for the financial year:  
Rs. 6.57 Million
2. Amount unspent, if any:  
Rs. 14.12 Million

3. Manner in which the amount spent during the financial year is detailed below:

S. No.	CSR Projects or activities identified	Sector in which the project is covered	Projects or programs		Amount outlay (budget) project or programme wise (Rs./ Million)	Amount spent on the projects or programmes		Cumulative expenditure upto the reporting period (Rs./ Million)	Amount spent: Direct or through implementing agency
			Local area/ other	Location District (State)		Direct expenditure on projects or programmes (Rs./ Million)	Over-heads (Rs./ Million)		
1	Adoption of Schools	Education	Local area	Pathredi, Rajasthan	2.22	1.93	-	1.93	All amount was spent directly
2	Vocational Training		Local area	Pathredi, Rajasthan	0.08	0.08	-	0.08	
3	Charitable Dispensaries	Healthcare	Local area	Ghaziabad (Uttar Pradesh) and Pathredi (Rajasthan)	1.80	1.44	-	1.44	
4	Health check-up/ Yoga camps		Local area	Ghaziabad (Uttar Pradesh) and Pathredi (Rajasthan)	0.80	0.34	-	0.34	
5	Preventive Healthcare Program		Local area	Pathredi, Rajasthan	0.03	0.03	-	0.03	



S. No.	CSR Projects or activities identified	Sector in which the project is covered	Projects or programs		Amount outlay (budget) project or programme wise (Rs./ Million)	Amount spent on the projects or programmes		Cumulative expenditure upto the reporting period (Rs./ Million)	Amount spent: Direct or through implementing agency
			Local area/ other	Location District (State)		Direct expenditure on projects or programmes (Rs./ Million)	Over-heads (Rs./ Million)		
6	Plantation of trees	Environment	Local area	Ghaziabad (Uttar Pradesh) and Pathredi (Rajasthan)	1.12	0.89	-	0.89	All amount was spent directly
7	Development of Nagar Palika Park		Local area	Pathredi, Rajasthan	0.70	0.74	-	0.74	
8	Pollution Check Up Camps		Local area	Pathredi, Rajasthan	0.12	0.03	-	0.03	
9	Building of toilets in schools	Sanitation	Local area	Pathredi, Rajasthan	0.44	0.10	-	0.10	
10	Rural development projects	Rural development	Local area	Pathredi, Rajasthan	0.99	0.99	-	0.99	
<b>TOTAL</b>					<b>8.30</b>	<b>6.57</b>		<b>6.57</b>	

**VI Reasons for not spending 2% of the average net profits of last three financial years or any part thereof:**

CSR Committee has approved plan for CSR expenditure for 2014-15 and 2015-16. The unspent amount will be incurred in 2015-16.

**VII Responsibility Statement by CSR Committee:**

We hereby certify that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and Policy of the company.

**(A.K. TANEJA)**  
MANAGING DIRECTOR & CEO

**(PRADEEP DINODIA)**  
CHAIRMAN CSR COMMITTEE



**ANNEXURE VII TO DIRECTORS' REPORT  
SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED ON 31<sup>st</sup> March, 2015**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,

The Members,

M/s Shriram Pistons and Rings Limited  
3<sup>rd</sup> Floor, Himalaya House,  
23, Kasturba Gandhi Marg,  
New Delhi-110001

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practice by M/s Shriram Pistons and Rings Limited (herein after called the "Company"). Secretarial audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on my verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2015 complied with the statutory provisions listed hereunder and also that the company has proper Board-process and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s Shriram Pistons and Rings Limited for the financial year ended on 31<sup>st</sup> March, 2015 according to the provisions of :

- I. The Companies Act, 2013 (the Act) and the rules made thereunder;
- II. The Securities Contracts (Regulations) Act, 1956 ('SCRA') and the rules made thereunder;  
Not applicable as the Company has not issued any securities during the financial year under review
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;  
Not applicable as the Company has not raised any funds under External Commercial Borrowing and there is no Foreign Direct Investment and/or Overseas Direct Investment during the financial year under review
- V. The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz:-
  - i) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011;
  - ii) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - iii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2009;  
Not applicable as the Company has not issued any securities during the financial year under review
  - iv) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;  
Not applicable as the Company has not issued any securities during the financial year under review
  - v) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;  
Not applicable as the Company has not issued any securities during the financial year under review
  - vi) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with Client;



- vii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;  
Not applicable as the Company has not delisted its securities from any stock exchange during the financial year under review, and
- viii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;  
Not applicable as the Company has not bought back any of its securities during the financial year under review.

VI. The laws as are applicable specifically to the Company are as under:

- i) Factories Act, 1948;
- ii) Industrial Dispute Act, 1947;
- iii) The Payment of Wages Act, 1936;
- iv) The Minimum Wages Act, 1948;
- v) Employees' State Insurance Act, 1948;
- vi) The Employees' Provident Fund and Misc. Provision Act, 1952;
- vii) The Payment of Bonus Act, 1965;
- viii) The Payment of Gratuity Act, 1972;
- ix) The Hazardous waste (Management, Handling & Transboundary Movement) Rules, 2008;
- x) The Water (Prevention and Control of Pollution) Act, 1974;
- xi) The Air (Prevention and Control of Pollution) Act, 1981.

We have also examined compliance with the applicable clauses of the following:

- I. Secretarial Standards issued by the Institute of Company Secretaries of India.
- II. The Listing Agreements entered into by the company with the Delhi Stock Exchange.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provision of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exist for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' view are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**(DEEPAK JUNEJA)**  
PRACTICING COMPANY SECRETARY  
FCS No. 6895  
C P No. 4371

Place: New Delhi

Date: May 13, 2015



To,  
The Members,  
M/s Shriram Pistons and Rings Limited  
3<sup>rd</sup> Floor, Himalaya House,  
23, Kasturba Gandhi Marg,  
New Delhi-110001

Our Secretarial Audit report of even date is to be read along with this letter.

**Management's Responsibility**

- I. It is the Responsibility of the management of the Company to maintain secretarial records, device proper system to ensure compliance with the provision of all applicable laws and regulations and to ensure that the system are adequate and operate effectively.

**Auditor's Responsibility**

- II. My responsibility is to express an opinion on these secretarial records, system, standards and procedures based on our audit.
- III. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- IV. Where ever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of event etc.
- V. The Compliance of the provision of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our Examination was limited to the verification of procedures on test basis.

**Disclaimer**

- VI. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**(DEEPAK JUNEJA)**  
PRACTICING COMPANY SECRETARY  
FCS No. 6895  
C P No. 4371

Place: New Delhi

Date : May 13, 2015



## ANNEXURE VIII TO DIRECTORS' REPORT NOMINATION & REMUNERATION POLICY

### 1. **Definition**

- i) **Key Managerial Personnel (KMP)** means –
  - a) Managing Director, or Chief Executive Officer or Manager
  - b) Company Secretary,
  - c) Whole Time Director (WTD),
  - d) Chief Financial Officer (CFO), and
  - e) Such other officer as may be prescribed
- ii) **Senior Management Personnel (SMP)** of the company are the members of its core management team, excluding Board members, and comprising of members of management one level below the Board, being the functional heads.

### 2.1 **Appointment & Removal of Directors**

- i) The members of the Board shall be of high integrity and have the expertise and experience to ensure that Board takes appropriate decisions in the best interest of the company. The composition of the Board shall be made considering diverse functions in the fields of Marketing, Manufacturing, Finance, Legal, Governance and General Management.
- ii) The Nomination & Remuneration (N&R) Committee shall consider following attributes/criteria while recommending appointment of any person as Director to the Board -
  - a) Integrity, qualification, expertise, experience and insights in the industry of the member to contribute to company's vision/growth
  - b) Personal, Professional or business standing
  - c) Maintain Diversity of the Board to supplement skills in relation to other Board members.
- iii) In case of appointment of Independent Directors, the N&R Committee shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively. Appointment of Independent Directors as prescribed under the Companies Act would be complied with.
- iv) In case of re-appointment of Directors, the Board shall take into consideration the performance evaluation of the Director and his/her engagement in Board level and contribution to the operations of the company.
- v) In case a Director need to be removed, in terms of the provisions of the Companies Act, 2013 and the rules made thereunder or any other applicable provisions or for any other reasons in the best interest of the company, the N&R Committee may recommend removal of such Director to the Board with reasons recorded in writing.

### 2.2 **Appointment & Removal of Key Managerial Personnel (Other than Managing Director and Whole Time Director) and Senior Management Personnel**

- i) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as KMP (other than Managing Director and WTD) or SMP and recommend his/her appointment to the Audit Committee/Board, as the case may be.
- ii) In case a KMP/SMP need to be removed, in terms of the provisions of the Companies Act, 2013 and the rules made thereunder or for any other reasons in the best interest of the company, the N&R Committee may recommend removal of such KMP/SMP to the Board with reasons recorded in writing.
- iii) KMP or SMP shall retire as per the prevailing policy of the Company. The Chairman of the Board may, if considered necessary, consult the members of N&R Committee and could retain them in the same position/remuneration or otherwise, even after attaining the retirement age, in the best interest of the company.



### **3. Remuneration**

The level and composition of remuneration shall be reasonable and sufficient to attract, retain and motivate Directors, KMPs, SMPs and employees at all levels. It shall be determined taking into account the factors such as company's performance and the remuneration structure as generally applicable in the industry (including similar industries/region).

#### **3.1 Remuneration to Non-Executive Directors**

The Non-Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board/Committee meetings and commission as detailed here under:-

- i) Non-Executive Directors shall be entitled to receive sitting fees for each meeting of the Board or Committee of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act/Rules.
- ii) In addition to the above, Non Executive Directors shall be entitled to commission on annual basis, within the limits as applicable under the Companies Act and the same shall be approved by the members of the Company.

The limit as currently applicable under the Companies Act is 1% of the net profits of the company and this shall be distributed between Non-Executive Directors as determined by the Board from time to time.

- iii) In addition to the remuneration as given under Item (i) and (ii) above, the Non-Executive Directors shall also be eligible for reimbursement of expenses in discharging such other additional functions/responsibilities which may be assigned to them. Reimbursement of above expenses shall not be treated as remuneration.

#### **3.2 Remuneration to Managing Director/Wholetime Directors**

- i) The remuneration/commission to be paid to Managing Director/Wholetime Directors shall be governed as per provisions of the Companies Act, 2013 and rules made thereunder and the same shall be approved by the members of the company.
- ii) The N&R Committee shall while recommending appointment also recommend the remuneration structure applicable to Managing Director/Wholetime Directors, keeping in view the qualifications, experience and the remuneration structure as applicable in the industry.

The remuneration structure would maintain a balance between fixed pay and profit linked commission reflecting long term and short term objectives appropriate to the company's working and its goals.

- iii) Revision in salary within the Remuneration Structure/Pay Scale shall be approved by the N&R Committee.

#### **3.3 Remuneration to Key Managerial Personnel (other than Managing Director & CEO and WTD) and Senior Management Personnel**

The remuneration to Key Managerial Personnel (other than Managing Director & CEO and WTD) and Senior Management Personnel shall consist of fixed pay and profit linked incentive scheme considering their qualification and experience.

The Chairman of the company, in consultation with the members of N&R Committee, as considered necessary, shall finalise the structure of remuneration applicable to Key Management Personnel (other than Managing Director & CEO and WTD) and Senior Management Personnel.

#### **3.4 Remuneration to other Employees**

Remuneration to other employees shall be based on their qualification, competency and the roles and responsibilities in the Company.

The remuneration structure for other levels of employees in the Company shall be finalised by the Chairman or senior executives as may be delegated by the Chairman, as per company policy/regulations.





**ANNEXURE IX TO DIRECTORS' REPORT**  
**STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF**  
**SUBSIDIARIES/ASSOCIATE COMPANIES/JOINT VENTURES**

**Part "A": Subsidiaries**

1.	Sl. No.:	1
2.	Name of the subsidiary:	M/s SPR International Auto Exports Limited
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period:	Not applicable as reporting period of holding and subsidiary company are same i.e. from 1 <sup>st</sup> April 2014 to 31 <sup>st</sup> March, 2015.
4.	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries:	Not Applicable
5.	Share capital:	Authorised share capital: Rs. 50 lacs Paid-up share capital: Rs. 5 lacs
6.	Reserves & surplus:	Rs. 46,885
7.	Total assets:	Rs. 4,64,721
8.	Total Liabilities:	Rs. 4,64,721
9.	Investments:	NIL
10.	Turnover:	Rs. 44,170
11.	Profit before taxation:	Rs. 28,911
12.	Provision for taxation:	Rs. 8,933
13.	Profit after taxation:	Rs. 19,978
14.	Proposed Dividend:	NIL
15.	% of shareholding:	100%

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1.	Names of subsidiaries which are yet to commence operations:	NIL
2.	Names of subsidiaries which have been liquidated or sold during the year:	NIL

**Part "B": Associates and Joint Ventures**

This is not applicable, as there are no Associate Companies or Joint Venture Companies of the Company.

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**DECLARATION ON COMPLIANCE OF CODE OF CONDUCT**

The Board of Directors have laid down a Code of Conduct to be observed and implemented by all Directors and Senior Management personnel of the Company in their official day-to-day activities.

All Board members and Senior Management personnel of the Company have affirmed to the Company that they have complied and implemented the Company's Code of Conduct in discharging their official day-to-day activities for the F.Y.E. March 31, 2015.

New Delhi  
May 16, 2015

**(A.K. TANEJA)**  
MANAGING DIRECTOR & CEO



## Independent Auditor's Report

### TO THE MEMBERS OF SHRIRAM PISTONS & RINGS LIMITED

#### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of SHRIRAM PISTONS & RINGS LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken in to account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the stand alone financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, and its profit and its cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid stand alone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 39 and 46 (i) to the financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses- Refer Note 49 to the financial statements.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company - Refer Note 50 to the financial statements.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm's Registration No. 015125N)

Vijay Agarwal  
(Partner)  
(Membership No. 094468)

Place : Gurgaon  
Date : May 16, 2015



## ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) In respect of its fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (ii) In respect of its inventories:
- (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals other than for goods in transit for which subsequent receipts have been verified in most of the cases.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regard to the deposits accepted. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.
- (vi) According to the information and explanations given to us, Pursuant to the Companies (Cost Records and Audit) Rules, 2014, vide notification dated June 30, 2014, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the business activities of the Company.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.
- (c) There are no dues of wealth tax, customs duty and Cess which have not been deposited as at March 31, 2015 on account of disputes. Details of dues of Income-tax, Sales Tax, Service Tax, Excise Duty and Value Added Tax which have not been deposited as on March 31, 2015 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount Involved* (Rs. in million)
Income Tax Act, 1961	Income tax	Appellate authority upto Commissioners' level	2003-04, 2004-05, 2011-12 & 2012-13	7.99
Central Excise Act, 1944	Excise Duty	Appellate authority upto Commissioners' level	2010-11	0.32
		Custom, Excise & Service Tax Appellate Tribunal (CESTAT)	2007-08 and 2008-09	93.93



## ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Name of Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount Involved* (Rs. in million)
Finance Act, 1994	Service Tax	Custom, Excise & Service Tax Appellate Tribunal (CESTAT)	2000-01 to 2004-05	42.21
Central Sales Tax Act, 1956	Sales Tax	Appellate authority upto Commissioners' level	2006-07 to 2010-11, 2012-13 to 2014-15	2.52
		Appellate Tribunal	2005-06 to 2007-08	14.73
Sales Tax Laws	Sales Tax / Value Added Tax	Appellate authority upto Commissioners' level	2004-05 to 2012-13	44.95
		Appellate Tribunal	1995-96, 2003-04, 2005-06, 2007-08 to 2011-12	0.86

\*amount as per demand orders including interest and penalty wherever quantified in the order.

The following matters, which have been excluded from the table above, have been decided in favour of the Company but the department has preferred appeals at higher levels. The details are given below:

Name of Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount Involved* (Rs. in million)
Income Tax Act, 1961	Income tax	Income Tax Appellate Tribunal	2003-04 & 2010-11	8.81

\*amount as per demand orders including interest and penalty wherever quantified in the order.

- (d) The Company has been regular in transferring amounts to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder within time.
- (viii) The Company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions and banks. The Company has not issued any debentures.
- (x) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.
- (xi) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained.
- (xii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm's Registration No. 015125N)

Vijay Agarwal  
(Partner)  
(Membership No. 094468)

Place : Gurgaon  
Date : May 16, 2015



## Balance Sheet as at March 31, 2015

(Rupees in million)

	Note No.	As at March 31, 2015	As at March 31, 2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	223.75	223.75
Reserves and surplus	4	5,848.34	5,375.61
		<u>6,072.09</u>	<u>5,599.36</u>
<b>Non-current liabilities</b>			
Long term borrowings	5	1,964.64	2,798.13
Deferred tax liabilities (net)	6	384.30	422.65
Other long term liabilities	7	11.46	10.71
Long term provisions	8	317.18	239.20
		<u>2,677.58</u>	<u>3,470.69</u>
<b>Current liabilities</b>			
Short term borrowings	9	217.62	222.02
Trade payables	10	1,420.24	1,343.80
Other current liabilities	11	1,394.03	1,201.61
Short term provisions	8	107.90	98.48
		<u>3,139.79</u>	<u>2,865.91</u>
		<b>TOTAL</b>	<b>TOTAL</b>
		<u><u>11,889.46</u></u>	<u><u>11,935.96</u></u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
- Tangible assets	12	6,658.32	7,110.89
- Intangible assets	13	8.84	15.25
- Capital work-in-progress		40.36	91.92
Non-current investments	14	0.50	0.50
Long term loans and advances	15	183.40	170.72
Other non-current assets	16	83.95	92.53
		<u>6,975.37</u>	<u>7,481.81</u>
<b>Current assets</b>			
Inventories	17	2,156.07	1,777.03
Trade receivables	18	2,163.98	1,805.27
Cash and cash equivalents	19	290.24	518.95
Short term loans and advances	15	184.44	266.13
Other current assets	16	119.36	86.77
		<u>4,914.09</u>	<u>4,454.15</u>
		<b>TOTAL</b>	<b>TOTAL</b>
		<u><u>11,889.46</u></u>	<u><u>11,935.96</u></u>

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

**Vijay Agarwal**  
Partner

Place : New Delhi  
Date : May 16, 2015

SHRIRAM PISTONS & RINGS LIMITED

**Vinod Raheja**  
Dy. Executive Director & CFO

For and on behalf of the Board of Directors

**Pradeep Dinodia**  
Chairman

**O.P. Khaitan**  
Director

**A.K. Taneja**  
Managing Director & CEO

**R. Srinivasan**  
Jt. Managing Director & Company Secretary

**Luv D. Shriram**  
Whole - Time Director



## Statement of Profit and Loss for the year ended March 31, 2015

(Rupees in million)

	Note No.	For the Year ended March 31, 2015	For the Year ended March 31, 2014
<b>Revenue</b>			
Gross Revenue from operations	20	13,603.97	12,925.88
Less : Excise duty		(1,160.20)	(1,228.76)
Net Revenue from operations		12,443.77	11,697.12
Other income	21	172.09	95.53
<b>Total revenue</b>		<b>12,615.86</b>	<b>11,792.65</b>
<b>Expenses</b>			
Cost of material consumed	22	4,228.61	3,545.47
(Increase) / Decrease in inventories of finished goods and work-in-progress	23	(215.17)	(19.73)
Employee benefit expenses	24	2,359.21	2,119.91
Finance costs	25	320.42	376.65
Depreciation and amortisation expense	26	960.42	1,005.63
Other expenses	27	4,169.78	3,758.83
<b>Total expenses</b>		<b>11,823.27</b>	<b>10,786.76</b>
<b>Profit before tax</b>		<b>792.59</b>	<b>1,005.89</b>
<b>Tax expense:</b>			
i) Current tax			
- Current tax expenses		254.43	279.76
- Short / (Excess) provision for tax relating to prior year		-	(2.63)
ii) Deferred tax			
- Current year		(38.34)	13.64
- Short / (Excess) relating to prior year		3.34	18.59
		<b>219.43</b>	<b>309.36</b>
<b>Profit for the year</b>		<b>573.16</b>	<b>696.53</b>
<b>Earnings per share ( of Rs. 10/- each)</b>			
Basic	29	25.62	31.13
Diluted		25.62	31.13

