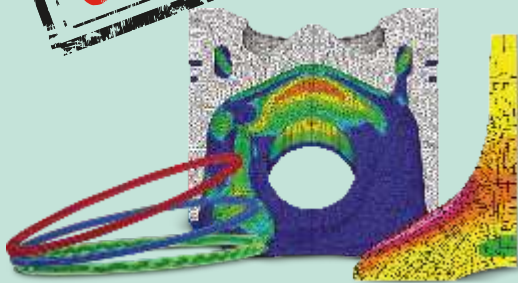


**BETTING BIG
ON TECHNOLOGY**



50th Annual Report
2013-14



SHRIRAM PISTONS & RINGS LTD.



Award for
Overall Quality Excellence from
Volvo-Eicher Commercial Vehicles



Grand Award for
QCDDM from
Honda Motorcycle &
Scooter India



Good Quality
Performance Award
from **Wabco** India



Outstanding
Performance Award
from **Mahindra & Mahindra**



Performance Award from
Honda Siel Power
Products



Vendor Performance
Award from **Suzuki** Motorcycle India



SHRIRAM

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 Tokuo Washio	
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 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

3rd Floor, Himalaya House,
23, Kasturba Gandhi Marg,
New Delhi - 110 001

Works

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

DIRECTORS' REPORT

The Directors have pleasure in presenting their 50th Annual Report along with the audited accounts of the Company for the year ended 31st March, 2014.

Despite the adverse market situation, net sales of the company increased by 11% during the year from Rs. 10525 Million to Rs. 11697 Million. Gross Profit for the year, after all interest charges but before depreciation and taxes, increased by 28% over the last year from Rs. 1578 Million to Rs. 2012 Million.

Profit after tax for the year is Rs. 697 Million against Rs. 489 Million last year.

The Directors, in their meeting of 15.5.2014, 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. 91.6 Million against Rs. 91.6 Million last year and an amount of Rs. 604.9 Million be transferred to General Reserve Account.

In view of near stagnant production of vehicles, and steep decline in production of commercial vehicles, the company focused on improving market share with selected OEMs, and increasing sales in the domestic after market and exports. This helped in increasing overall sales, despite a difficult market situation through the year.

There was major increase in power cost due to increase in electricity rates in U.P. and also diesel prices (for self generation of power). However, the company improved profits by keeping material costs under check through competitive sourcing, localisation and cost reduction measures across the company.

Technology remains the key differentiator for our products due to enforcement of stricter emission norms and customer demand for improved fuel efficiency. The Company retained its leadership in offering latest technology products to OEMs, winning new programs, with strong support from our technology partners. Company also implemented an important project of Tech Centre to substantially upgrade its capability with the active support of its technology partners. This is a major step forward which would help in maintaining technology leadership, offering cost effective solutions to our customers and reducing the lead time for development of new products, a key competitive differentiator.

The company achieved exports of Rs. 2201 Million, an increase of 21% over last year. This was contributed by both exports to OEMs and in the after market. Exports remain an important corner stone of 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 these export markets, and prospects for exports in the current year are better.

Although, the overall relations with all the employees remained cordial through the year both in Ghaziabad and Pathredi plant, unfortunately the workmen at Pathredi plant resorted to a sit- in- strike for 4 days in end of March 2014, followed by another sit-in-strike for 11 days in mid April 2014. The operations have resumed but it will take several weeks for operations to ramp up and normalize. The company is initiating various measures to restore harmony and trust, and resolve all outstanding issues through discussions. The strike and the subsequent events have impacted supplies to our customers, particularly in the domestic after market and exports, and will have adverse effect on sales and profits in the current financial year.

Annual accounts of M/s SPR International Auto Exports Limited, the subsidiary company and the related information are not enclosed in the Annual Report as per exemption granted by Ministry of Corporate Affairs and hard copy of Annual accounts would be made available to members seeking such information. Annual accounts of M/s SPR International Auto Exports Limited shall also be kept for inspection by any member in the Head office and Registered office.

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, 1956 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 31st March, 2014 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, 1956 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.

Fixed Deposits amounting to Rs. 2.47 Million pertaining to 56 depositors remained unclaimed at the close of the year.

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.

M/s Chandra Wadhwa & Co., Cost Accountants, New Delhi, were appointed as Cost Auditors of the Company for the Financial Year 2013-14 and their appointment was approved by the Central Government.

Cost Audit Report of the Company for the year ended 31st March, 2013 was submitted to the Ministry of Corporate Affairs, Government of India on 26th September 2013 before the due date of 27th September 2013.

Shri Horst Binnig resigned from the Board of Directors. The Directors express their deep appreciation for the valuable guidance and services rendered by Shri Horst Binnig. Dr. Alexander Sagel was co-opted as Director in casual vacancy caused by the resignation of Shri Horst Binnig.

Smt. Meenakshi Dass was appointed as the 'Wholetime Director' of the company for the period of five years from 5th May, 2009 to 4th May, 2014. After conclusion of her term she opted not to be re-appointed as 'Wholetime Director'. The directors expressed their deep appreciation for the valuable guidance and services rendered by Smt. Meenakshi Dass in her capacity as Wholetime Director of the company. She will continue to be associated with the company as 'Non-Executive Director'

Shri Luv D. Shriram who has been on the Board since April 2009 has been appointed as 'Wholetime Director' for a period of 5 years w.e.f. 5th May, 2014 till 4th May, 2019.