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

**Vijay Agarwal**  
Partner

Place : New Delhi  
Date : May 16, 2015

SHRIRAM PISTONS & RINGS LIMITED

**Vinod Raheja**  
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Managing Director & CEO

**R. Srinivasan**  
Jt. Managing Director & Company Secretary

**Luv D. Shriram**  
Whole - Time Director

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## Cash flow statement for the year ended March 31, 2015

(Rupees in million)

	Year ended March 31, 2015	Year ended March 31, 2014
<b>A. Cash flow from Operating Activities</b>		
<b>Profit before tax</b>	<b>792.59</b>	<b>1,005.89</b>
<b>Adjustments for :</b>		
Depreciation/amortisation	960.42	1,005.63
Finance costs	320.42	376.65
Bad debts/advances written off	3.48	2.66
Provision for doubtful debts (net)	13.74	3.01
Interest income	(52.65)	(59.56)
Unrealised exchange rate variation (net)	0.91	(3.27)
Loss on sale / retirement of fixed assets (*Rs. 502/-)	(0.00)*	0.41
<b>Operating profit before working capital changes</b>	<b>2,038.91</b>	<b>2,331.42</b>
<b>Changes in Working Capital:</b>		
<b>Adjustments for (increase) / decrease in operating assets</b>		
Inventories	(379.04)	(71.25)
Trade receivables	(374.14)	(251.64)
Loans and advances (short and long term)	54.21	(8.63)
Other assets (current and non-current)	(28.23)	(10.46)
<b>Adjustments for increase / (decrease) in operating liabilities</b>		
Trade payables	76.43	128.44
Other liabilities (current and non-current)	122.48	(19.24)
Provisions (short and long term)	33.54	11.67
<b>Cash Generated from operations</b>	<b>1,544.16</b>	<b>2,110.31</b>
Income tax paid	(249.42)	(313.72)
<b>Net cash from operating activities</b>	<b>(A) 1,294.74</b>	<b>1,796.59</b>
<b>B. Cash Flow from Investing Activities</b>		
Interest received	42.15	38.10
Sale of tangible assets	12.64	8.70
Purchase of tangible assets	(456.28)	(697.87)
Purchase of intangible assets	(7.19)	(9.19)
Increase/(Decrease) in margin money with banks	(5.50)	16.47
Increase / (Decrease) in Deposits with maturity more than 3 months but less than 12 months	(32.93)	(3.97)
<b>Net cash (used) in investing activities</b>	<b>(B) (447.11)</b>	<b>(647.76)</b>



## Cash flow statement for the year ended March 31, 2015

(Rupees in million)

		Year ended March 31, 2015	Year ended March 31, 2014
<b>C. Cash Flow from Financing Activities</b>			
Interest paid		(316.28)	(371.12)
Dividend paid		(92.63)	(130.89)
Proceeds from long term borrowings		-	324.60
Repayment of long term borrowings		(681.23)	(655.43)
Net proceeds / (repayment ) of short term loans from banks		3.32	(224.96)
Proceeds from deposits		96.36	176.29
Payment of deposits		(124.44)	(126.03)
<b>Net cash from/(used) in financing activities</b>	<b>(C)</b>	<b>(1,114.90)</b>	<b>(1,007.54)</b>
<b>Net Increase/(Decrease) in cash and cash equivalents</b>	<b>(A+B+C)</b>	<b>(267.27)</b>	<b>141.29</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>450.80</b>	<b>309.51</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>183.53</b>	<b>450.80</b>
<b>Components of cash and cash equivalents</b>			
Cash in hand		1.59	0.92
Cheques, drafts in hand (*Rs. 1000/-)		-	0.00*
Balances with banks			
- current accounts		51.94	39.98
- deposits with original maturity of less than three months		130.00	409.90
		<b>183.53</b>	<b>450.80</b>

### Note:

The Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard - 3 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

**Vijay Agarwal**  
Partner

Place : New Delhi  
Date : May 16, 2015

SHRIRAM PISTONS & RINGS LIMITED

**Vinod Raheja**  
Dy. Executive Director & CFO

For and on behalf of the Board of Directors

**Pradeep Dinodia**  
Chairman

**O.P. Khaitan**  
Director

**A.K. Taneja**  
Managing Director & CEO

**R. Srinivasan**  
Jt. Managing Director & Company Secretary

**Luv D. Shriram**  
Whole - Time Director

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# Notes forming part of the financial statements for the year ended March 31, 2015

## 1. Corporate information

Shriram Pistons & Rings Limited (the company) is a public Company domiciled in India and incorporated on December 9, 1963 under the provisions of the Companies Act, 1956. The primary products manufactured by the Company are pistons, piston pins, piston rings and engine valves. The Company caters to both domestic and international markets.

## 2. Significant accounting policies

### 2.1 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention except for categories of fixed assets acquired before April 01, 2014, that are carried at revalued amounts. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year other than depreciation policy for revalued assets.

### 2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

### 2.3 Revenue recognition

Revenue from sale of goods is recognised when significant risks and rewards in respect of ownership of the goods are transferred to the customer and is stated inclusive of excise duty and net of trade discounts, sales return and sales tax / VAT, wherever applicable.

Other revenues are recognised on accrual basis, except where there are uncertainties in realisation / determination of income and in such case income is recognised on realisation / certainty.

### 2.4 Fixed assets

Fixed assets are stated at their original cost (net of cenvat availed) including taxes and other incidental expenses related to acquisition, installation and borrowing cost on loan taken for the acquisition of qualifying assets upto the date the assets are ready for their intended use. Wherever assets are revalued, cost is adjusted by the amount added on revaluation based on Government approved valuer's report and disclosed separately as required under the Act.

Capital work-in-progress represents expenditure incurred in respect of capital projects under development and are carried at cost. Cost includes related acquisition expenses, development/ construction costs, borrowing costs and other direct expenditure.

### 2.5 Depreciation and amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

The Company is following written down value method in case of Furniture, fixtures and office equipments and straight line method in respect of other assets.

Depreciation on tangible fixed assets has been provided as per the useful life prescribed in Schedule II to the Act except in respect of the following categories of assets, in whose case the life of the assets has been assessed based on technical advice, taking into account the nature, the estimated usage, operating conditions of the asset, past history of replacement, anticipated technological changes and maintenance practices etc.

Plant and machinery

- General	- twenty years
- Electric Installation / Equipment	- fifteen years
- Dies	- three years
RCC Road	- twenty years
Bore well	- fifteen years
Vehicle	- five years
Furniture & Fixture / Office Equipment	- five years



## Notes forming part of the financial statements for the year ended March 31, 2015

Intangible assets are amortised on straight-line method over their estimated useful life as follows:-

Computer software	- three years
Product design and development	- three years

Lease money paid for leasehold land is amortised on straight line basis over the lease period

Assets costing upto Rs. 5,000 are fully depreciated in the year of acquisition.

### 2.6 Investments

Long term investments are stated at cost. Any diminution in the value of Long term Investments, other than temporary, is provided for in the books of account. Current investments are stated at lower of the cost or fair value.

### 2.7 Inventories

Inventories are valued on the following basis :

- i) Raw materials and components - at lower of cost determined on weighted average basis or net realisable value.
- ii) Stock in process – at lower of cost or net realisable value.
- iii) Finished goods stock - at lower of cost including excise duty or net realisable value.

Cost of finished goods and stock-in-process includes cost of materials, labour and appropriate proportion of overheads.

### 2.8 Foreign currency transactions and translations

- i) Transactions in foreign currency are recorded on initial recognition at the exchange rate prevailing on or closely approximating to the date of transaction.
- ii) Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss. Non-monetary items are carried at historical cost. The exchange differences arising on settlement / restatement of long-term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets. If such monetary items do not relate to acquisition of depreciable fixed assets, the exchange difference is amortised over the maturity period / upto the date of settlement of such monetary items, whichever is earlier and the unamortised exchange difference is carried in the Balance Sheet as "Foreign currency monetary item translation difference account".
- iii) The Company uses foreign exchange forward contracts to hedge its exposure to movements in foreign exchange rates. The premium or discount arising at the inception of such forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognized as income or as expense in the period in which same is cancelled or rolled over.
- iv) Forward exchange contracts entered to hedge the foreign currency risk of highly probable forecast transactions and firm commitments are marked to market at the balance sheet date. Exchange loss on marked to market basis is recognised in the statement of profit and loss ; however, any gain is ignored.
- v) The Company enters into derivative contracts in the nature of foreign currency swaps, currency options with an intention to hedge its existing assets and liabilities. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated in (i) and (ii) above.

### 2.9 Employee benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences, long service awards.

Contribution towards Provident Fund and Superannuation fund is paid as per the statutory provisions/Company scheme. These benefits are charged to the Statement of Profit and Loss of the year when they become due. For the PF trust administrated by the trustees, the Company is liable to meet the shortfall, if any, in payment of interest at the rates declared by Central Government and such liability is recognised in the year of shortfall.

Employee benefits in the form of gratuity and compensated absences are considered as defined benefit plans. The liability is determined using projected unit credit method, with actuarial valuation being carried out at each balance sheet date. Actuarial gains and losses are recognised in the statement of profit and loss in the period in which they arise.

Leave availment / encashment benefit is provided as per Company scheme. Employees are entitled to accumulate leaves subject to certain limits as per Company scheme. The liability for unutilised leave at the year end is determined through actuarial valuation using projected unit credit method.

Employee benefits in the form of long service awards is provided as per Company scheme. The liability is determined through actuarial valuation using projected unit credit method.



## Notes forming part of the financial statements for the year ended March 31, 2015

### 2.10 Research and development

Revenue expenditure on research and development, inclusive of dies for model development, is charged as expense in the year in which incurred. Capital expenditure is included in fixed assets.

### 2.11 Leases

Lease rentals in respect of assets taken on operating lease are charged to the Statement of Profit and Loss on a straight-line basis over the term of lease.

Assets acquired on finance lease which transfer risk and rewards of ownership to the Company are capitalised as assets by the Company at the lower of fair value of the leased property or the present value of the related lease payments and a liability is created for an equal amount. Amortisation of capitalised leased assets is computed in accordance with the policy followed by the Company for owned assets. Lease rental payable is apportioned between principal and finance charge using the internal rate of return method. The finance charge is allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of liability.

### 2.12 Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

### 2.13 Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are considered as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss as and when incurred.

### 2.14 Earnings per share

Basic earnings per share is calculated by dividing net profit or loss for the year attributable to equity shareholders by weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue, share split and any new equity issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

### 2.15 Impairment of assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

### 2.16 Contingent liabilities and provisions

The Company recognizes a provision when there is a present obligation as a result of past events and it is probable that an outflow of resources would be required to settle the obligation and a reliable estimate can be made.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources.

When there is a possible obligation or a present obligation in respect of which the likelihood on outflow of resources is remote, no provision or disclosure is made.



## Notes forming part of the financial statements for the year ended March 31, 2015

### 3. Share capital

	<u>As at March 31, 2015</u> Rs. million	<u>As at March 31, 2014</u> Rs. million
<b>Authorised Shares</b>		
50,000,000 (previous year 50,000,000) equity shares of Rs. 10 each	500.00	500.00
3,000,000 (previous year 3,000,000) preference shares of Rs. 100 each	300.00	300.00
	<u>800.00</u>	<u>800.00</u>
<b>Issued, subscribed and fully paid up shares</b>		
22,374,912 (previous year 22,374,912) equity shares of Rs. 10 each	223.75	223.75
	<u>223.75</u>	<u>223.75</u>

#### a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

	<u>March 31, 2015</u>		<u>March 31, 2014</u>	
	No. in million	Rs. million	No. in million	Rs. million
At the beginning of the year	22.37	223.75	22.37	223.75
<b>Balance at the end of the year</b>	<u>22.37</u>	<u>223.75</u>	<u>22.37</u>	<u>223.75</u>

#### b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity share is entitled to dividend and one vote per share.

#### c. Details of shareholders holding more than 5% shares in the Company

	<u>March 31, 2015</u>		<u>March 31, 2014</u>	
	No. in million	% shareholding	No. in million	% shareholding
<u>Equity shares of Rs. 10 each fully paid</u>				
Riken Corporation	4.69	20.97	4.69	20.97
KS Kolbenschmidt GmbH	4.47	20.00	4.47	20.00
Luv D. Shriram and Meenakshi Dass*	3.33	14.90	3.33	14.90
Meenakshi Dass and Luv D. Shriram *	3.33	14.90	3.33	14.90
National Insurance Company Limited	1.43	6.38	1.43	6.38
Meenakshi Dass	1.24	5.54	1.24	5.54

\* Shares held on behalf of Deepak Shriram Family Benefit Trust.



## Notes forming part of the financial statements for the year ended March 31, 2015

### 4. Reserves and surplus

	As at March 31, 2015 Rs. million	As at March 31, 2014 Rs. million
<b>Preference share redemption reserve</b>	<b>100.00</b>	<b>100.00</b>
<b>Revaluation reserve</b>		
Balance at the beginning of the year	99.06	109.10
Less : amount transferred to the Statement of Profit and Loss as reduction from depreciation (refer note 26)	-	8.02
Less: amount transferred to general reserve on account of sale/write off of revalued assets	0.54	2.03
Balance at the end of the year	<b>98.52</b>	<b>99.05</b>
<b>General reserve</b>		
Balance at the beginning of the year	4,876.56	4,271.65
Add: amount transferred from surplus in the Statement of Profit and Loss	472.72	604.91
Add: amount transferred from revaluation reserve on account of sale/write off of revalued assets	0.54	-
Balance at the end of the year	<b>5,349.82</b>	<b>4,876.56</b>
<b>Surplus in Statement of Profit and Loss</b>		
Balance as per last financial statements	300.00	300.00
Profit for the year	573.16	696.53
<b>Less: Appropriations</b>		
Depreciation charged on transition to Schedule II of the Companies Act, 2013 (Net of deferred tax of Rs. 3.34 million)	6.30	-
Dividend on equity shares for the year		
- Interim	33.56	33.56
- Final (proposed)	44.75	44.75
Dividend distribution tax	15.83	13.31
Transfer to general reserves	472.72	604.91
Total appropriations	573.16	696.53
Balance at the end of the year	<b>300.00</b>	<b>300.00</b>
	<b>5,848.34</b>	<b>5,375.61</b>

During the year ended March 31, 2015, the dividend (including interim) of Rs. 3.50 per share (previous year: Rs. 3.50 per share) recognised as distribution to equity shareholders amounting to Rs. 94.14 million including dividend distribution tax (previous year Rs. 91.62 million). The final dividend for the year ended March 31, 2015, of Rs. 53.86 million including dividend distribution tax proposed by the Board of Directors is subject to the approval by the shareholders in the ensuing Annual General Meeting.



## Notes forming part of the financial statements for the year ended March 31, 2015

### 5. Long-Term Borrowings

	As at March 31, 2015		As at March 31, 2014	
	Long term Rs. million	Current maturities Rs. million	Long term Rs. million	Current maturities Rs. million
<b>Secured</b>				
Term Loans				
- from banks	1,760.22	725.80	2,486.02	681.23
<b>Unsecured</b>				
<b>Other loan and advances</b>				
Deposits	191.82	183.34	291.91	92.39
Deposits from related parties (refer note 32)	12.60	8.80	20.20	12.43
	1,964.64	917.94	2,798.13	786.05
Less : Amounts disclosed as other current liabilities (refer note 11)	-	(917.94)	-	(786.05)
	<b>1,964.64</b>	<b>-</b>	<b>2,798.13</b>	<b>-</b>

(i) Term loans from banks of Rs. 1828.69 million (previous year: Rs. 2280.24 million) are secured by way of first pari passu charge and mortgage on all present and future immovable assets and hypothecation of all movable assets of the Company, present and future subject to prior charge created and/or to be created in favour of the Company's working capital bankers on the Company's stocks and book debts.

Amount outstanding		Repayment period from origination (years)	Installments outstanding As at March 31, 2015	
As at March 31, 2015 (Rs. million)	As at March 31, 2014 (Rs. million)		No.	Periodicity
-	22.50	5	-	Quarterly
92.72	166.90	5.5	5	Quarterly
307.84	430.98	6	10	Quarterly
240.00	320.00	6	12	Quarterly
338.76	474.26	5	10	Quarterly
849.37	865.60	7	19	Quarterly
<b>1,828.69</b>	<b>2,280.24</b>			

(ii) Term loans from banks of Rs. 657.33 million (previous year: Rs. 887.01 million) are secured by way of first pari passu charge and mortgage on all present and future immovable assets and hypothecation of all movable fixed assets of the company, present and future.

Amount outstanding		Repayment period from origination (years)	Installments outstanding As at March 31, 2015	
As at March 31, 2015 (Rs. million)	As at March 31, 2014 (Rs. million)		No.	Periodicity
81.95	147.51	6	5	Quarterly
367.13	500.63	6	13	Quarterly
208.25	238.87	7	15	Quarterly
<b>657.33</b>	<b>887.01</b>			



## Notes forming part of the financial statements for the year ended March 31, 2015

(iii) The long term deposits have been raised under section 58A of the Companies Act, 1956 and Section 73 to 76 of the Companies Act, 2013 for maturity period of 2 and 3 years.

Amount outstanding		Repayment period from origination (years)
As at March 31, 2015 (Rs. million)	As at March 31, 2014 (Rs. million)	
36.33	52.94	2
360.23	363.99	3
<b>396.56</b>	<b>416.93</b>	

(iv) The Interest rate on term loans at point (i) and (ii) above ranges from 7.05% p.a. to 10.50% p.a. and on "deposits" at point (iii) from 8.50% p.a. to 11.00% p.a.

### 6. Deferred tax liability (net)

	As at March 31, 2015 Rs. million	As at March 31, 2014 Rs. million
<b>Deferred tax liability</b>		
Impact of difference between tax depreciation and depreciation/ amortisation charged in books	532.36	548.72
<b>Deferred tax assets</b>		
Expenses deductible on payment basis	135.94	118.83
Provision for doubtful debts/advances	12.12	7.24
	<u>148.06</u>	<u>126.07</u>
<b>Net deferred tax liability</b>	<b>384.30</b>	<b>422.65</b>

### 7. Other long term liabilities

	As at March 31, 2015 Rs. million	As at March 31, 2014 Rs. million
Security deposits	11.46	10.71
	<u>11.46</u>	<u>10.71</u>

The security deposits have been received by the Company from customers/vendors in the normal course of business.

### 8. Provisions

	As at March 31, 2015		As at March 31, 2014	
	Long term Rs. million	Short term Rs. million	Long term Rs. million	Short term Rs. million
Provision for employee benefits	317.18	54.04	239.20	46.12
Proposed dividend	-	44.75	-	44.75
Tax on dividend	-	9.11	-	7.61
	<u>317.18</u>	<u>107.90</u>	<u>239.20</u>	<u>98.48</u>



## Notes forming part of the financial statements for the year ended March 31, 2015

### 9. Short term borrowings

	<u>As at March 31, 2015</u> Rs. million	<u>As at March 31, 2014</u> Rs. million
<b>Secured</b>		
Working capital loans repayable on demand from banks	214.52	211.20
<b>Unsecured</b>		
Deposits	3.10	10.82
	<u>217.62</u>	<u>222.02</u>

Working capital loans are secured by way of first pari passu charge on stocks and book debts of the Company and second pari passu charge on all fixed assets of the Company, present and future.

### 10. Trade payables

	<u>As at March 31, 2015</u> Rs. million	<u>As at March 31, 2014</u> Rs. million
- Outstanding dues to Micro and Small enterprises (refer note no. 45)	39.12	30.12
- Outstanding dues to parties other than Micro and Small enterprises	1,381.12	1,313.68
	<u>1,420.24</u>	<u>1,343.80</u>

Trade payable includes Rs. 28.47 million (previous year: Rs. 26.66 million ) due to related parties (refer note 32)

### 11. Other current liabilities

	<u>As at March 31, 2015</u> Rs. million	<u>As at March 31, 2014</u> Rs. million
Current maturities of long term debt (refer note 5)	917.94	786.05
Interest accrued but not due on borrowings	74.92	70.78
Investor education and protection fund*		
- Unclaimed dividends	0.45	0.43
- Unclaimed matured deposits and interest accrued thereon	2.31	2.98
Advances from customers	54.00	40.65
Other payables		
- Statutory dues	196.21	174.33
- Capital creditors	87.41	71.20
- Security deposit	44.53	43.22
- Others	16.26	11.97
	<u>1,394.03</u>	<u>1,201.61</u>

\* not due for deposit





## Notes forming part of the financial statements for the year ended March 31, 2015

### 12. Tangible assets

Rs. Million

Particulars	Gross Block				Accumulated Depreciation / Amortisation						Written down value	
	Original cost as at April 1, 2014	Additions for the year	Adjustments for borrowing costs	Deductions for the year	Original cost as at March 31, 2015	As at April 1, 2014	For the year	Transition adjustment against Surplus balance in Statement of Profit and Loss	Deductions for the year	As at March 31, 2015	As at March 31, 2015	As at March 31, 2014
Land - leasehold	337.05	-	-	-	337.05	28.64	3.45	-	-	32.09	304.96	308.41
Buildings	1,507.25	10.96	-	-	1,518.21	246.84	49.89	1.17	-	297.90	1,220.31	1,260.41
Plant and equipment	10,587.57	387.11	-	32.54	10,942.14	5,235.99	792.69	8.47	28.64	6,008.51	4,933.63	5,351.58
Furniture & fixtures	107.59	10.58	-	4.02	114.15	86.73	13.54	-	3.18	97.09	17.06	20.86
Vehicles	143.66	46.77	-	23.10	167.33	72.69	24.37	-	18.63	78.43	88.90	70.97
Office equipment	274.63	33.17	-	13.58	294.22	217.96	37.89	-	11.84	244.01	50.21	56.67
Dies	177.85	26.84	-	10.50	194.19	135.86	24.99	-	9.91	150.94	43.25	41.99
<b>Total</b>	<b>13,135.60</b>	<b>515.43</b>	<b>-</b>	<b>83.74</b>	<b>13,567.29</b>	<b>6,024.71</b>	<b>946.82</b>	<b>9.64</b>	<b>72.20</b>	<b>6,908.97</b>	<b>6,658.32</b>	<b>7,110.89</b>

Particulars	Gross Block				Accumulated Depreciation / Amortisation						Written down value	
	Original cost as at April 1, 2013	Additions for the year	Adjustments for borrowing costs	Deductions for the year	Original cost as at March 31, 2014	As at April 1, 2013	For the year	Transition adjustment against Surplus balance in Statement of Profit and Loss	Deductions for the year	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
Land - leasehold	337.05	-	-	-	337.05	25.19	3.45	-	-	28.64	308.41	311.86
Buildings	1,437.53	70.97	0.47	1.72	1,507.25	201.86	45.41	-	0.43	246.84	1,260.41	1,235.67
Plant and equipment	9,930.33	706.57	2.31	51.64	10,587.57	4,447.46	834.26	-	45.73	5,235.99	5,351.58	5,482.88
Furniture & fixtures	90.48	20.15	-	3.04	107.59	71.76	17.76	-	2.79	86.73	20.86	18.72
Vehicles	138.60	22.95	-	17.89	143.66	66.90	21.65	-	15.86	72.69	70.97	71.70
Office equipment	243.16	54.21	-	22.74	274.63	195.12	43.39	-	20.55	217.96	56.67	48.04
Dies	169.09	15.76	-	7.00	177.85	117.16	25.26	-	6.56	135.86	41.99	51.93
<b>Total</b>	<b>12,346.24</b>	<b>890.61</b>	<b>2.78</b>	<b>104.03</b>	<b>13,135.60</b>	<b>5,125.45</b>	<b>991.18</b>	<b>-</b>	<b>91.92</b>	<b>6,024.71</b>	<b>7,110.89</b>	<b>7,220.80</b>

### 13. Intangible assets

Rs. Million

Particulars	Gross Block				Accumulated Amortisation						Written down value	
	Original cost as at April 1, 2014	Additions for the year	Deductions for the year	Original cost as at March 31, 2015	As at April 1, 2014	For the year	Transition adjustment against Surplus balance in Statement of Profit and Loss	Deductions for the year	As at March 31, 2015	As at March 31, 2015	As at March 31, 2014	
Computer software	63.86	7.19	-	71.05	52.67	9.54	-	-	62.21	8.84	11.19	
Product design and development	20.17	-	-	20.17	16.11	4.06	-	-	20.17	0.00	4.06	
<b>Total</b>	<b>84.03</b>	<b>7.19</b>	<b>-</b>	<b>91.22</b>	<b>68.78</b>	<b>13.60</b>	<b>-</b>	<b>-</b>	<b>82.38</b>	<b>8.84</b>	<b>15.25</b>	

Particulars	Gross Block				Accumulated Amortisation						Written down value	
	Original cost as at April 1, 2013	Additions for the year	Deductions for the year	Original cost as at March 31, 2014	As at April 1, 2013	For the year	Transition adjustment against Surplus balance in Statement of Profit and Loss	Deductions for the year	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013	
Computer software	119.04	9.19	64.37	63.86	100.09	16.95	-	64.37	52.67	11.19	18.95	
Product design and development	61.35	-	41.18	20.17	51.77	5.52	-	41.18	16.11	4.06	9.58	
<b>Total</b>	<b>180.39</b>	<b>9.19</b>	<b>105.55</b>	<b>84.03</b>	<b>151.86</b>	<b>22.47</b>	<b>-</b>	<b>105.55</b>	<b>68.78</b>	<b>15.25</b>	<b>28.53</b>	



## Notes forming part of the financial statements for the year ended March 31, 2015

### 14. Non-current investments

	As at March 31, 2015 Rs. million	As at March 31, 2014 Rs. million
<b>Trade investments (valued at cost unless stated otherwise)</b>		
<b>Unquoted equity instruments</b>		
<b>Investment in subsidiary</b>		
<b>Investments in equity instruments</b>		
50,000 Equity shares (previous year 50,000) of Rs. 10 each fully paid up in SPR International Auto Exports Limited	0.50	0.50
	<u>0.50</u>	<u>0.50</u>

### 15. Loan and advances

	As at March 31, 2015		As at March 31, 2014	
	Current Rs. million	Non-current Rs. million	Current Rs. million	Non-current Rs. million
Capital advances (Unsecured, considered good)	-	67.61	-	60.89
Security deposits (Unsecured, considered good)	0.64	115.76	1.89	109.67
	<b>0.64</b>	<b>183.37</b>	<b>1.89</b>	<b>170.56</b>
<b>Advances recoverable in cash or in kind or for value to be received</b>				
Unsecured, considered good	57.88	-	111.34	-
Doubtful	24.73	-	11.56	-
	82.61	-	122.90	-
Less: Doubtful	(24.73)	-	(11.56)	-
	<b>57.88</b>	<b>-</b>	<b>111.34</b>	<b>-</b>
<b>Other loans and advances</b>				
Advance tax (net)	13.76	-	22.13	-
Prepaid expenses	31.15	-	10.02	-
Housing loans to employees (secured)	0.13	0.03	0.16	0.16
Cenvat recoverable	64.81	-	76.16	-
Balance with excise authorities	16.07	-	44.43	-
	<b>125.92</b>	<b>0.03</b>	<b>152.90</b>	<b>0.16</b>
	<b>184.44</b>	<b>183.40</b>	<b>266.13</b>	<b>170.72</b>

Housing loans are secured by the documents of the properties financed.

Advance recoverable in cash or in kind includes Rs. 4.09 million (previous year: Rs. 2.80 million) due from related parties (refer note 32)



## Notes forming part of the financial statements for the year ended March 31, 2015

### 16. Other assets

(Unsecured, considered good unless stated otherwise)

	As at March 31, 2015		As at March 31, 2014	
	Current Rs. million	Non-current Rs. million	Current Rs. million	Non-current Rs. million
Export incentive receivable	18.67	66.98	27.68	79.55
Interest accrued on fixed deposits	14.06	-	18.16	-
Margin money (refer Note 19)	-	6.54	-	6.67
Other assets	86.63	10.43	40.93	6.31
	<b>119.36</b>	<b>83.95</b>	<b>86.77</b>	<b>92.53</b>

### 17. Inventories

(valued at lower of cost or net realisable value)

	As at March 31, 2015	As at March 31, 2014
	Rs. million	Rs. million
Raw material and components (includes in transit Rs. 2.83 million (previous year: Rs. 5.28 million))	478.05	415.06
Work-in-progress (includes in transit Rs. 0.59 million (previous year: Rs. 0.38 million))	521.40	470.60
Finished goods (includes in transit Rs. 184.76 million (previous year: Rs. 179.74 million))	938.70	718.21
Stores and spares	176.84	142.28
Loose tools	41.08	30.88
	<b>2,156.07</b>	<b>1,777.03</b>

### 18. Trade receivables

(Unsecured, considered good unless stated otherwise)

	As at March 31, 2015	As at March 31, 2014
	Rs. million	Rs. million
Outstanding for a period exceeding six months*		
- Considered good	14.75	8.00
- Doubtful	8.87	7.11
Other receivables		
- Considered good	2,149.23	1,797.27
- Doubtful	1.45	2.63
	<b>2,174.30</b>	<b>1,815.01</b>
Provision for doubtful trade receivables	(10.32)	(9.74)
	<b>2,163.98</b>	<b>1,805.27</b>

\*The ageing of receivables is from the date the receivables are due for collection as per the terms with customers.



## Notes forming part of the financial statements for the year ended March 31, 2015

### 19. Cash and cash equivalents

	As at March 31, 2015		As at March 31, 2014	
	Current Rs. million	Non-current Rs. million	Current Rs. million	Non-current Rs. million
<b>Cash and cash equivalents</b>				
Cash in hand	1.59	-	0.92	-
Cheques, drafts in hand (* Rs. 1000/-)	-	-	0.00*	-
Balances with banks				
- current accounts	51.94	-	39.98	-
- deposits with original maturity of less than three months	130.00	-	409.90	-
	<b>183.53</b>	<b>-</b>	<b>450.80</b>	<b>-</b>
<b>Other bank balances</b>				
Dividend account	0.45	-	0.43	-
Deposits with maturity more than 3 months but less than 12 months	83.00	-	50.07	-
Deposits with bank held as margin money	23.26	6.54	17.65	6.67
	<b>106.71</b>	<b>6.54</b>	<b>68.15</b>	<b>6.67</b>
Less : Amounts disclosed as other non-current assets (refer note 16)	-	(6.54)	-	(6.67)
	<b>290.24</b>	<b>-</b>	<b>518.95</b>	<b>-</b>

### 20. Revenue from operations

	Year ended March 31, 2015	Year ended March 31, 2014
	Rs. Million	Rs. Million
Sale of products (refer note 33)	13,497.95	12,826.72
Other operating revenues		
- export benefits	97.43	73.06
- others	8.59	26.10
	<b>13,603.97</b>	<b>12,925.88</b>
Less:		
Excise duty	(1,160.20)	(1,228.76)
	<b>12,443.77</b>	<b>11,697.12</b>

### 21. Other income

	Year ended March 31, 2015	Year ended March 31, 2014
	Rs. Million	Rs. Million
Interest income		
- Bank deposits	38.05	42.85
- Others	14.60	16.71
Profit on sale/retirement of fixed assets(net) (* Rs. 502/-)	0.00*	-
Exchange rate variation (net)	60.80	-
Other non-operating income	58.64	35.97
	<b>172.09</b>	<b>95.53</b>



## Notes forming part of the financial statements for the year ended March 31, 2015

### 22. Cost of material consumed

	<u>Year ended March 31, 2015</u> Rs. million	<u>Year ended March 31, 2014</u> Rs. million
Cost of raw material and components consumed (refer note 34)	3,978.76	3,311.09
Cost of packing material consumed	249.85	234.38
	<u>4,228.61</u>	<u>3,545.47</u>

### 23. (Increase) / Decrease in inventories

	<u>Year ended March 31, 2015</u> Rs. million	<u>Year ended March 31, 2014</u> Rs. million
<b>Inventories at the end of the year</b>		
Work-in-progress	521.40	470.60
Finished goods	938.70	718.21
	<u>1,460.10</u>	<u>1,188.81</u>
<b>Inventories at the beginning of the year</b>		
Work-in-progress	470.60	424.01
Finished goods	718.21	742.69
	<u>1,188.81</u>	<u>1,166.70</u>
Excise duty variation on finished goods	56.12	2.38
	<u>(215.17)</u>	<u>(19.73)</u>

### 24. Employee benefit expense

	<u>Year ended March 31, 2015</u> Rs. million	<u>Year ended March 31, 2014</u> Rs. million
Salaries and wages	1,982.59	1,821.32
Contribution to provident and other funds	168.31	104.15
Staff welfare expenses	208.31	194.44
	<u>2,359.21</u>	<u>2,119.91</u>



## Notes forming part of the financial statements for the year ended March 31, 2015

### 25. Finance costs

	Year ended March 31, 2015	Year ended March 31, 2014
	Rs. million	Rs. million
Interest expense	316.66	373.98
Other borrowing costs	3.76	2.47
Applicable exchange rate variation	-	0.20
	<b>320.42</b>	<b>376.65</b>

### 26. Depreciation and amortisation expense

	Year ended March 31, 2015	Year ended March 31, 2014
	Rs. million	Rs. million
For the year		
- tangible (refer note 12)	956.46	991.18
- intangible (refer note 13)	13.60	22.47
	970.06	1,013.65
Less: transferred from revaluation reserve (refer note 4)	-	8.02
Less: transition adjustment against Surplus balance in Statement of Profit and Loss (refer note 12)	9.64	-
	<b>960.42</b>	<b>1,005.63</b>

### 27. Other expenses

	Year ended March 31, 2015	Year ended March 31, 2014
	Rs. million	Rs. million
Stores and spares consumed	1,235.77	1,108.68
Power and fuel	961.70	840.96
Job work charges	363.56	348.89
Freight expenses	156.17	138.80
Royalty	252.88	238.81
Rent	43.44	47.56
Rates and taxes	18.32	17.61
Insurance	20.39	17.02
Repair and maintenance		
-Plant and machinery	94.93	88.65
-Buildings	88.74	80.19
-Others	26.25	25.92
Auditor's remuneration (refer note 28)	2.77	2.61
Directors' fees	3.70	1.13
Provision for doubtful debts and advances (net)	13.74	3.01
Loss on sale / retirement of fixed assets (net)	-	0.41
Bad debts and advances written off	3.48	2.66
Exchange rate variation (net)	-	22.96
Corporate Social Responsibilities Expenses	6.58	-
Miscellaneous expenses	877.36	772.96
	<b>4,169.78</b>	<b>3,758.83</b>



## Notes forming part of the financial statements for the year ended March 31, 2015

### 28. Payment to auditor

(excluding service tax)

	<u>Year ended March 31, 2015</u> Rs. million	<u>Year ended March 31, 2014</u> Rs. million
<b>As auditor:</b>		
- Audit fee	1.56	1.40
- Tax audit fee	0.20	0.16
- Limited review	0.83	0.70
<b>In other capacity:</b>		
- Certification fees	0.08	0.23
- Reimbursement of expenses	0.10	0.12
	<u>2.77</u>	<u>2.61</u>

### 29. Earnings per share (EPS)

	<u>Year ended March 31, 2015</u>	<u>Year ended March 31, 2014</u>
Net profit attributable to equity shareholders (Rs. million)	573.16	696.53
Weighted average number of equity shares (Nos. million)	22.37	22.37
Earning per share		
- Basic (Rs.)	25.62	31.13
- Diluted (Rs.)	25.62	31.13

### 30. Research and development expenditure

The details of research and development expenditure incurred by the Company and included in the respective account heads are as under:-

	<u>Year ended March 31, 2015</u> Rs. million	<u>Year ended March 31, 2014</u> Rs. million
Capital expenditure	23.10	57.00
Revenue expenditure	149.02	168.76
	<u>172.12</u>	<u>225.76</u>



## Notes forming part of the financial statements for the year ended March 31, 2015

The details of revenue expenditure incurred on research and development is as under:

	Year ended March 31, 2015 Rs. million	Year ended March 31, 2014 Rs. million
Stores and spares consumed	79.03	88.45
Salaries and wages	50.81	46.28
Contribution to provident and other funds	5.08	4.45
Staff welfare expenses	1.04	1.06
Power and fuel	3.69	4.75
Repair and maintenance		
- Plant and Machinery	1.29	2.00
- Buildings	0.04	1.42
- Others	-	1.89
Cost of material consumed (* Rs. 2506/-)	0.00*	0.05
Loss on sale/retirement of fixed assets (net)	-	0.04
Miscellaneous expenses	8.04	18.37
	<b>149.02</b>	<b>168.76</b>

### 31. Employee benefits

The company has classified the various employee benefits as under :-

#### i) Defined contribution plans

The company has recognised the following amount in the statement of profit and loss:-

	Year ended March 31, 2015 Rs. million	Year ended March 31, 2014 Rs. million
Employers' contribution to Provident fund	107.33	89.88
Employers' contribution to Superannuation fund	18.71	18.35
Employers' contribution to State insurance fund	32.58	35.33
	<b>158.62</b>	<b>143.56</b>

#### ii) Defined benefit plans

- a) Gratuity
- b) Compensated absences

In accordance with Accounting Standard 15 ( revised 2005), actuarial valuation was done for the aforesaid benefit plans and details of the same are given below :

Particulars	Year ended March 31, 2015		Year ended March 31, 2014	
	Gratuity	Compensated Absences	Gratuity	Compensated Absences
	Rs. million	Rs. million	Rs. million	Rs. million
<b>Components of employer's expense</b>				
Current service cost	49.11	151.77	55.76	133.18
Interest cost	39.68	16.16	45.66	16.12
Expected return on plan assets	(47.63)	-	(43.28)	-
Actuarial losses/(gains)	(7.08)	(54.70)	(69.86)	(77.25)
<b>Total expense recognised in the Statement of Profit and Loss</b>	<b>34.08</b>	<b>113.23</b>	<b>(11.72)</b>	<b>72.05</b>





## Notes forming part of the financial statements for the year ended March 31, 2015

### Actual contribution and benefit payments for the year

Actual benefit payments	(25.50)	(29.28)	(37.77)	(18.79)
Actual contributions	25.00	-	28.50	-

### Net asset / (liability) recognised in the Balance Sheet

Present value of defined benefit obligation	570.90	344.04	515.06	260.09
Fair value of plan assets	588.90	-	516.75	-
Funded status [Surplus / (Deficit)]	18.00	(344.04)	1.69	(260.09)

### Net asset / (liability) recognised in the Balance Sheet

<b>18.00</b>	<b>(344.04)</b>	<b>1.69</b>	<b>(260.09)</b>	
Change in defined benefit obligations (DBO) during the year				
Present value of DBO at beginning of the year	515.06	260.09	520.71	206.83
Current service cost	49.11	151.77	55.76	133.18
Interest cost	39.68	16.16	45.66	16.12
Actuarial (gains) / losses	(7.45)	(54.70)	(69.30)	(77.25)
Benefits paid	(25.50)	(29.28)	(37.77)	(18.79)
Present value of DBO at the end of the year	<b>570.90</b>	<b>344.04</b>	<b>515.06</b>	<b>260.09</b>

### Change in fair value of assets during the year

Plan assets at beginning of the year	516.75	-	445.08	-
Expected return on plan assets	47.63	-	43.28	-
Actual company contributions	25.00	-	28.50	-
Actuarial gain / (loss)	(0.37)	-	0.56	-
Benefits paid	(0.11)	(29.28)	(0.67)	(18.79)
Plan assets at the end of the year	<b>588.90</b>	-	<b>516.75</b>	-
Actual return on plan assets	47.26	-	43.85	-

### Actuarial assumptions

Discount rate	7.90%	7.90%	9.10%	9.10%
Expected return on plan assets	9.00%	-	9.43%	-
Salary escalation	11.00%	11.00%	11.50%	11.50%
Attrition	5 /25 %, p.a.	5 /25 %, p.a.	5 /25 %, p.a.	5/25 %, p.a.
Mortality table used	IAL 2006-08 Ultimate	IAL 2006-08 Ultimate	IAL 2006-08 Ultimate	IAL 2006-08 Ultimate

Disclosure of present value of plan obligation, fair value of plan assets and experience adjustment for the current year and previous four years are as follows:

	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2011
	Rs. million	Rs. million	Rs. million	Rs. million	Rs. million
<b>Gratuity</b>					
Present value of Defined Benefit Obligation	570.90	515.06	520.71	472.90	427.09
Fair value of plan assets	588.90	516.75	445.08	324.69	262.76
Funded status [Surplus / (Deficit)]	18.00	1.69	(75.63)	(148.21)	(164.33)
Experience adjustment in plan obligation [Gain/(Loss)]	(7.45)	(69.30)	(17.09)	(25.90)	38.15
Experience adjustment in plan assets [Gain/(Loss)]	(0.37)	0.56	0.31	2.44	(0.38)



## Notes forming part of the financial statements for the year ended March 31, 2015

	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2011
	Rs. million	Rs. million	Rs. million	Rs. million	Rs. million
<b>Compensated Absences</b>					
Present value of Obligation	344.04	260.09	206.83	168.30	106.10
Funded status [Surplus / (Deficit)]	(344.04)	(260.09)	(206.83)	(168.30)	(106.10)
Experience adjustment in plan obligation [Gain/(Loss)]	(54.70)	(77.25)	(42.39)	(17.78)	(32.72)

The plan assets are managed by independent Board of Trustees through Life Insurance Corporation of India (LIC), SBI Life Insurance, Bajaj Allianz Life Insurance Company and HDFC Standard Life Insurance Co. Under this policy, the eligible employees are entitled to receive gratuity payments upon their superannuation, resignation or death in lumpsum after deduction of necessary taxes. The fund managers do not disclose the composition of their portfolio investment, accordingly break-down of plan assets by investment type has not been disclosed.

Estimate of the future salary increase is based on factors such as inflation, seniority, promotions, demand and supply in employment market.

- iii) The Company has a long service reward scheme for selective group of employees. The total expense recognised in the current year is Rs. 6.90 million (previous year: 4.37 million) based on actuarial valuation. The liability recognised in the books as at March 31, 2015 is Rs. 27.18 million (previous year Rs. 25.23 million)

### 32. Related party disclosure

As per Accounting Standard – 18, notified in the companies (accounting standards) rules, 2006, the Company's related parties and transactions with them during the year are disclosed below :

#### A. List of related parties

Subsidiary company	SPR International Auto Exports Limited
Key management personnel	Shri A.K. Taneja, Managing Director & CEO Shri R. Srinivasan, Jt. Managing Director & Company Secretary Smt. Meenakshi Dass, Whole Time Director (upto 04.05.2014) Shri Luv D. Shriram, Whole Time Director (w.e.f. 05.05.2014)
Relatives of key management personnel Shri A.K. Taneja Shri R. Srinivasan Smt. Meenakshi Dass & Shri Luv D. Shriram	Smt. Anita Taneja Smt. Usha Srinivasan Shri. Deepak C. Shriram Smt. Santosh D. Shriram Shri Arjun D. Shriram Shri Kush D. Shriram Ms. Nandishi Shriram Smt. Arati Shriram
Shri Luv D. Shriram	
Enterprises over which there is significant influence of Smt. Meenakshi Dass & Shri Luv D. Shriram and their relatives as above	Shriram Automotive Products Ltd. Shriram Alpine Sales Pvt. Ltd. Shriram Veritech Solutions Pvt. Ltd. Sera Com Pvt. Ltd. Manisha Commercial Pvt. Ltd Sarva Commercial Pvt. Ltd. Charat Ram Shriram Pvt. Ltd. Deepak C. Shriram & Sons HUF
Enterprise over which there is significant influence of Shri Luv D. Shriram and his relatives as above	Shabnam Commercial Pvt. Ltd.



## Notes forming part of the financial statements for the year ended March 31, 2015

### B. Related party transactions

Rs. million

Particulars	Key management personnel (KMP)		Relatives of KMP		Enterprises over which KMP has significant influence or control		Total	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
<b>(A) Transactions during the year</b>								
<b>Remuneration</b>								
Shri A.K.Taneja	29.77	29.90	-	-	-	-	29.77	29.90
Shri R. Srinivasan	22.97	22.46	-	-	-	-	22.97	22.46
Smt. Meenakshi Dass	1.48*	24.53	-	-	-	-	1.48	24.53
Shri Luv D Shriram	22.85	-	-	-	-	-	22.85	-
<b>Rent</b>								
Smt. Meenakshi Dass	0.02	0.24	-	-	-	-	0.02	0.24
Smt. Anita Taneja	-	-	0.24	0.24	-	-	0.24	0.24
Smt. Usha Srinivasan	-	-	0.24	0.24	-	-	0.24	0.24
Manisha Commercial Pvt. Ltd.	-	-	-	-	1.02	0.56	1.02	0.56
Deepak C. Shriram & Sons HUF	-	-	-	-	0.22	-	0.22	-
<b>Interest on deposits</b>								
Shri R. Srinivasan	0.81	1.34	-	-	-	-	0.81	1.34
Smt. Meenakshi Dass	1.18	1.19	-	-	-	-	1.18	1.19
Smt. Usha Srinivasan	-	-	0.16	0.28	-	-	0.16	0.28
Shri Deepak C. Shriram	-	-	-	0.30	-	-	-	0.30
Shri Kush D. Shriram	-	-	-	0.42	-	-	-	0.42
Smt. Santosh D. Shriram	-	-	0.003	0.12	-	-	0.003	0.12
Shri Arjun D. Shriram	-	-	0.04	0.16	-	-	0.04	0.16
Ms. Nandishi Shriram	-	-	-	0.29	-	-	-	0.29
Smt. Arati Shriram	-	-	0.22	0.11	-	-	0.22	0.11
Charat Ram Shriram Pvt. Ltd.	-	-	-	-	0.46	0.44	0.46	0.44
<b>Licence fee income reversed</b>								
Shriram Automotive Products Ltd.	-	-	-	-	-	0.002	-	0.002
<b>Directors sitting fees</b>								
Smt. Meenakshi Dass	0.30	-	-	-	-	-	0.30	-
Shri Luv D Shriram	-	0.12	-	-	-	-	-	0.12
<b>Dividend paid</b>								
Shri A.K. Taneja	0.0002	0.0002	-	-	-	-	0.0002	0.0002
Smt. Meenakshi Dass	16.02	22.88	-	-	-	-	16.02	22.88
Shri Luv D. Shriram	11.67	16.67	-	-	-	-	11.67	16.67
Smt. Usha Srinivasan	-	-	0.01	0.02	-	-	0.01	0.02
Shri Deepak C. Shriram	-	-	0.003	0.005	-	-	0.003	0.005
Sarva Commercial Pvt. Ltd.	-	-	-	-	3.72	5.31	3.72	5.31
Charat Ram Shriram Pvt. Ltd.	-	-	-	-	0.008	0.012	0.008	0.012
Manisha Commercial Pvt. Ltd.	-	-	-	-	2.33	3.32	2.33	3.32
Sera Com Pvt. Ltd.	-	-	-	-	3.31	4.73	3.31	4.73
Shabnam Commercial Pvt. Ltd.	-	-	-	-	0.36	0.51	0.36	0.51
<b>Deposits taken during the year</b>								
Shri R. Srinivasan	0.57	3.33	-	-	-	-	0.57	3.33
Smt. Meenakshi Dass	2.50	11.30	-	-	-	-	2.50	11.30
Charat Ram Shriram Pvt. Ltd.	-	-	-	-	-	4.20	-	4.20



## Notes forming part of the financial statements for the year ended March 31, 2015

### B. Related party transactions

Rs. million

Particulars	Key management personnel (KMP)		Relatives of KMP		Enterprises over which KMP has significant influence or control		Total	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
<b>Licence fee earned</b>								
Shriram Automotive Products Ltd.	-	-	-	-	0.01	0.01	0.01	0.01
<b>Purchase of material / stores</b>								
Shriram Veritech Solutions Pvt. Ltd.	-	-	-	-	5.28	7.08	5.28	7.08
<b>Purchase of components</b>								
Shriram Automotive Products Ltd.	-	-	-	-	275.22	225.43	275.22	225.43
Shriram Alpine Sales Pvt. Ltd.	-	-	-	-	18.43	17.04	18.43	17.04
<b>Interest Expense</b>								
Shriram Veritech Solutions Pvt. Ltd.	-	-	-	-	0.005	0.01	0.005	0.01
<b>Interest Income</b>								
Shriram Automotive Products Ltd.	-	-	-	-	-	0.02	-	0.02
<b>Share of expenses recovered</b>								
Shriram Automotive Products Ltd.	-	-	-	-	3.16	2.52	3.16	2.52
Shriram Alpine Sales Pvt. Ltd.	-	-	-	-	0.91	0.35	0.91	0.35
<b>(B) Balances due from/ to the related parties</b>								
<b>Deposits</b>								
Shri R. Srinivasan	3.90	10.21	-	-	-	-	3.90	10.21
Smt. Meenakshi Dass	11.30	11.30	-	-	-	-	11.30	11.30
Smt. Usha Srinivasan	-	-	-	2.05	-	-	-	2.05
Shri Kush D. Shriram	-	-	-	3.37	-	-	-	3.37
Smt. Santosh D. Shriram	-	-	-	0.50	-	-	-	0.50
Shri Arjun D. Shriram	-	-	-	1.00	-	-	-	1.00
Smt. Arati Shriram	-	-	2.00	2.00	-	-	2.00	2.00
Charat Ram Shriram Pvt. Ltd.	-	-	-	-	4.20	4.20	4.20	4.20
<b>Interest accrued but not due</b>								
Shri R. Srinivasan	0.80	2.67	-	-	-	-	0.80	2.67
<b>Amount payable</b>								
Shri A.K. Taneja	17.53	20.12	-	-	-	-	17.53	20.12
Shri R. Srinivasan	13.15	15.09	-	-	-	-	13.15	15.09
Smt. Meenakshi Dass	0.45	17.10	-	-	-	-	0.45	17.10
Shri. Luv D. Shriram	14.90	-	-	-	-	-	14.90	-
Manisha Commercial Pvt. Ltd.	-	-	-	-	0.08	0.07	0.08	0.07
Shriram Veritech Solutions Pvt. Ltd.	-	-	-	-	0.005	0.34	0.005	0.34
Shriram Alpine Sales Pvt. Ltd.	-	-	-	-	-	2.49	-	2.49
Shriram Automotive Products Ltd.	-	-	-	-	24.40	21.02	24.40	21.02
<b>Amount recoverable</b>								
Shriram Alpine Sales Pvt. Ltd.	-	-	-	-	0.03	-	0.03	-

Note : \* Includes Rs. 0.45 million payable as commission in the capacity of Non-executive director.



## Notes forming part of the financial statements for the year ended March 31, 2015

### 33. Sale of products

	As at March 31, 2015	As at March 31, 2014
	Rs. million	Rs. million
Pistons, Piston Pins, Piston Rings etc	10,655.65	10,226.76
Engine Valves	2,653.30	2,470.57
Scrap/Others	189.00	129.39
	<b>13,497.95</b>	<b>12,826.72</b>

Pistons/Piston Pins/Piston Rings/Cylinder liners/Conrod are sold as individual components as well as composite units. Hence, combined value has been shown.

### 34. Consumption of raw material and components

	Year ended March 31, 2015	Year ended March 31, 2014
	Rs. million	Rs. million
Aluminium /aluminium alloy	1,055.14	866.04
Silicon	185.27	147.99
RCP inserts	161.79	141.38
Pig iron	84.45	72.98
Steel bars/tubes	383.98	378.88
Steel wire	254.33	231.07
Valve steel	692.71	569.49
Others	1,161.09	903.26
	<b>3,978.76</b>	<b>3,311.09</b>

### 35. Value of imports (CIF basis)

	Year ended March 31, 2015	Year ended March 31, 2014
	Rs. million	Rs. million
Raw materials	813.76	701.13
Components	181.08	123.11
Stores & spares	215.54	198.55
Capital goods	44.17	221.83
	<b>1,254.55</b>	<b>1,244.62</b>



## Notes forming part of the financial statements for the year ended March 31, 2015

### 36. Consumption of raw materials, components, packing material and stores & spares

		Year ended March 31, 2015		Year ended March 31, 2014	
		Rs. million	%	Rs. million	%
Raw materials	- Imported	857.08	21.54	791.48	23.90
	- Indigenous	2,357.82	59.26	1,946.95	58.80
Components	- Imported	174.97	4.40	92.06	2.78
	- Indigenous	588.89	14.80	480.60	14.52
	<b>- Total :</b>	<b>3,978.76</b>	<b>100.00</b>	<b>3,311.09</b>	<b>100.00</b>
Packing material	- Imported	0.21	0.08	-	-
	- Indigenous	249.64	99.92	234.38	100.00
	<b>- Total :</b>	<b>249.85</b>	<b>100.00</b>	<b>234.38</b>	<b>100.00</b>
Stores & spares	- Imported	214.52	17.36	196.14	17.69
	- Indigenous	1,021.25	82.64	912.55	82.31
	<b>- Total :</b>	<b>1,235.77</b>	<b>100.00</b>	<b>1,108.69</b>	<b>100.00</b>

### 37. Foreign currency exposure

Details of outstanding foreign exchange exposure as at March 31, 2015 are as under:-

Currency	USD		JPY		EURO		GBP		(Figures in million) SGD	
	Foreign Currency	Indian Rupees	Foreign Currency	Indian Rupees	Foreign Currency	Indian Rupees	Foreign Currency	Indian Rupees	Foreign Currency	Indian Rupees
<b>Hedged Exposure</b>										
- Receivables	2.27 (0.75)	144.11 (51.82)	- (-)	- (-)	2.41 (0.25)	162.64 (23.09)	- (0.06)	- (6.70)	- (-)	- (-)
- Payables	0.89 (-)	55.63 (-)	294.06 (-)	153.38 (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
- Loans	44.70 (53.23)	2,294.03 (2,677.24)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	2.45 (4.42)	81.95 (147.51)
<b>Unhedged Exposure</b>										
- Receivables	1.89 (1.62)	118.33 (97.17)	3.64 (18.97)	1.90 (11.03)	1.52 (2.77)	102.32 (229.21)	0.18 (0.12)	16.54 (11.51)	- (-)	- (-)
- Payables	2.40 (0.24)	149.94 (14.26)	145.15 (356.61)	75.61 (207.23)	0.05 (0.33)	3.64 (26.94)	0.02 (0.0006)	1.86 (0.06)	- (-)	- (-)

Figures in the bracket indicate previous year figures



## Notes forming part of the financial statements for the year ended March 31, 2015

38. a) Information pursuant to clause 3 (vii) (b) of the Companies (Auditor's Report) order, 2015 in respect of disputed dues, not deposited as at March 31, 2015, pending with various authorities:

Name of the Statute	Nature of the Dues	Forum where dispute is pending	Period to which the amount relates (various years covering the period)	Amount* (Rs. in Million)
Income Tax Act, 1961	Income tax	Appellate authority up to Commissioners' level	2003-04, 2004-05, 2011-12 & 2012-13	7.99
Central Excise Act, 1944	Excise Duty	Appellate authority up to Commissioners' level	2010-11	0.32
		Custom, Excise & Service Tax Appellate Tribunal (CESTAT)	2007-08 and 2008-09	93.93
Finance Act, 1994	Service Tax	Custom, Excise & Service Tax Appellate Tribunal (CESTAT)	2000-01 to 2004-05	42.21
Central Sales Tax Act, 1956	Sales Tax	Appellate authority up to Commissioners' level	2006-07 to 2010-11, 2012-13 to 2014-15	2.52
		Appellate Tribunal	2005-06 to 2007-08	14.73
Sales Tax Laws	Sales Tax / Value Added Tax	Appellate authority up to Commissioners' level	2004-05 to 2012-13	44.95
		Appellate Tribunal	1995-96, 2003-04, 2005-06, 2007-08 to 2011-12	0.86

\* amount as per demand orders including interest and penalty wherever quantified in the order.

b) The following matters, which have been excluded from the table above, have been decided in favour of the Company but the department has preferred appeals at higher levels. The details are given below:

Name of the Statute	Nature of the Dues	Forum where dispute is pending	Period to which the amount relates (various years covering the period)	Amount* (Rs. in Million)
Income Tax Act, 1961	Income tax	Income Tax Appellate Tribunal	2003-04 & 2010-11	8.81

\* amount as per demand orders including interest and penalty wherever quantified in the order.



## Notes forming part of the financial statements for the year ended March 31, 2015

39. The Company has made provision for disputed/ pending litigation based on its assessment of the amount it estimates to incur to meet such obligations, details of which are given below:

Particulars	As at March 31, 2014 (Rs. Million)	Addition during the year (Rs. Million)	As at March 31, 2015 (Rs. Million)
Sales Tax	5.53	2.16	7.69
	(5.53)	(-)	(5.53)

### 40. Operating lease

The Company has entered into lease agreements both on cancellable and non - cancellable in nature.

	Year ended March 31, 2015	Year ended March 31, 2014
	Rs. million	Rs. million
The total of future minimum lease payments for remaining period of non- cancellable leases are as under:		
Not later than one year	5.19	5.12
Later than one year but not later than five years	9.08	10.77
Later than five years	-	-
	<b>14.27</b>	<b>15.89</b>

### 41. Expenditure in foreign currency

	Year ended March 31, 2015	Year ended March 31, 2014
	Rs. million	Rs. million
Royalty	252.88	238.81
Interest	223.31	268.38
Legal and professional	0.99	1.39
Others	106.55	153.24
	<b>583.73</b>	<b>661.82</b>





## Notes forming part of the financial statements for the year ended March 31, 2015

### 42. Equity dividend remittances in foreign currency (excluding dividend distribution tax)

	<u>Year ended March 31, 2015</u> Rs. million	<u>Year ended March 31, 2014</u> Rs. million
Year of which dividend paid	2013-14 (Final)	2012-13 (Final)
Number of non-resident shareholders	2	2
Number of equity shares held (million/no.)	9.17	9.17
Dividend (million/Rs.)	18.33	32.08
Year of which dividend paid	2014-15 (Interim)	2013-14 (Interim)
Number of non-resident shareholders	2	2
Number of equity shares held (million/no.)	9.17	9.17
Interim dividend (million/Rs.)	13.75	13.75

### 43. Earnings in foreign currency

	<u>Year ended March 31, 2015</u> Rs. million	<u>Year ended March 31, 2014</u> Rs. million
Exports (FOB)	2,156.01	2,201.47
Development cost recovered	0.26	25.72
	<u>2,156.27</u>	<u>2,227.19</u>

### 44. Segment reporting

As the Company's business activity falls within a single business segment viz "automotive components" and a single geographical segment, disclosure requirements of accounting standard - 17 specified under section 133 of Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014 are not applicable.



## Notes forming part of the financial statements for the year ended March 31, 2015

### 45. Micro, Small and Medium enterprises as defined under the MSMED Act

The status of vendors under Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 is based on certificate submitted by vendors about their coverage under the provisions of MSMED Act, 2006.

	Year ended March 31, 2015	Year ended March 31, 2014
	Rs. million	Rs. million
<b>Amount remaining unpaid to suppliers under MSMED as at the end of year</b>		
- Principal amount	39.12	30.12
- Interest due thereon	-	-
<b>Amount of payments made to suppliers beyond the appointed day during the year</b>		
- Principal amount	7.65	6.23
- Interest actually paid under section 16 of MSMED	0.02	0.06
Amount of interest due and payable for delay in payment (which has been paid but beyond the appointed day during the year) but without adding interest under MSMED	0.07	0.06
<b>Interest accrued and remaining unpaid at the end of the year</b>		
- Interest accrued during the year	0.07	0.06
- Interest remaining unpaid as at the end of the year	0.13	0.08
Interest remaining disallowable as deductible expenditure under the Income-tax Act, 1961	0.07	0.06

### 46. Contingent liabilities

	As at March 31, 2015	As at March 31, 2014
	Rs. million	Rs. million
i) Disputed		
- Excise duty	94.25	88.68
- Sales tax	62.49	50.18
- Service tax	42.21	40.20
- Income tax	1.43	1.43

All the above matters are subject to legal proceedings in the ordinary course of business. In the opinion of the management, the legal proceedings, when ultimately concluded, will not have a material effect on operations or the financial position of the Company.

ii) Bank guarantees	25.00	25.00
iii) Bills discounted from banks	10.31	23.41
iv) Claims not acknowledged as debts	37.77	26.69

v) Company has given guarantee for repayment of loan liabilities for vehicles purchased by its employees/vendors/customers from entity other than a bank or financial institution. Outstanding loan amount payable by employees/vendors/customers as at March 31, 2015 is NIL (Previous Year Rs. 1.18 million) and there is no default till date.



## Notes forming part of the financial statements for the year ended March 31, 2015

### 47. Commitments

	<u>As at March 31, 2015</u>	<u>As at March 31, 2014</u>
	Rs. million	Rs. million
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	219.93	143.13

Outstanding export obligation to be fulfilled over a period of maximum upto 5 years under the EPCG scheme against import of some machines is Rs. 4656.43 Millions (previous year Rs. 5626.81 Millions). Customs duty saved against outstanding export obligations is Rs. 181.90 million (previous year Rs. 272.54 million)

The Company has other commitments, for purchase / sales orders which are issued after considering requirements as per operating cycle for purchase / sale of goods, employee benefits including union agreements in normal course of business. The Company does not have any other long term commitments or material non-cancellable contractual commitments, which may have a material impact on the financial statements.

### 48. Change in accounting policy

In line with the provisions of the Companies Act 2013, during the year, the Company has changed accounting policy on depreciation on revalued assets. Hitherto, additional charge on depreciation arising due to revaluation was transferred from revaluation reserve to statement of profit and loss. Now, the additional charge of depreciation on revalued assets is charged directly in the statement of Profit and Loss and the revalued amount of the asset is transferred from revaluation reserve to general reserve on retirement of such asset.

Consequent to change in accounting policy, the depreciation expense in the Statement of Profit and Loss for the year is higher by Rs. 8.23 million.

49. The Company does not have any long term contracts including derivative contracts for which there are any material foreseeable losses.

50. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund (IEPF) by the Company during the year.

51. Previous year figures have been re-grouped / reclassified, wherever necessary to confirm to current year's classification. Figures in brackets denote previous year figures.

**For and on behalf of the Board of Directors**

**Pradeep Dinodia**  
Chairman

**O.P. Khaitan**  
Director

**A.K. Taneja**  
Managing Director & CEO

**R. Srinivasan**  
Jt. Managing Director & Company Secretary

Place : New Delhi  
Date : May 16, 2015

**Vinod Raheja**  
Dy. Executive Director & CFO

**Luv D. Shriram**  
Whole - Time Director



## Independent Auditor's Report

### TO THE MEMBERS OF SHRIRAM PISTONS & RINGS LIMITED

#### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of SHRIRAM PISTONS & RINGS LIMITED (here in after referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (here in after referred to as "the consolidated financial statements").

#### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (here in after referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken in to account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2015, and their consolidated profit and their consolidated cash flows for the year ended on that date.

#### Other Matters

We did not audit the financial statements of subsidiary viz., SPR International Auto Exports Limited, whose financial statements reflect total assets of Rs. 0.46 million as at March 31, 2015, total revenues of Rs. 0.04 million and net cash flows amounting to Rs. 0.02 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of sub-section (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary, is based solely on the reports of other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the management.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of Sub-section (11) of Section 143 of the Act, based on the comments in the auditor's reports of the Holding company and subsidiary incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.



2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 37 and 41 (i) to the consolidated financial statements;
    - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses – Refer Note 44 to the consolidated financial statements.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India – Refer Note 45 to the consolidated financial statements.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm's Registration No. 015125N)

Vijay Agarwal  
(Partner)  
(Membership No. 094468)

Place : Gurgaon  
Date : May 16, 2015



## **ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS**

**(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

Our reporting on the Order includes one subsidiary company incorporated in India, to which the Order is applicable, which has been audited by other auditors and our report in respect of the subsidiary is based solely on the reports of the other auditor, to the extent considered applicable for reporting under the Order in the case of the consolidated financial statements.

- (i) In respect of fixed assets of the Holding Company:
- (a) The Holding Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The fixed assets were physically verified during the year by the Management of the Holding Company in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- In opinion of the other auditors, clause (i) is not applicable on the subsidiary company.
- (ii) In respect of inventories of the Holding Company:
- (a) As explained to us, the inventories were physically verified during the year by the Management of Holding Company at reasonable intervals other than for goods in transit for which subsequent receipts have been verified in most of the cases.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management of Holding Company were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Holding Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- In opinion of the other auditors, clause (ii) is not applicable on the subsidiary company.
- (iii) The Holding Company and subsidiary company incorporated in India have not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013 by the respective entities.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system in the Holding Company, commensurate with the size of the Company and the nature of its business for purchases of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any major weakness in such internal control system.
- In opinion of the other auditors, clause (iv) is not applicable on the subsidiary company.
- (v) In our opinion and according to the information and explanations given to us, the Holding Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regard to the deposits accepted. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.
- In opinion of the other auditors, clause (v) is not applicable on the subsidiary company.
- (vi) According to the information and explanations given to us, Pursuant to the Companies (Cost Records and Audit) Rules, 2014, vide notification dated June 30, 2014, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the business activities of the Holding Company.
- In opinion of the other auditors, clause (vi) is not applicable on the subsidiary company.
- (vii) According to the information and explanations given to us, in respect of statutory dues of the Holding Company and subsidiary company incorporated in India:
- (a) The respective entities have been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to the respective entities with the appropriate authorities.



## ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (b) There were no undisputed amounts payable by the respective entities in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.
- (c) There are no dues of wealth tax, customs duty and Cess which have not been deposited as at March 31, 2015 on account of disputes by the Holding Company. Details of dues of Income-tax, Sales Tax, Service Tax, Excise Duty and Value Added Tax which have not been deposited as on March 31, 2015 on account of disputes by the Holding Company are given below:

Nature of Dues	Forum where Dispute is pending	Amount Involved* (Rs. in million)
Income tax	Appellate authority upto Commissioners' level	7.99
Excise Duty	Appellate authority upto Commissioners' level	0.32
	Custom, Excise & Service Tax Appellate Tribunal (CESTAT)	93.93
Service Tax	Custom, Excise & Service Tax Appellate Tribunal (CESTAT)	42.21
Sales Tax	Appellate authority upto Commissioners' level	2.52
	Appellate Tribunal	14.73
Sales Tax / Value Added Tax	Appellate authority upto Commissioners' level	44.95
	Appellate Tribunal	0.86

\*amount as per demand orders including interest and penalty wherever quantified in the order.

The following matters, which have been excluded from the table above, have been decided in favour of the Holding Company but the department has preferred appeals at higher levels. The details are given below:

Nature of Dues	Forum where Dispute is pending	Amount Involved* (Rs. in million)
Income tax	Income Tax Appellate Tribunal	8.81

\*amount as per demand orders including interest and penalty wherever quantified in the order.

There are no dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Cess which have not been deposited as at March 31, 2015 on account of disputes by the subsidiary company.

- (d) The aforesaid entities have been regular in transferring amounts to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder within time.



## **ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS**

**(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

- (viii) The Group does not have consolidated accumulated losses at the end of the financial year and the Group has not incurred cash losses on a consolidated basis during the financial year covered by our audit and in the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanations given to us, the Holding Company has not defaulted in the repayment of dues to financial institutions and banks. The Holding Company has not issued any debentures.  
In opinion of the other auditors, clause (ix) is not applicable on the subsidiary company.
- (x) According to the information and explanations given to us, the Holding Company and subsidiary company incorporated in India have not given guarantees for loans taken by others from banks and financial institutions.
- (xi) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Holding Company during the year for the purposes for which they were obtained.  
In opinion of the other auditors, clause (xi) is not applicable on the subsidiary company.
- (xii) To the best of our knowledge and according to the information and explanations given to us and the other auditors, no fraud by the Holding Company and its subsidiary company incorporated in India and no material fraud on the Holding Company and its subsidiary company incorporated in India has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm's Registration No. 015125N)

Vijay Agarwal  
(Partner)  
(Membership No. 094468)

**Place :** Gurgaon  
**Date :** May 16, 2015





## Consolidated Balance Sheet as at March 31, 2015

(Rupees in million)

	Note No.	As at March 31, 2015	As at March 31, 2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	223.75	223.75
Reserves and surplus	4	5,848.30	5,375.55
		<u>6,072.05</u>	<u>5,599.30</u>
<b>Non-current liabilities</b>			
Long term borrowings	5	1,964.64	2,798.13
Deferred tax liabilities (net)	6	384.30	422.65
Other long term liabilities	7	11.46	10.71
Long term provisions	8	317.18	239.20
		<u>2,677.58</u>	<u>3,470.69</u>
<b>Current liabilities</b>			
Short term borrowings	9	217.62	222.02
Trade payables	10	1,420.24	1,343.80
Other current liabilities	11	1,394.04	1,201.61
Short term provisions	8	107.90	98.49
		<u>3,139.80</u>	<u>2,865.92</u>
		<b>TOTAL</b>	<b>TOTAL</b>
		<u><b>11,889.43</b></u>	<u><b>11,935.91</b></u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
- Tangible assets	12	6,658.32	7,110.89
- Intangible assets	13	8.84	15.25
- Capital work-in-progress		40.36	91.92
Long term loans and advances	14	183.40	170.72
Other non current assets	15	83.95	92.53
		<u>6,974.87</u>	<u>7,481.31</u>
<b>Current assets</b>			
Inventories	16	2,156.07	1,777.03
Trade receivables	17	2,163.98	1,805.27
Cash and cash equivalents	18	290.71	519.40
Short-term loans and advances	14	184.44	266.13
Other current assets	15	119.36	86.77
		<u>4,914.56</u>	<u>4,454.60</u>
		<b>TOTAL</b>	<b>TOTAL</b>
		<u><b>11,889.43</b></u>	<u><b>11,935.91</b></u>

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

**Vijay Agarwal**  
Partner

Place : New Delhi  
Date : May 16, 2015

**Vinod Raheja**  
Dy. Executive Director & CFO

For and on behalf of the Board of Directors

**Pradeep Dinodia**  
Chairman

**O.P. Khaitan**  
Director

**A.K. Taneja**  
Managing Director & CEO

**R. Srinivasan**  
Jt. Managing Director & Company Secretary

**Luv D. Shriram**  
Whole - Time Director



## Consolidated Statement of Profit and Loss for the year ended March 31, 2015

(Rupees in million)

	Note No.	For the Year ended March 31, 2015	For the Year ended March 31, 2014
<b>Revenue</b>			
Gross Revenue from operations	19	13,603.97	12,925.88
Less : Excise duty		(1,160.20)	(1,228.76)
Net Revenue from operations		12,443.77	11,697.12
Other income	20	172.13	95.57
<b>Total revenue</b>		<b>12,615.90</b>	<b>11,792.69</b>
<b>Expenses</b>			
Cost of material consumed	21	4,228.61	3,545.47
(Increase) / Decrease in inventories of finished goods and work-in-progress	22	(215.17)	(19.73)
Employee benefit expenses	23	2,359.21	2,119.91
Finance costs	24	320.42	376.65
Depreciation and amortisation expense	25	960.42	1,005.63
Other expenses	26	4,169.80	3,758.84
<b>Total expenses</b>		<b>11,823.29</b>	<b>10,786.77</b>
<b>Profit before tax</b>		<b>792.61</b>	<b>1,005.92</b>
<b>Tax expense:</b>			
i) Current tax			
- Current tax expenses		254.43	279.77
- Short / (Excess) provision for tax relating to prior year		-	(2.63)
ii) Deferred tax			
- Current year		(38.34)	13.64
- Short / (Excess) relating to prior year		3.34	18.59
		<b>219.43</b>	<b>309.37</b>
<b>Profit for the year</b>		<b>573.18</b>	<b>696.55</b>
<b>Earnings per share ( of Rs. 10/- each)</b>			
Basic	28	25.62	31.13
Diluted		25.62	31.13

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

**Vijay Agarwal**  
Partner

Place : New Delhi  
Date : May 16, 2015

**Vinod Raheja**  
Dy. Executive Director & CFO

For and on behalf of the Board of Directors

**Pradeep Dinodia**  
Chairman

**O.P. Khaitan**  
Director

**A.K. Taneja**  
Managing Director & CEO

**R. Srinivasan**  
Jt. Managing Director & Company Secretary

**Luv D. Shriram**  
Whole - Time Director



## Consolidated Cash flow statement for the year ended March 31, 2015

(Rupees in million)

	Year ended March 31, 2015	Year ended March 31, 2014
<b>A. Cash flow from Operating Activities</b>		
Profit before tax	792.61	1,005.92
<b>Adjustments for :</b>		
Depreciation/amortisation	960.42	1,005.63
Finance costs	320.42	376.65
Bad debts/advances written off	3.48	2.66
Provision for doubtful debts (net)	13.74	3.01
Interest income	(52.69)	(59.60)
Unrealised exchange rate variation (net)	0.91	(3.27)
Loss on sale / retirement of fixed assets (* Rs. 502/-)	(0.00)*	0.41
<b>Operating profit before working capital changes</b>	<b>2,038.89</b>	<b>2,331.41</b>
<b>Changes in Working Capital:</b>		
<b>Adjustments for (increase) / decrease in operating assets</b>		
Inventories	(379.04)	(71.25)
Trade receivables	(374.14)	(251.64)
Loans and advances (short and long term)	54.21	(8.63)
Other assets (current and non current)	(28.23)	(10.46)
<b>Adjustments for increase / (decrease) in operating liabilities</b>		
Trade payables	76.43	128.44
Other liabilities (current and non-current)	122.49	(19.25)
Provisions (short and long term)	33.54	11.67
<b>Cash Generated from operations</b>	<b>1,544.15</b>	<b>2,110.29</b>
Income tax paid	(249.42)	(313.73)
<b>Net cash from operating activities</b>	<b>(A) 1,294.73</b>	<b>1,796.56</b>
<b>B. Cash Flow from Investing Activities</b>		
Interest received	42.19	38.14
Sale of tangible assets	12.64	8.70
Purchase of tangible assets	(456.28)	(697.87)
Purchase of intangible assets	(7.19)	(9.19)
Increase/(Decrease) in margin money with banks	(5.50)	16.47
Increase / (Decrease) in Deposits with maturity more than 3 months but less than 12 months	(32.94)	(3.97)
<b>Net cash (used) in investing activities</b>	<b>(B) (447.08)</b>	<b>(647.72)</b>
<b>C. Cash Flow from Financing Activities</b>		
Interest paid	(316.28)	(371.12)
Dividend paid	(92.63)	(130.89)
Proceeds from long term borrowings	-	324.60
Repayment of long term borrowings	(681.23)	(655.43)
Net proceeds / (repayment ) of short term loans from banks	3.32	(224.96)
Proceeds from deposits	96.36	176.29
Payment of deposits	(124.45)	(126.03)
<b>Net cash from/(used) in financing activities</b>	<b>(C) (1,114.91)</b>	<b>(1,007.54)</b>
<b>Net Increase/(Decrease) in cash and cash equivalents</b>	<b>(A+B+C) (267.26)</b>	<b>141.30</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>450.83</b>	<b>309.53</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>183.57</b>	<b>450.83</b>
<b>Components of cash and cash equivalents</b>		
Cash in hand	1.59	0.92
Cheques, drafts in hand (* Rs. 1000/-)	-	0.00*
Balances with banks		
- current accounts	51.98	40.01
- deposits with original maturity of less than three months	130.00	409.90
	<b>183.57</b>	<b>450.83</b>

**Note:** The Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard - 3 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

In terms of our report attached

**For and on behalf of the Board of Directors**

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Pradeep Dinodia**  
Chairman

**O.P. Khaitan**  
Director

**Vijay Agarwal**  
Partner

**A.K. Taneja**  
Managing Director & CEO

**R. Srinivasan**  
Jt. Managing Director & Company Secretary

**Place :** New Delhi  
**Date :** May 16, 2015

**Vinod Raheja**  
Dy. Executive Director & CFO

**Luv D. Shriram**  
Whole - Time Director



# Notes forming part of the consolidated financial statements for the year ended March 31, 2015

## 1. Principal of consolidation

The consolidated financial statements include the financial statements of Shriram Pistons & Rings Ltd. ("the Company"), the parent Company and its subsidiary, SPR International Auto Exports Ltd, incorporated in India, in which the Parent Company holds 100% of its share capital (collectively referred to as "the Group").

The financial statements of the Company and its subsidiary companies have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profit or losses.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

## 2. Significant accounting policies

### 2.1 Basis of accounting and preparation of consolidated financial statements

The consolidated financial statements of the Company and its subsidiary (together the 'Group') have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with Accounting Standards specified under Section 133 of the Companies Act, 2013 ("the Act"), read with rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The consolidated financial statements have been prepared on accrual basis under the historical cost convention except for categories of fixed assets acquired before April 01, 2014, that are carried at revalued amounts. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the previous year other than depreciation policy for revalued assets.

### 2.2 Use of estimates

The preparation of the consolidated financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities and disclosures relating to contingent liabilities as at the date of the consolidated financial statements and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the consolidated financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

### 2.3 Revenue recognition

Revenue from sale of goods is recognised when significant risks and rewards in respect of ownership of the goods are transferred to the customer and is stated inclusive of excise duty and net of trade discounts, sales return and sales tax / VAT, wherever applicable.

Other revenues are recognised on accrual basis, except where there are uncertainties in realisation / determination of income and in such case income is recognised on realisation / certainty.

### 2.4 Fixed assets

Fixed assets are stated at their original cost (net of cenvat availed) including taxes and other incidental expenses related to acquisition, installation and borrowing cost on loan taken for the acquisition of qualifying assets upto the date the assets are ready for their intended use. Wherever assets are revalued, cost is adjusted by the amount added on revaluation based on Government approved valuer's report and disclosed separately as required under the Act.

Capital work-in-progress represents expenditure incurred in respect of capital projects under development and are carried at cost. Cost includes related acquisition expenses, development/ construction costs, borrowing costs and other direct expenditure.

### 2.5 Depreciation and amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

The Group is following written down value method in case of Furniture, fixtures and office equipments and straight line method in respect of other assets.

Depreciation on tangible fixed assets has been provided as per the useful life prescribed in Schedule II to the Act except in respect of the following categories of assets, in whose case the life of the assets has been assessed based on technical advice, taking into account the nature, the estimated usage, operating conditions of the asset, past history of replacement, anticipated technological changes and maintenance practices etc.

Plant and machinery

- General	- twenty years
- Electric Installation / Equipment	- fifteen years
- Dies	- three years
RCC Road	- twenty years
Bore well	- fifteen years
Vehicle	- five years
Furniture & Fixture / Office Equipment	- five years



## Notes forming part of the consolidated financial statements for the year ended March 31, 2015

Intangible assets are amortised on straight-line method over their estimated useful life as follows:-

Computer software	- three years
Product design and development	- three years

Lease money paid for leasehold land is amortised on straight line basis over the lease period

Assets costing upto Rs. 5,000 are fully depreciated in the year of acquisition.

### 2.6 Investments

Long term investments are stated at cost. Any diminution in the value of Long term Investments, other than temporary, is provided for in the books of account. Current investments are stated at lower of the cost or fair value.

### 2.7 Inventories

Inventories are valued on the following basis :

- i) Raw materials and components - at lower of cost determined on weighted average basis or net realisable value.
- ii) Stock in process – at lower of cost or net realisable value.
- iii) Finished goods stock - at lower of cost including excise duty or net realisable value.

Cost of finished goods and stock-in-process includes cost of materials, labour and appropriate proportion of overheads.

### 2.8 Foreign currency transactions and translations

- i) Transactions in foreign currency are recorded on initial recognition at the exchange rate prevailing on or closely approximating to the date of transaction.
- ii) Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Group are recognised as income or expense in the consolidated Statement of Profit and Loss. Non-monetary items are carried at historical cost. The exchange differences arising on settlement / restatement of long-term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets. If such monetary items do not relate to acquisition of depreciable fixed assets, the exchange difference is amortised over the maturity period / upto the date of settlement of such monetary items, whichever is earlier and the unamortised exchange difference is carried in the Balance Sheet as "Foreign currency monetary item translation difference account".
- iii) The Group uses foreign exchange forward contracts to hedge its exposure to movements in foreign exchange rates. The premium or discount arising at the inception of such forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the consolidated statement of profit and loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognized as income or as expense in the period in which same is cancelled or rolled over.
- iv) Forward exchange contracts entered to hedge the foreign currency risk of highly probable forecast transactions and firm commitments are marked to market at the balance sheet date. Exchange loss on marked to market basis is recognised in the consolidated statement of profit and loss; however, any gain is ignored.
- v) The Group enters into derivative contracts in the nature of foreign currency swaps, currency options with an intention to hedge its existing assets and liabilities. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated in (i) and (ii) above .

### 2.9 Employee benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences and long service awards.

Contribution towards Provident Fund and Superannuation fund is paid as per the statutory provisions/Group scheme. These benefits are charged to the consolidated Statement of Profit and Loss of the year when they become due. For the PF trust administered by the trustees, the Group is liable to meet the shortfall, if any, in payment of interest at the rates declared by Central Government and such liability is recognised in the year of shortfall.

Employee benefits in the form of gratuity and compensated absences are considered as defined benefit plans. The liability is determined using projected unit credit method, with actuarial valuation being carried out at each balance sheet date. Actuarial gains and losses are recognised in the consolidated statement of profit and loss in the period in which they arise.

Leave availment / encashment benefit is provided as per Group scheme. Employees are entitled to accumulate leaves subject to certain limits as per Group scheme. The liability for unutilised leave at the year end is determined through actuarial valuation using projected unit credit method.

Employee benefits in the form of long service awards is provided as per Group scheme. The liability is determined through actuarial valuation using projected unit credit method.



## Notes forming part of the consolidated financial statements for the year ended March 31, 2015

### 2.10 Research and development

Revenue expenditure on research and development, inclusive of dies for model development, is charged as expense in the year in which incurred. Capital expenditure is included in fixed assets.

### 2.11 Leases

Lease rentals in respect of assets taken on operating lease are charged to the consolidated Statement of Profit and Loss on a straight-line basis over the term of lease.

Assets acquired on finance lease which transfer risk and rewards of ownership to the Group are capitalised as assets by the Group at the lower of fair value of the leased property or the present value of the related lease payments and a liability is created for an equal amount. Amortisation of capitalised leased assets is computed in accordance with the policy followed by the Group for owned assets. Lease rental payable is apportioned between principal and finance charge using the internal rate of return method. The finance charge is allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of liability.

### 2.12 Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Group will pay normal income tax. Accordingly, MAT is recognized as an asset in the consolidated Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Group.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Group has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the consolidated Statement of Profit and Loss.

### 2.13 Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are considered as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the consolidated Statement of Profit and Loss as and when incurred.

### 2.14 Earnings per share

Basic earnings per share is calculated by dividing net profit or loss for the year attributable to equity shareholders by weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue, share split and any new equity issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

### 2.15 Impairment of assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the consolidated Statement of Profit and Loss, except in case of revalued assets.

### 2.16 Contingent liabilities and provisions

The Group recognizes a provision when there is a present obligation as a result of past events and it is probable that an outflow of resources would be required to settle the obligation and a reliable estimate can be made.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources.

When there is a possible obligation or a present obligation in respect of which the likelihood on outflow of resources is remote, no provision or disclosure is made.



## Notes forming part of the consolidated financial statements for the year ended March 31, 2015

	As at March 31, 2015	As at March 31, 2014
	Rs. million	Rs. million
<b>3. Share capital</b>		
<b>Authorised Shares</b>		
50,000,000 (previous year 50,000,000) equity shares of Rs. 10 each	500.00	500.00
3,000,000 (previous year 3,000,000) preference shares of Rs. 100 each	300.00	300.00
	<b>800.00</b>	<b>800.00</b>
<b>Issued, subscribed and fully paid up shares</b>		
22,374,912 (previous year 22,374,912) equity shares of Rs. 10 each	223.75	223.75
	<b>223.75</b>	<b>223.75</b>

### a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

	March 31, 2015		March 31, 2014	
	No. in million	Rs. million	No. in million	Rs. million
At the beginning of the year	22.37	223.75	22.37	223.75
<b>Balance at the end of the year</b>	<b>22.37</b>	<b>223.75</b>	<b>22.37</b>	<b>223.75</b>

### b. Terms/rights attached to equity shares

The Parent Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity share is entitled to dividend and one vote per share.

### c. Details of shareholders holding more than 5% shares in the Parent Company

	March 31, 2015		March 31, 2014	
	No. in million	% shareholding	No. in million	% shareholding
<u>Equity shares of Rs. 10 each fully paid</u>				
Riken Corporation	4.69	20.97	4.69	20.97
KS Kolbenschmidt GmbH	4.47	20.00	4.47	20.00
Luv D. Shriram and Meenakshi Dass*	3.33	14.90	3.33	14.90
Meenakshi Dass and Luv D. Shriram *	3.33	14.90	3.33	14.90
National Insurance Company Limited	1.43	6.38	1.43	6.38
Meenakshi Dass	1.24	5.54	1.24	5.54

\* Shares held on behalf of Deepak Shriram Family Benefit Trust.



## Notes forming part of the consolidated financial statements for the year ended March 31, 2015

### 4. Reserves and surplus

	As at March 31, 2015	As at March 31, 2014
	Rs. million	Rs. million
<b>Preference share redemption reserve</b>	<b>100.00</b>	<b>100.00</b>
<b>Revaluation reserve</b>		
Balance at the beginning of the year	99.06	109.10
Less: amount transferred to the consolidated Statement of Profit and Loss as reduction from depreciation (refer note 25)	-	8.02
Less: amount transferred to general reserve on account of sale/write off of revalued assets	0.54	2.03
Balance at the end of the year	<b>98.52</b>	<b>99.05</b>
<b>General reserve</b>		
Balance at the beginning of the year	4,876.48	4,271.57
Add: amount transferred from surplus in the consolidated Statement of Profit and Loss	472.72	604.91
Add: amount transferred from revaluation reserve on account of sale/write off of revalued assets	0.54	-
Balance at the end of the year	<b>5,349.74</b>	<b>4,876.48</b>
<b>Surplus in Consolidated Statement of Profit and Loss</b>		
Balance as per last consolidated financial statements	300.02	300.00
Profit for the year	573.18	696.55
<b>Less: Appropriations</b>		
Depreciation charged on transition to Schedule II of the Companies Act, 2013 (Net of deferred tax of Rs. 3.34 million)	6.30	-
Dividend on equity shares for the year		
- Interim	33.56	33.56
- Final (proposed)	44.75	44.75
Dividend distribution tax	15.83	13.31
Transfer to general reserves	472.72	604.91
Total appropriations	<b>573.16</b>	<b>696.53</b>
Balance at the end of the year	<b>300.04</b>	<b>300.02</b>
	<b>5,848.30</b>	<b>5,375.55</b>

During the year ended March 31, 2015, the dividend (including interim) of Rs. 3.50 per share (previous year: Rs. 3.50 per share) recognised as distribution to equity shareholders amounting to Rs. 94.14 million including dividend distribution tax (previous year Rs. 91.62 million). The final dividend for the year ended March 31, 2015, of Rs. 53.86 million including dividend distribution tax proposed by the Board of Directors is subject to the approval by the shareholders in the ensuing Annual General Meeting.





## Notes forming part of the consolidated financial statements for the year ended March 31, 2015

### 5. Long-Term Borrowings

	As at March 31, 2015		As at March 31, 2014	
	Long term Rs. million	Current maturities Rs. million	Long term Rs. million	Current maturities Rs. million
<b>Secured</b>				
Term Loans				
- from banks	1,760.22	725.80	2,486.02	681.23
<b>Unsecured</b>				
<b>Other loan and advances</b>				
Deposits	191.82	183.34	291.91	92.39
Deposits from related parties (refer note 31)	12.60	8.80	20.20	12.43
	1,964.64	917.94	2,798.13	786.05
Less : Amounts disclosed as other current liabilities (refer note 11)	-	(917.94)	-	(786.05)
	<b>1,964.64</b>	<b>-</b>	<b>2,798.13</b>	<b>-</b>

(i) Term loans from banks of Rs. 1828.69 million (previous year: Rs. 2280.24 million) are secured by way of first pari passu charge and mortgage on all present and future immovable assets and hypothecation of all movable assets of the Parent Company, present and future subject to prior charge created and/or to be created in favour of the Parent Company's working capital bankers on the Parent Company's stocks and book debts.

Amount outstanding		Repayment period from origination (years)	Installments outstanding	
As at March 31, 2015 (Rs. million)	As at March 31, 2014 (Rs. million)		As at March 31, 2015	
			No.	Periodicity
-	22.50	5	-	Quarterly
92.72	166.90	5.5	5	Quarterly
307.84	430.98	6	10	Quarterly
240.00	320.00	6	12	Quarterly
338.76	474.26	5	10	Quarterly
849.37	865.60	7	19	Quarterly
<b>1,828.69</b>	<b>2,280.24</b>			

(ii) Term loans from banks of Rs. 657.33 million (previous year: Rs. 887.01 million) are secured by way of first pari passu charge and mortgage on all present and future immovable assets and hypothecation of all movable fixed assets of the Parent Company, present and future.

Amount outstanding		Repayment period from origination (years)	Installments outstanding	
As at March 31, 2015 (Rs. million)	As at March 31, 2014 (Rs. million)		As at March 31, 2015	
			No.	Periodicity
81.95	147.51	6	5	Quarterly
367.13	500.63	6	13	Quarterly
208.25	238.87	7	15	Quarterly
<b>657.33</b>	<b>887.01</b>			



## Notes forming part of the consolidated financial statements for the year ended March 31, 2015

(iii) The long term deposits have been raised under section 58A of the Companies Act, 1956 and Section 73 to 76 of the Companies Act, 2013 for maturity period of 2 and 3 years.

Amount outstanding		Repayment period from origination (years)
As at March 31, 2015 (Rs. million)	As at March 31, 2014 (Rs. million)	
36.33	52.94	2
360.23	363.99	3
<b>396.56</b>	<b>416.93</b>	

(iv) The Interest rate on term loans at point (i) and (ii) above ranges from 7.05% p.a. to 10.50% p.a. and on "deposits" at point (iii) from 8.50% p.a. to 11.00% p.a.

### 6. Deferred tax liability (net)

	As at March 31, 2015 Rs. million	As at March 31, 2014 Rs. million
<b>Deferred tax liability</b>		
Impact of difference between tax depreciation and depreciation/ amortisation charged in books	532.36	548.72
<b>Deferred tax assets</b>		
Expenses deductible on payment basis	135.94	118.83
Provision for doubtful debts/advances	12.12	7.24
	<u>148.06</u>	<u>126.07</u>
<b>Net deferred tax liability</b>	<b>384.30</b>	<b>422.65</b>

### 7. Other long term liabilities

	As at March 31, 2015 Rs. million	As at March 31, 2014 Rs. million
Security deposits	11.46	10.71
	<u>11.46</u>	<u>10.71</u>

The security deposits have been received by the Parent Company from customers/vendors in the normal course of business.

### 8. Provisions

	As at March 31, 2015		As at March 31, 2014	
	Long term Rs. million	Short term Rs. million	Long term Rs. million	Short term Rs. million
Provision for employee benefits	317.18	54.04	239.20	46.12
Income Tax	-	-	-	0.01
Proposed dividend	-	44.75	-	44.75
Tax on dividend	-	9.11	-	7.61
	<u>317.18</u>	<u>107.90</u>	<u>239.20</u>	<u>98.49</u>



## Notes forming part of the consolidated financial statements for the year ended March 31, 2015

### 9. Short term borrowings

	As at March 31, 2015	As at March 31, 2014
	Rs. million	Rs. million
<b>Secured</b>		
Working capital loans repayable on demand from banks	214.52	211.20
<b>Unsecured</b>		
Deposits	3.10	10.82
	<b>217.62</b>	<b>222.02</b>

Working capital loans are secured by way of first pari passu charge on stocks and book debts of the Parent Company and second pari passu charge on all fixed assets of the Parent Company, present and future.

### 10. Trade payables

	As at March 31, 2015	As at March 31, 2014
	Rs. million	Rs. million
- Outstanding dues to Micro and Small enterprises (refer note 40)	39.12	30.12
- Outstanding dues to parties other than Micro and Small enterprises	1,381.12	1,313.68
	<b>1,420.24</b>	<b>1,343.80</b>

Trade payable includes Rs. 28.47 million (previous year: Rs. 26.66 million ) due to related parties (refer note 31)

### 11. Other current liabilities

	As at March 31, 2015	As at March 31, 2014
	Rs. million	Rs. million
Current maturities of long term debt (refer note 5)	917.94	786.05
Interest accrued but not due on borrowings	74.92	70.78
Investor education and protection fund*		
- Unclaimed dividends	0.45	0.43
- Unclaimed matured deposits and interest accrued thereon	2.31	2.98
Advances from customers	54.00	40.65
Other payables		
- Statutory dues	196.21	174.33
- Capital creditors	87.41	71.20
- Security deposit	44.53	43.22
- Others	16.27	11.97
	<b>1,394.04</b>	<b>1,201.61</b>

\* not due for deposit



## Notes forming part of the consolidated financial statements for the year ended March 31, 2015

### 12. Tangible assets

Rs. Million

Particulars	Gross Block				Accumulated Depreciation / Amortisation					Written down value		
	Original cost as at April 1, 2014	Additions for the year	Adjustments for borrowing costs	Deductions for the year	Original cost as at March 31, 2015	As at April 1, 2014	For the year	Transition adjustment against Surplus balance in consolidated Statement of Profit and Loss	Deductions for the year	As at March 31, 2015	As at March 31, 2015	As at March 31, 2014
Land - leasehold	337.05	-	-	-	337.05	28.64	3.45	-	-	32.09	304.96	308.41
Buildings	1,507.25	10.96	-	-	1,518.21	246.84	49.89	1.17	-	297.90	1,220.31	1,260.41
Plant and equipment	10,587.57	387.11	-	32.54	10,942.14	5,235.99	792.69	8.47	28.64	6,008.51	4,933.63	5,351.58
Furniture & fixtures	107.59	10.58	-	4.02	114.15	86.73	13.54	-	3.18	97.09	17.06	20.86
Vehicles	143.66	46.77	-	23.10	167.33	72.69	24.37	-	18.63	78.43	88.90	70.97
Office equipment	274.63	33.17	-	13.58	294.22	217.96	37.89	-	11.84	244.01	50.21	56.67
Dies	177.85	26.84	-	10.50	194.19	135.86	24.99	-	9.91	150.94	43.25	41.99
<b>Total</b>	<b>13,135.60</b>	<b>515.43</b>	<b>-</b>	<b>83.74</b>	<b>13,567.29</b>	<b>6,024.71</b>	<b>946.82</b>	<b>9.64</b>	<b>72.20</b>	<b>6,908.97</b>	<b>6,658.32</b>	<b>7,110.89</b>

Particulars	Gross Block				Accumulated Depreciation / Amortisation					Written down value		
	Original cost as at April 1, 2013	Additions for the year	Adjustments for borrowing costs	Deductions for the year	Original cost as at March 31, 2014	As at April 1, 2013	For the year	Transition adjustment against Surplus balance in consolidated Statement of Profit and Loss	Deductions for the year	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
Land - leasehold	337.05	-	-	-	337.05	25.19	3.45	-	-	28.64	308.41	311.86
Buildings	1,437.53	70.97	0.47	1.72	1,507.25	201.86	45.41	-	0.43	246.84	1,260.41	1,235.67
Plant and equipment	9,930.33	706.57	2.31	51.64	10,587.57	4,447.46	834.26	-	45.73	5,235.99	5,351.58	5,482.88
Furniture & fixtures	90.48	20.15	-	3.04	107.59	71.76	17.76	-	2.79	86.73	20.86	18.72
Vehicles	138.60	22.95	-	17.89	143.66	66.90	21.65	-	15.86	72.69	70.97	71.70
Office equipment	243.16	54.21	-	22.74	274.63	195.12	43.39	-	20.55	217.96	56.67	48.04
Dies	169.09	15.76	-	7.00	177.85	117.16	25.26	-	6.56	135.86	41.99	51.93
<b>Total</b>	<b>12,346.24</b>	<b>890.61</b>	<b>2.78</b>	<b>104.03</b>	<b>13,135.60</b>	<b>5,125.45</b>	<b>991.18</b>	<b>-</b>	<b>91.92</b>	<b>6,024.71</b>	<b>7,110.89</b>	<b>7,220.80</b>

### 13. Intangible assets

Rs. Million

Particulars	Gross Block				Accumulated Amortisation					Written down value	
	Original cost as at April 1, 2014	Additions for the year	Deductions for the year	Original cost as at March 31, 2015	As at April 1, 2014	For the year	Transition adjustment against Surplus balance in consolidated Statement of Profit and Loss	Deductions for the year	As at March 31, 2015	As at March 31, 2015	As at March 31, 2014
Computer software	63.86	7.19	-	71.05	52.67	9.54	-	-	62.21	8.84	11.19
Product design and development	20.17	-	-	20.17	16.11	4.06	-	-	20.17	0.00	4.06
<b>Total</b>	<b>84.03</b>	<b>7.19</b>	<b>-</b>	<b>91.22</b>	<b>68.78</b>	<b>13.60</b>	<b>-</b>	<b>-</b>	<b>82.38</b>	<b>8.84</b>	<b>15.25</b>

Particulars	Gross Block				Accumulated Amortisation					Written down value	
	Original cost as at April 1, 2013	Additions for the year	Deductions for the year	Original cost as at March 31, 2014	As at April 1, 2013	For the year	Transition adjustment against Surplus balance in consolidated Statement of Profit and Loss	Deductions for the year	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
Computer software	119.04	9.19	64.37	63.86	100.09	16.95	-	64.37	52.67	11.19	18.95
Product design and development	61.35	-	41.18	20.17	51.77	5.52	-	41.18	16.11	4.06	9.58
<b>Total</b>	<b>180.39</b>	<b>9.19</b>	<b>105.55</b>	<b>84.03</b>	<b>151.86</b>	<b>22.47</b>	<b>-</b>	<b>105.55</b>	<b>68.78</b>	<b>15.25</b>	<b>28.53</b>



## Notes forming part of the consolidated financial statements for the year ended March 31, 2015

### 14. Loan and advances

	As at March 31, 2015		As at March 31, 2014	
	Current Rs. million	Non-current Rs. million	Current Rs. million	Non-current Rs. million
Capital advances (Unsecured, considered good)	-	67.61	-	60.89
Security deposits (Unsecured, considered good)	0.64	115.76	1.89	109.67
	<b>0.64</b>	<b>183.37</b>	<b>1.89</b>	<b>170.56</b>
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	57.88	-	111.34	-
Doubtful	24.73	-	11.56	-
	82.61	-	122.90	-
Less: Doubtful	(24.73)	-	(11.56)	-
	<b>57.88</b>	<b>-</b>	<b>111.34</b>	<b>-</b>
<b>Other loans and advances</b>				
Advance tax (net)	13.76	-	22.13	-
Prepaid expenses	31.15	-	10.02	-
Housing loans to employees (secured)	0.13	0.03	0.16	0.16
Cenvat recoverable	64.81	-	76.16	-
Balance with excise authorities	16.07	-	44.43	-
	<b>125.92</b>	<b>0.03</b>	<b>152.90</b>	<b>0.16</b>
	<b>184.44</b>	<b>183.40</b>	<b>266.13</b>	<b>170.72</b>

Housing loans are secured by the documents of the properties financed.

Advance recoverable in cash or in kind includes Rs. 4.09 million (previous year: Rs. 2.80 million) due from related parties (refer note 31)

### 15. Other assets

(Unsecured, considered good unless stated otherwise)

	As at March 31, 2015		As at March 31, 2014	
	Current Rs. million	Non-current Rs. million	Current Rs. million	Non-current Rs. million
Export incentive receivable	18.67	66.98	27.68	79.55
Interest accrued on fixed deposits	14.06	-	18.16	-
Margin money (refer Note 18)	-	6.54	-	6.67
Other assets	86.63	10.43	40.93	6.31
	<b>119.36</b>	<b>83.95</b>	<b>86.77</b>	<b>92.53</b>



## Notes forming part of the consolidated financial statements for the year ended March 31, 2015

### 16. Inventories

(valued at lower of cost or net realisable value)

	As at March 31, 2015	As at March 31, 2014
	Rs. million	Rs. million
Raw material and components (includes in transit Rs. 2.83 million (previous year: Rs. 5.28 million))	478.05	415.06
Work-in-progress (includes in transit Rs. 0.59 million (previous year: Rs. 0.38 million))	521.40	470.60
Finished goods (includes in transit Rs. 184.76 million (previous year: Rs. 179.74 million))	938.70	718.21
Stores and spares	176.84	142.28
Loose tools	41.08	30.88
	<b>2,156.07</b>	<b>1,777.03</b>

### 17. Trade receivables

(Unsecured, considered good unless stated otherwise)

	As at March 31, 2015	As at March 31, 2014
	Rs. million	Rs. million
Outstanding for a period exceeding six months*		
- Considered good	14.75	8.00
- Doubtful	8.87	7.11
Other receivables		
- Considered good	2,149.23	1,797.27
- Doubtful	1.45	2.63
Provision for doubtful trade receivables	2,174.30 (10.32)	1,815.01 (9.74)
	<b>2,163.98</b>	<b>1,805.27</b>

\* The ageing of receivables is from the date the receivables are due for collection as per the terms with customers.

### 18. Cash and cash equivalents

	As at March 31, 2015		As at March 31, 2014	
	Current Rs. million	Non-current Rs. million	Current Rs. million	Non-current Rs. million
<b>Cash and cash equivalents</b>				
Cash in hand	1.59	-	0.92	-
Cheques, drafts in hand (* Rs. 1000/-)	-	-	0.00 *	-
Balances with banks				
- current accounts	51.98	-	40.01	-
- deposits with original maturity of less than three months	130.00	-	409.90	-
	<b>183.57</b>	<b>-</b>	<b>450.83</b>	<b>-</b>
<b>Other bank balances</b>				
Dividend account	0.45	-	0.43	-
Deposits with maturity more than 3 months but less than 12 months	83.43	-	50.49	-
Deposits with bank held as margin money	23.26	6.54	17.65	6.67
	<b>107.14</b>	<b>6.54</b>	<b>68.57</b>	<b>6.67</b>
Less : Amounts disclosed as other non-current assets (refer note 15)	-	(6.54)	-	(6.67)
	<b>290.71</b>	<b>-</b>	<b>519.40</b>	<b>-</b>



## Notes forming part of the consolidated financial statements for the year ended March 31, 2015

### 19. Revenue from operations

	Year ended March 31, 2015	Year ended March 31, 2014
	Rs. Million	Rs. Million
Sale of products (refer note 32)	13,497.95	12,826.72
Other operating revenues		
- export benefits	97.43	73.06
- others	8.59	26.10
	<u>13,603.97</u>	<u>12,925.88</u>
Less:		
Excise duty	(1,160.20)	(1,228.76)
	<u><b>12,443.77</b></u>	<u><b>11,697.12</b></u>

### 20. Other income

	Year ended March 31, 2015	Year ended March 31, 2014
	Rs. million	Rs. million
Interest income		
- Bank deposits	38.09	42.89
- Others	14.60	16.71
Profit on sale/retirement of fixed assets(net) (* Rs. 502/-)	0.00 *	-
Exchange rate variation (net)	60.80	-
Other non-operating income	58.64	35.97
	<u><b>172.13</b></u>	<u><b>95.57</b></u>

### 21. Cost of material consumed

	Year ended March 31, 2015	Year ended March 31, 2014
	Rs. million	Rs. million
Cost of raw material and components consumed (refer note 33)	3,978.76	3,311.09
Cost of packing material consumed	249.85	234.38
	<u><b>4,228.61</b></u>	<u><b>3,545.47</b></u>

### 22. (Increase) / Decrease in inventories

	Year ended March 31, 2015	Year ended March 31, 2014
	Rs. million	Rs. million
<b>Inventories at the end of the year</b>		
Work-in-progress	521.40	470.60
Finished goods	938.70	718.21
	<u><b>1,460.10</b></u>	<u><b>1,188.81</b></u>
<b>Inventories at the beginning of the year</b>		
Work-in-progress	470.60	424.01
Finished goods	718.21	742.69
	<u><b>1,188.81</b></u>	<u><b>1,166.70</b></u>
Excise duty variation on finished goods	56.12	2.38
	<u><b>(215.17)</b></u>	<u><b>(19.73)</b></u>



## Notes forming part of the consolidated financial statements for the year ended March 31, 2015

### 23. Employee benefit expense

	Year ended March 31, 2015	Year ended March 31, 2014
	Rs. million	Rs. million
Salaries and wages	1,982.59	1,821.32
Contribution to provident and other funds	168.31	104.15
Staff welfare expenses	208.31	194.44
	<b>2,359.21</b>	<b>2,119.91</b>

### 24. Finance costs

	Year ended March 31, 2015	Year ended March 31, 2014
	Rs. million	Rs. million
Interest expense	316.66	373.98
Other borrowing costs	3.76	2.47
Applicable exchange rate variation	-	0.20
	<b>320.42</b>	<b>376.65</b>

### 25. Depreciation and amortisation expense

	Year ended March 31, 2015	Year ended March 31, 2014
	Rs. million	Rs. million
For the year		
- tangible (refer note 12)	956.46	991.18
- intangible (refer note 13)	13.60	22.47
	970.06	1,013.65
Less: transferred from revaluation reserve (refer note 4)	-	8.02
Less: transition adjustment against Surplus balance in Statement of Profit and Loss (refer note 12)	9.64	-
	<b>960.42</b>	<b>1,005.63</b>

### 26. Other expenses

	Year ended March 31, 2015	Year ended March 31, 2014
	Rs. million	Rs. million
Stores and spares consumed	1,235.77	1,108.68
Power and fuel	961.70	840.96
Job work charges	363.56	348.89
Freight expenses	156.17	138.80
Royalty	252.88	238.81
Rent	43.44	47.56
Rates and taxes	18.32	17.61
Insurance	20.39	17.02
Repair and maintenance		
-Plant and machinery	94.93	88.65
-Buildings	88.74	80.19
-Others	26.25	25.92
Auditor's remuneration (refer note 27)	2.78	2.61
Directors' fees	3.70	1.13
Provision for doubtful debts and advances (net)	13.74	3.01
Loss on sale / retirement of fixed assets (net)	-	0.41
Bad debts and advances written off	3.48	2.66
Exchange rate variation (net)	-	22.96
Corporate Social Responsibilities Expenses	6.58	-
Miscellaneous expenses	877.37	772.97
	<b>4,169.80</b>	<b>3,758.84</b>





## Notes forming part of the consolidated financial statements for the year ended March 31, 2015

### 27. Payment to auditor (excluding service tax)

	Year ended March 31, 2015	Year ended March 31, 2014
	Rs. million	Rs. million
<b>As auditor:</b>		
- Audit fee	1.57	1.40
- Tax audit fee	0.20	0.16
- Limited review	0.83	0.70
<b>In other capacity:</b>		
- Certification fees	0.08	0.23
- Reimbursement of expenses	0.10	0.12
	<b>2.78</b>	<b>2.61</b>

### 28. Earnings per share (EPS)

	Year ended March 31, 2015	Year ended March 31, 2014
Net profit attributable to equity shareholders (Rs. million)	573.18	696.55
Weighted average number of equity shares (Nos. million)	22.37	22.37
Earning per share		
- Basic (Rs.)	25.62	31.13
- Diluted (Rs.)	25.62	31.13

### 29. Research and development expenditure

The details of research and development expenditure incurred by the Parent Company and included in the respective account heads are as under:-

	Year ended March 31, 2015	Year ended March 31, 2014
	Rs. million	Rs. million
Capital expenditure	23.10	57.00
Revenue expenditure	149.02	168.76
	<b>172.12</b>	<b>225.76</b>

The details of revenue expenditure incurred on research and development is as under:

	Year ended March 31, 2015	Year ended March 31, 2014
	Rs. million	Rs. million
Stores and spares consumed	79.03	88.45
Salaries and wages	50.81	46.28
Contribution to provident and other funds	5.08	4.45
Staff welfare expenses	1.04	1.06
Power and fuel	3.69	4.75
Repair and maintenance		
- Plant and Machinery	1.29	2.00
- Buildings	0.04	1.42
- Others	-	1.89
Cost of material consumed (* Rs. 2506/-)	0.00 *	0.05
Loss on sale/retirement of fixed assets (net)	-	0.04
Miscellaneous expenses	8.04	18.37
	<b>149.02</b>	<b>168.76</b>



## Notes forming part of the consolidated financial statements for the year ended March 31, 2015

### 30. Employee benefits

The Parent company has classified the various employee benefits as under :-

#### i) Defined contribution plans

The Parent Company has recognised the following amount in the consolidated statement of profit and loss:-

	Year ended March 31, 2015	Year ended March 31, 2014
	Rs. million	Rs. million
Employers' contribution to Provident fund	107.33	89.88
Employers' contribution to Superannuation fund	18.71	18.35
Employers' contribution to State insurance fund	32.58	35.33
	<b>158.62</b>	<b>143.56</b>

#### ii) Defined benefit plans

- a) Gratuity
- b) Compensated absences

In accordance with Accounting Standard 15 ( revised 2005), actuarial valuation was done for the aforesaid benefit plans and details of the same are given below :

Particulars	Year ended March 31, 2015		Year ended March 31, 2014	
	Gratuity	Compensated Absences	Gratuity	Compensated Absences
	Rs. million	Rs. million	Rs. million	Rs. million
<b>Components of employer's expense</b>				
Current service cost	49.11	151.77	55.76	133.18
Interest cost	39.68	16.16	45.66	16.12
Expected return on plan assets	(47.63)	-	(43.28)	-
Actuarial losses/(gains)	(7.08)	(54.70)	(69.86)	(77.25)
<b>Total expense recognised in the Consolidated Statement of Profit and Loss</b>	<b>34.08</b>	<b>113.23</b>	<b>(11.72)</b>	<b>72.05</b>
<b>Actual contribution and benefit payments for the year</b>				
Actual benefit payments	(25.50)	(29.28)	(37.77)	(18.79)
Actual contributions	25.00	-	28.50	-
<b>Net asset / (liability) recognised in the Balance Sheet</b>				
Present value of defined benefit obligation	570.90	344.04	515.06	260.09
Fair value of plan assets	588.90	-	516.75	-
Funded status [Surplus / (Deficit)]	18.00	(344.04)	1.69	(260.09)
<b>Net asset / (liability) recognised in the Balance Sheet</b>	<b>18.00</b>	<b>(344.04)</b>	<b>1.69</b>	<b>(260.09)</b>
<b>Change in defined benefit obligations (DBO) during the year</b>				
Present value of DBO at beginning of the year	515.06	260.09	520.71	206.83
Current service cost	49.11	151.77	55.76	133.18
Interest cost	39.68	16.16	45.66	16.12
Actuarial (gains) / losses	(7.45)	(54.70)	(69.30)	(77.25)
Benefits paid	(25.50)	(29.28)	(37.77)	(18.79)
Present value of DBO at the end of the year	<b>570.90</b>	<b>344.04</b>	<b>515.06</b>	<b>260.09</b>



## Notes forming part of the consolidated financial statements for the year ended March 31, 2015

### Change in fair value of assets during the year

Plan assets at beginning of the year	516.75	-	445.08	-
Expected return on plan assets	47.63	-	43.28	-
Actual company contributions	25.00	-	28.50	-
Actuarial gain / (loss)	(0.37)	-	0.56	-
Benefits paid	(0.11)	(29.28)	(0.67)	(18.79)
Plan assets at the end of the year	<b>588.90</b>	-	<b>516.75</b>	-
Actual return on plan assets	47.26	-	43.85	-

### Actuarial assumptions

Discount rate	7.90%	7.90%	9.10%	9.10%
Expected return on plan assets	9.00%	-	9.43%	-
Salary escalation	11.00%	11.00%	11.50%	11.50%
Attrition	5 /25 %, p.a.	5 /25 %, p.a.	5 /25 %, p.a.	5 /25 %, p.a.
Mortality table used	IAL 2006-08 Ultimate	IAL 2006-08 Ultimate	IAL 2006-08 Ultimate	IAL 2006-08 Ultimate

Disclosure of present value of plan obligation, fair value of plan assets and experience adjustment for the current year and previous four years are as follows:

	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2011
	Rs. million	Rs. million	Rs. million	Rs. million	Rs. million
<b>Gratuity</b>					
Present value of Defined Benefit Obligation	570.90	515.06	520.71	472.90	427.09
Fair value of plan assets	588.90	516.75	445.08	324.69	262.76
Funded status [Surplus / (Deficit)]	18.00	1.69	(75.63)	(148.21)	(164.33)
Experience adjustment in plan obligation [Gain/(Loss)]	(7.45)	(69.30)	(17.09)	(25.90)	38.15
Experience adjustment in plan assets [Gain/(Loss)]	(0.37)	0.56	0.31	2.44	(0.38)
<b>Compensated Absences</b>					
Present value of Obligation	344.04	260.09	206.83	168.30	106.10
Funded status [Surplus / (Deficit)]	(344.04)	(260.09)	(206.83)	(168.30)	(106.10)
Experience adjustment in plan obligation [Gain/(Loss)]	(54.70)	(77.25)	(42.39)	(17.78)	(32.72)

The plan assets are managed by independent Board of Trustees through Life Insurance Corporation of India (LIC), SBI Life Insurance, Bajaj Allianz Life Insurance Company and HDFC Standard Life Insurance Co. Under this policy, the eligible employees are entitled to receive gratuity payments upon their superannuation, resignation or death in lumpsum after deduction of necessary taxes. The fund managers do not disclose the composition of their portfolio investment, accordingly break-down of plan assets by investment type has not been disclosed.

Estimate of the future salary increase is based on factors such as inflation, seniority, promotions, demand and supply in employment market.

- iii) The Parent Company has a long service reward scheme for selective group of employees. The total expense recognised in the current year is Rs. 6.90 million (previous year: 4.37 million) based on actuarial valuation. The liability recognised in the books as at March 31, 2015 is Rs. 27.18 million (previous year Rs. 25.23 million)



## Notes forming part of the consolidated financial statements for the year ended March 31, 2015

### 31. Related party disclosure

As per Accounting Standard – 18, notified in the companies (accounting standards) rules, 2006, the Group's related parties and transactions with them during the year are disclosed below :

#### A. List of related parties

Key management personnel

Shri A.K. Taneja, Managing Director & CEO  
Shri R. Srinivasan, Jt. Managing Director & Company Secretary  
Smt. Meenakshi Dass, Whole Time Director (upto 04.05.2014)  
Shri Luv D. Shriram, Whole Time Director (w.e.f. 05.05.2014)

#### Relatives of key management personnel

Shri A.K. Taneja

Smt. Anita Taneja

Shri R. Srinivasan

Smt. Usha Srinivasan

Smt. Meenakshi Dass & Shri Luv D. Shriram

Shri. Deepak C. Shriram  
Smt. Santosh D. Shriram  
Shri Arjun D. Shriram  
Shri Kush D. Shriram  
Smt. Nandishi Shriram

Shri Luv D. Shriram

Smt. Arati Shriram

Enterprises over which there is significant influence of Smt. Meenakshi Dass & Shri Luv D. Shriram and their relatives as above

Shriram Automotive Products Ltd.  
Shriram Alpine Sales Pvt. Ltd.  
Shriram Veritech Solutions Pvt. Ltd.  
Sera Com Pvt. Ltd.  
Manisha Commercial Pvt. Ltd.  
Sarva Commercial Pvt. Ltd.  
Charat Ram Shriram Pvt. Ltd.  
Deepak C. Shriram & Sons HUF

Enterprise over which there is significant influence of Shri Luv D. Shriram and his relatives as above

Shabnam Commercial Pvt. Ltd.



## Notes forming part of the consolidated financial statements for the year ended March 31, 2015

### B. Related party transactions

Rs. million

Particulars	Key management personnel (KMP)		Relatives of KMP		Enterprises over which KMP has significant influence or control		Total	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
<b>(A) Transactions during the year</b>								
Remuneration								
Shri A.K. Taneja	29.77	29.90	-	-	-	-	29.77	29.90
Shri R. Srinivasan	22.97	22.46	-	-	-	-	22.97	22.46
Smt. Meenakshi Dass	1.48*	24.53	-	-	-	-	1.48	24.53
Shri. Luv D. Shriram	22.85	-	-	-	-	-	22.85	-
<b>Rent</b>								
Smt. Meenakshi Dass	0.02	0.24	-	-	-	-	0.02	0.24
Smt. Anita Taneja	-	-	0.24	0.24	-	-	0.24	0.24
Smt. Usha Srinivasan	-	-	0.24	0.24	-	-	0.24	0.24
Manisha Commercial Pvt. Ltd.	-	-	-	-	1.02	0.56	1.02	0.56
Deepak C. Shriram & Sons HUF	-	-	-	-	0.22	-	0.22	-
<b>Interest on deposits</b>								
Shri R. Srinivasan	0.81	1.34	-	-	-	-	0.81	1.34
Smt. Meenakshi Dass	1.18	1.19	-	-	-	-	1.18	1.19
Smt. Usha Srinivasan	-	-	0.16	0.28	-	-	0.16	0.28
Shri Deepak C. Shriram	-	-	-	0.30	-	-	-	0.30
Shri Kush D. Shriram	-	-	-	0.42	-	-	-	0.42
Smt. Santosh D. Shriram	-	-	0.003	0.12	-	-	0.003	0.12
Shri Arjun D. Shriram	-	-	0.04	0.16	-	-	0.04	0.16
Ms. Nandishi Shriram	-	-	-	0.29	-	-	-	0.29
Smt. Arati Shriram	-	-	0.22	0.11	-	-	0.22	0.11
Charat Ram Shriram Pvt. Ltd.	-	-	-	-	0.46	0.44	0.46	0.44
<b>Licence fee income reversed</b>								
Shriram Automotive Products Ltd.	-	-	-	-	-	0.002	-	0.002
<b>Directors sitting fees</b>								
Smt. Meenakshi Dass	0.30	-	-	-	-	-	0.30	-
Shri Luv D. Shriram	-	0.12	-	-	-	-	-	0.12
<b>Dividend paid</b>								
Shri A.K. Taneja	0.0002	0.0002	-	-	-	-	0.0002	0.0002
Smt. Meenakshi Dass	16.02	22.88	-	-	-	-	16.02	22.88
Shri Luv D. Shriram	11.67	16.67	-	-	-	-	11.67	16.67
Smt. Usha Srinivasan	-	-	0.01	0.02	-	-	0.01	0.02
Shri Deepak C. Shriram	-	-	0.003	0.005	-	-	0.003	0.005
Sarva Commercial Pvt. Ltd.	-	-	-	-	3.72	5.31	3.72	5.31
Charat Ram Shriram Pvt. Ltd.	-	-	-	-	0.008	0.012	0.008	0.012
Manisha Commercial Pvt. Ltd.	-	-	-	-	2.33	3.32	2.33	3.32
Sera Com Pvt. Ltd.	-	-	-	-	3.31	4.73	3.31	4.73
Shabnam Commercial Pvt. Ltd.	-	-	-	-	0.36	0.51	0.36	0.51
<b>Deposits taken during the year</b>								
Shri R. Srinivasan	0.57	3.33	-	-	-	-	0.57	3.33
Smt. Meenakshi Dass	2.50	11.30	-	-	-	-	2.50	11.30
Charat Ram Shriram Pvt. Ltd.	-	-	-	-	-	4.20	-	4.20



## Notes forming part of the consolidated financial statements for the year ended March 31, 2015

Rs. million

Particulars	Key management personnel (KMP)		Relatives of KMP		Enterprises over which KMP has significant influence or control		Total	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
<b>Licence fee earned</b>								
Shriram Automotive Products Ltd.	-	-	-	-	0.01	0.01	0.01	0.01
<b>Purchase of material / stores</b>								
Shriram Veritech Solutions Pvt. Ltd.	-	-	-	-	5.28	7.08	5.28	7.08
<b>Purchase of components</b>								
Shriram Automotive Products Ltd.	-	-	-	-	275.22	225.43	275.22	225.43
Shriram Alpine Sales Pvt. Ltd.	-	-	-	-	18.43	17.04	18.43	17.04
<b>Interest Expense</b>								
Shriram Veritech Solutions Pvt. Ltd.	-	-	-	-	0.005	0.01	0.005	0.01
<b>Interest Income</b>								
Shriram Automotive Products Ltd.	-	-	-	-	-	0.02	-	0.02
<b>Share of expenses recovered</b>								
Shriram Automotive Products Ltd.	-	-	-	-	3.16	2.52	3.16	2.52
Shriram Alpine Sales Pvt. Ltd.	-	-	-	-	0.91	0.35	0.91	0.35
<b>(B) Balances due from/ to the related parties</b>								
<b>Deposits</b>								
Shri R. Srinivasan	3.90	10.21	-	-	-	-	3.90	10.21
Smt. Meenakshi Dass	11.30	11.30	-	-	-	-	11.30	11.30
Smt. Usha Srinivasan	-	-	-	2.05	-	-	-	2.05
Shri Kush D. Shriram	-	-	-	3.37	-	-	-	3.37
Smt. Santosh D. Shriram	-	-	-	0.50	-	-	-	0.50
Shri Arjun D. Shriram	-	-	-	1.00	-	-	-	1.00
Smt. Arati Shriram	-	-	2.00	2.00	-	-	2.00	2.00
Charat Ram Shriram Pvt. Ltd.	-	-	-	-	4.20	4.20	4.20	4.20
<b>Interest accrued but not due</b>								
Shri R. Srinivasan	0.80	2.67	-	-	-	-	0.80	2.67
<b>Amount payable</b>								
Shri A.K. Taneja	17.53	20.12	-	-	-	-	17.53	20.12
Shri R. Srinivasan	13.15	15.09	-	-	-	-	13.15	15.09
Smt. Meenakshi Dass	0.45	17.10	-	-	-	-	0.45	17.10
Shri Luv D. Shriram	14.90	-	-	-	-	-	14.90	-
Manisha Commercial Pvt. Ltd.	-	-	-	-	0.08	0.07	0.08	0.07
Shriram Veritech Solutions Pvt. Ltd.	-	-	-	-	0.005	0.34	0.005	0.34
Shriram Alpine Sales Pvt. Ltd.	-	-	-	-	-	2.49	-	2.49
Shriram Automotive Products Ltd.	-	-	-	-	24.40	21.02	24.40	21.02
<b>Amount recoverable</b>								
Shriram Alpine Sales Pvt. Ltd.	-	-	-	-	0.03	-	0.03	-

Note : \* Includes Rs. 0.45 million payable as commission in the capacity of Non-executive director.



## Notes forming part of the consolidated financial statements for the year ended March 31, 2015

### 32. Sale of products

	<u>Year ended March 31, 2015</u>	<u>Year ended March 31, 2014</u>
	<u>Rs. million</u>	<u>Rs. million</u>
Pistons, Piston Pins, Piston Rings etc	10,655.65	10,226.76
Engine Valves	2,653.30	2,470.57
Scrap/Others	189.00	129.39
	<u><b>13,497.95</b></u>	<u><b>12,826.72</b></u>

Pistons/Piston Pins/Piston Rings/Cylinder liners/Conrod are sold as individual components as well as composite units. Hence, combined value has been shown.

### 33. Consumption of raw material and components

	<u>Year ended March 31, 2015</u>	<u>Year ended March 31, 2014</u>
	<u>Rs. million</u>	<u>Rs. million</u>
Aluminium /aluminium alloy	1,055.14	866.04
Silicon	185.27	147.99
RCP inserts	161.79	141.38
Pig iron	84.45	72.98
Steel bars/tubes	383.98	378.88
Steel wire	254.33	231.07
Valve steel	692.71	569.49
Others	1,161.09	903.26
	<u><b>3,978.76</b></u>	<u><b>3,311.09</b></u>



## Notes forming part of the consolidated financial statements for the year ended March 31, 2015

### 34. Consumption of raw materials, components, packing material and stores spares

		Year ended March 31, 2015		Year ended March 31, 2014	
		Rs. million	%	Rs. million	%
Raw materials	- Imported	857.08	21.54	791.48	23.90
	- Indigenous	2,357.82	59.26	1,946.95	58.80
Components	- Imported	174.97	4.40	92.06	2.78
	- Indigenous	588.89	14.80	480.60	14.52
	<b>- Total :</b>	<b>3,978.76</b>	<b>100.00</b>	<b>3,311.09</b>	<b>100.00</b>
Packing material	- Imported	0.21	0.08	-	-
	- Indigenous	249.64	99.92	234.38	100.00
	<b>- Total :</b>	<b>249.85</b>	<b>100.00</b>	<b>234.38</b>	<b>100.00</b>
Stores & spares	- Imported	214.52	17.36	196.14	17.69
	- Indigenous	1,021.25	82.64	912.55	82.31
	<b>- Total :</b>	<b>1,235.77</b>	<b>100.00</b>	<b>1,108.69</b>	<b>100.00</b>

### 35. Foreign currency exposure

Details of outstanding foreign exchange exposure as at March 31, 2015 are as under:-

Currency	USD		JPY		EURO		GBP		(Figures in million) SGD	
	Foreign Currency	Indian Rupees	Foreign Currency	Indian Rupees	Foreign Currency	Indian Rupees	Foreign Currency	Indian Rupees	Foreign Currency	Indian Rupees
<b>Hedged Exposure</b>										
- Receivables	2.27 (0.75)	144.11 (51.82)	- (-)	- (-)	2.41 (0.25)	162.64 (23.09)	- (0.06)	- (6.70)	- (-)	- (-)
- Payables	0.89 (-)	55.63 (-)	294.06 (-)	153.38 (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
- Loans	44.70 (53.23)	2,294.03 (2,677.24)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	2.45 (4.42)	81.95 (147.51)
<b>Unhedged Exposure</b>										
- Receivables	1.89 (1.62)	118.33 (97.17)	3.64 (18.97)	1.90 (11.03)	1.52 (2.77)	102.32 (229.21)	0.18 (0.12)	16.54 (11.51)	- (-)	- (-)
- Payables	2.40 (0.24)	149.94 (14.26)	145.15 (356.61)	75.61 (207.23)	0.05 (0.33)	3.64 (26.94)	0.02 (0.0006)	1.86 (0.06)	- (-)	- (-)

Figures in the bracket indicate previous year figures





## Notes forming part of the consolidated financial statements for the year ended March 31, 2015

36. a) Information pursuant to clause 3 (vii) (b) of the Companies (Auditor's Report) order, 2015 in respect of disputed dues, not deposited as at March 31, 2015, pending with various authorities:

Name of the Statute	Nature of the Dues	Forum where dispute is pending	Period to which the amount relates (various years covering the period)	Amount* (Rs. in Million)
Income Tax Act, 1961	Income tax	Appellate authority up to Commissioners' level	2003-04, 2004-05, 2011-12 & 2012-13	7.99
Central Excise Act, 1944	Excise Duty	Appellate authority up to Commissioners' level	2010-11	0.32
		Custom, Excise & Service Tax Appellate Tribunal (CESTAT)	2007-08 and 2008-09	93.93
Finance Act, 1994	Service Tax	Custom, Excise & Service Tax Appellate Tribunal (CESTAT)	2000-01 to 2004-05	42.21
Central Sales Tax Act, 1956	Sales Tax	Appellate authority up to Commissioners' level	2006-07 to 2010-11, 2012-13 to 2014-15	2.52
		Appellate Tribunal	2005-06 to 2007-08	14.73
Sales Tax Laws	Sales Tax / Value Added Tax	Appellate authority up to Commissioners' level	2004-05 to 2012-13	44.95
		Appellate Tribunal	1995-96, 2003-04, 2005-06, 2007-08 to 2011-12	0.86

\* amount as per demand orders including interest and penalty wherever quantified in the order.

b) The following matters, which have been excluded from the table above, have been decided in favour of the Group but the department has preferred appeals at higher levels. The details are given below:

Name of the Statute	Nature of the Dues	Forum where dispute is pending	Period to which the amount relates (various years covering the period)	Amount* (Rs. in Million)
Income Tax Act, 1961	Income tax	Income Tax Appellate Tribunal	2003-04 & 2010-11	8.81

\* amount as per demand orders including interest and penalty wherever quantified in the order.

37. The Parent Company has made provision for disputed/ pending litigation based on its assessment of the amount it estimates to incur to meet such obligations, details of which are given below:

Particulars	As at March 31, 2014 (Rs. Million)	Addition during the year (Rs. Million)	As at March 31, 2015 (Rs. Million)
Sales Tax	5.53	2.16	7.69
	(5.53)	(-)	(5.53)



## Notes forming part of the consolidated financial statements for the year ended March 31, 2015

### 38. Operating lease

The Parent Company has entered into lease agreements both on cancellable and non - cancellable in nature.

	<u>Year ended March 31, 2015</u>	<u>Year ended March 31, 2014</u>
	Rs. million	Rs. million
The total of future minimum lease payments for remaining period of non-cancellable leases are as under:		
Not later than one year	5.19	5.12
Later than one year but not later than five years	9.08	10.77
Later than five years	-	-
	<u>14.27</u>	<u>15.89</u>

### 39. Segment reporting

As the Group's business activity falls within a single business segment viz "automotive components" and a single geographical segment, disclosure requirements of accounting standard - 17 specified under section 133 of Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014 are not applicable.

### 40. Micro, Small and Medium enterprises as defined under the MSMED Act

The status of vendors under Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 is based on certificate submitted by vendors about their coverage under the provisions of MSMED Act, 2006.

	<u>Year ended March 31, 2015</u>	<u>Year ended March 31, 2014</u>
	Rs. million	Rs. million
<b>Amount remaining unpaid to suppliers under MSMED as at the end of year</b>		
- Principal amount	39.12	30.12
- Interest due thereon	-	-
<b>Amount of payments made to suppliers beyond the appointed day during the year</b>		
- Principal amount	7.65	6.23
- Interest actually paid under section 16 of MSMED	0.02	0.06
Amount of interest due and payable for delay in payment (which has been paid but beyond the appointed day during the year) but without adding interest under MSMED	0.07	0.06
<b>Interest accrued and remaining unpaid at the end of the year</b>		
- Interest accrued during the year	0.07	0.06
- Interest remaining unpaid as at the end of the year	0.13	0.08
Interest remaining disallowable as deductible expenditure under the Income-tax Act, 1961	0.07	0.06



## Notes forming part of the consolidated financial statements for the year ended March 31, 2015

### 41. Contingent liabilities

	<u>As at March 31, 2015</u>	<u>As at March 31, 2014</u>
	Rs. million	Rs. million
i) Disputed		
- Excise duty	94.25	88.68
- Sales tax	62.49	50.18
- Service tax	42.21	40.20
- Income tax	1.43	1.43
All the above matters are subject to legal proceedings in the ordinary course of business. In the opinion of the management, the legal proceedings, when ultimately concluded, will not have a material effect on operations or the financial position of the Group.		
ii) Bank guarantees	25.00	25.00
iii) Bills discounted from banks	10.31	23.41
iv) Claims not acknowledged as debts	37.77	26.69
v) The Parent Company has given guarantee for repayment of loan liabilities for vehicles purchased by its employees/ vendors/ customers from entity other than a bank or financial institution. Outstanding loan amount payable by employees/vendors/customers as at March 31, 2015 is NIL (Previous Year Rs. 1.18 million) and there is no default till date.		

### 42. Commitments

	<u>As at March 31, 2015</u>	<u>As at March 31, 2014</u>
	Rs. million	Rs. million
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	219.93	143.13

Outstanding export obligation to be fulfilled over a period of maximum upto 5 years under the EPCG scheme against import of some machines is Rs. 4656.43 Millions (previous year Rs. 5626.81 millions). Customs duty saved against outstanding export obligations is Rs. 181.90 million (previous year Rs. 272.54 million).

The Parent Company has other commitments, for purchase / sales orders which are issued after considering requirements as per operating cycle for purchase / sale of goods, employee benefits including union agreements in normal course of business. The Parent Company does not have any other long term commitments or material non-cancellable contractual commitments, which may have a material impact on the financial statements.

### 43. Change in accounting policy

In line with the provisions of the Companies Act 2013, during the year, the The Parent Company has changed accounting policy on depreciation on revalued assets. Hitherto, additional charge on depreciation arising due to revaluation was transferred from revaluation reserve to consolidated statement of profit and loss. Now, the additional charge of depreciation on revalued assets is charged directly in the consolidated statement of Profit and Loss and the revalued amount of the asset is transferred from revaluation reserve to general reserve on retirement of such asset.

Consequent to change in accounting policy, the depreciation expense in the Consolidated Statement of Profit and Loss for the year is higher by Rs. 8.23 million.



## Notes forming part of the consolidated financial statements for the year ended March 31, 2015

44. The Group does not have any long term contracts including derivative contracts for which there are any material foreseeable losses.

45. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund (IEPF) by the Group during the year.

46. Information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013 is given below:-

Name of the entity	Net assets, i.e., total assets minus total liabilities		Share of profit or loss	
	As % of consolidated net assets	Amount (Rs. Million)	As % of consolidated profit or loss	Amount (Rs. Million)
<b>Parent</b>				
Shriram Pistons & Rings Limited	100.00	6,125.95	100.00	573.16
<b>Subsidiary</b>				
SPR International Auto Exports Ltd.	0.00	0.45	0.00	0.02

47. Previous year figures have been re-grouped / reclassified, wherever necessary to confirm to current year's classification. Figures in brackets denote previous year figures.

For and on behalf of the Board of Directors

**Pradeep Dinodia**  
Chairman

**O.P. Khaitan**  
Director

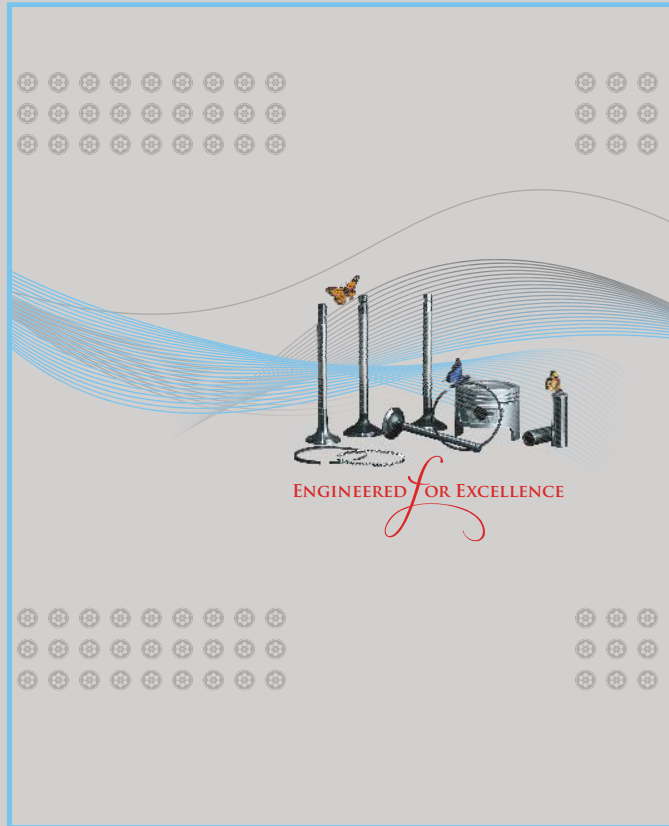
**A.K. Taneja**  
Managing Director & CEO

**R. Srinivasan**  
Jt. Managing Director & Company Secretary

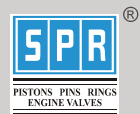
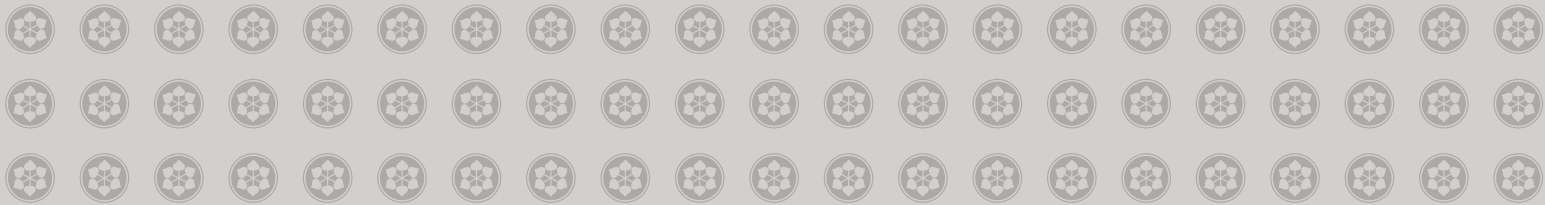
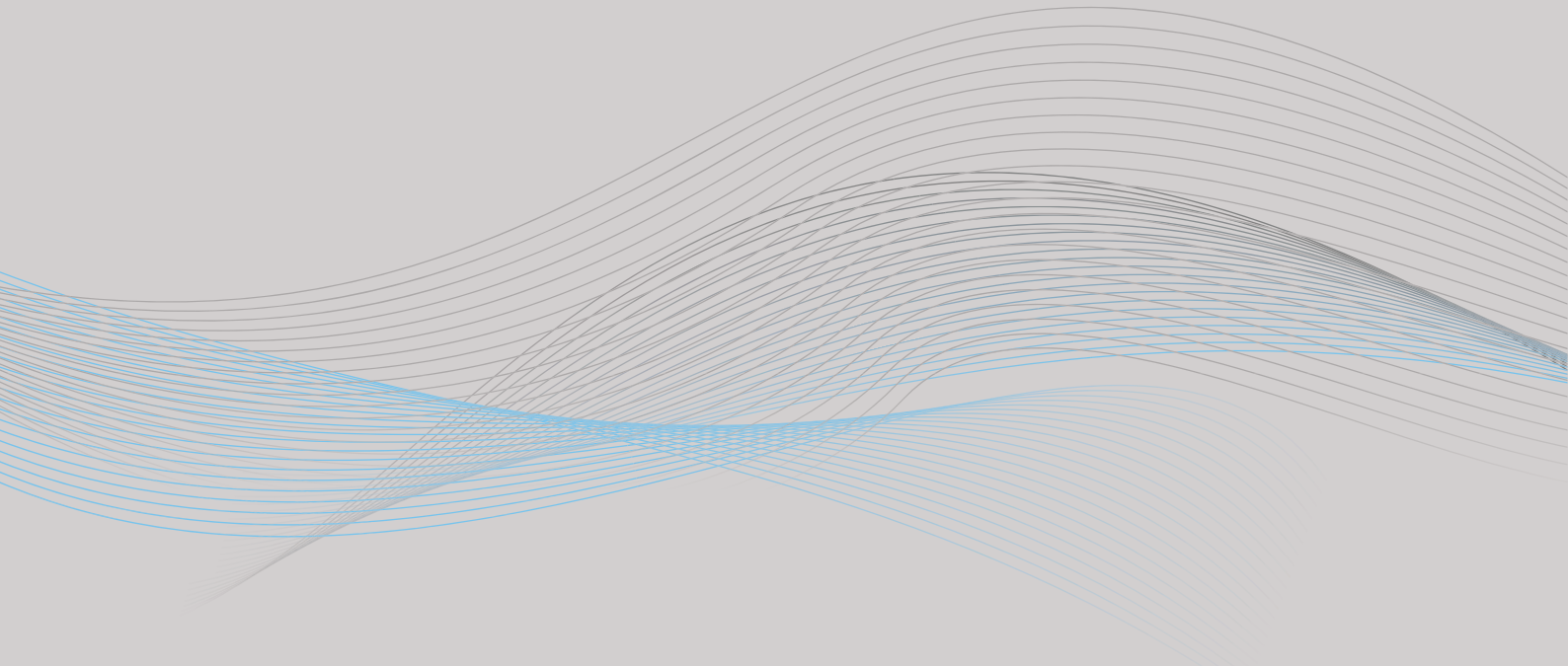
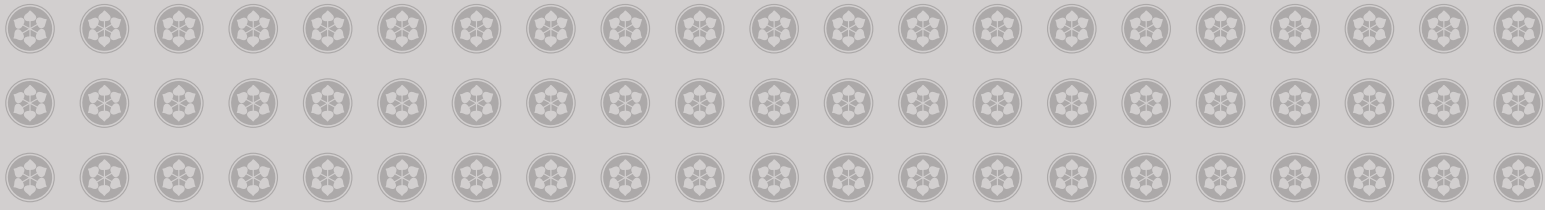
Place : New Delhi  
Date : May 16, 2015

**Vinod Raheja**  
Dy. Executive Director & CFO

**Luv D. Shriram**  
Whole - Time Director



Technology has always been our driving force. And our biggest strength too. We are continuously innovating and finding breakthrough solutions. This has helped us make components that can withstand the toughest performance standards. And the toughest of competition.



**SHRIRAM PISTONS & RINGS LTD.**

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CIN: L29112DL1963PLC004084 PAN: AAACS0229G