Smt. Meenakshi Dass and Shri Pradeep Dinodia, Directors, retire by rotation and being eligible, offer themselves for re-appointment.

Pursuant to Section 149 of the Companies Act, 2013, the Board at its meeting held on 27th June, 2014 recommended appointment of Shri O.P. Khaitan, Shri C.Y. Pal, Shri Ravinder Narain, Shri Inderdeep Singh and Shri Tokuo Washio as Independent Directors of the Company, not liable to retire by rotation for a period of five years from the date of its 50th Annual General Meeting subject to approval of the Members 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 said Act and also confirmed that they will abide by the provisions as mentioned in Schedule IV of the Companies Act, 2013.

Brief resume and other details, in relation to the aforesaid Directors are given in the 'Notice of the Annual General Meeting'.

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
June 27, 2014

(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 31.03.2014, the Company had 3 Executive and 10 Non-Executive Directors. All Non-Executive Directors are Independent Directors except Shri Luv D. Shriram.
- 2.1) During the year, 6 Board of Directors' Meetings were held as under:-
- 21st May, 2013 - 29th October, 2013
 - 05th July, 2013 - 04th February, 2014
 - 12th August, 2013 - 28th March, 2014
- 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 31.3.2014	Board Committee Membership in other Indian Public Ltd. Companies as on 31.3.2014 as	
		Board Meetings during Y.E. March 2014	Last AGM		Member	Chairman
Non-Executive Directors						
Shri Pradeep Dinodia		6	Yes	8	2	4
Shri Hari S. Bhartia		-	No	8	2	NIL
Shri Horst Binnig	1	1	No	NIL	NIL	NIL
Shri O.P. Khaitan		6	Yes	7	6	3
Shri Ravinder Narain		4	Yes	3	2	1
Shri C.Y. Pal		5	Yes	5	1	3
Shri M. Sekimoto		5	Yes	NIL	NIL	NIL
Shri Noritada Okano (Alternate to Shri M. Sekimoto)		-	No	NIL	NIL	NIL
Dr. Alexander Sagel	2	-	-	NIL	NIL	NIL
Dr. Peter Neu (Alternate to Dr. Alexander Sagel/ Shri Horst Binnig)	3	1	Yes	NIL	NIL	NIL
Shri Luv D. Shriram	4	6	Yes	1	1	NIL
Shri Inderdeep Singh		5	No	3	NIL	NIL
Shri Tokuo Washio		4	Yes	NIL	NIL	NIL
Executive Directors:						
Shri A.K. Taneja (Managing Director)		6	Yes	2	1	NIL
Shri R. Srinivasan (Jt. Managing Director)		6	Yes	NIL	NIL	NIL
Smt. Meenakshi Dass (Wholetime Director)	4	5	Yes	4	1	NIL

Notes:

1. Shri Horst Binnig resigned as Director of the Company w.e.f. 30.10.2013.
2. Dr. Alexander Sagel was appointed as Director in casual vacancy w.e.f. 30.10.2013 caused consequent to resignation of Shri Horst Binnig.
3. Dr. Peter Neu was appointed as Alternate Director to Dr. Alexander Sagel w.e.f. 30.10.2013; ceased as Alternate Director to Shri Horst Binnig due to his resignation.
4. Shri Luv D. Shriram and Smt. Meenakshi Dass are related to each other and are promoters of the Company.
5. Directorships in other Companies of Directors exclude Companies formed under Section 25 of the Companies Act, 1956.
6. For calculating Board Committee membership/chairmanship, only Audit Committee and the Shareholders and Investors' Grievance Committee membership/chairmanship of Indian Public Limited Companies has been considered.

2.3) Shareholding of Non-Executive Director

- Shri Luv D. Shriram - 33,35,668 shares held jointly as 1st holder
 - 33,35,668 shares held jointly as 2nd holder

(In capacity of Trustee – shares belong to Deepak Shriram Family Benefit Trust)

3.0) The Company has an Audit Committee comprising of three Non-Executive Directors – Shri O.P. Khaitan (Chairman), Shri Pradeep Dinodia and Shri C.Y. Pal, all of whom are Independent Directors. Shri R. Srinivasan, the Company Secretary is also the Secretary to the Audit Committee. Statutory Auditors and Internal Auditors are permanent 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, 1956.

3.1) During the year, 4 Meetings of the Audit Committee were held as under :-

- 21st May, 2013 - 29th October, 2013
 - 12th August, 2013 - 04th February, 2014

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

Directors	Attendance
Shri O.P. Khaitan (Chairman)	4
Shri Pradeep Dinodia	4
Shri C.Y. Pal	3

Notes:
 1. Shri Pradeep Dinodia is a practicing Chartered Accountant and all other members of the Audit Committee also have good exposure to financial matters.

3.3) The last Annual General Meeting of the Company was held on 05th July, 2013 and was attended by Shri O.P. Khaitan, the Chairman of the Audit Committee.

4.0) The Company has a Remuneration Committee to recommend for Board's consideration, the remuneration of Managing Director & Whole time Directors.

It comprises of 3 Directors - Shri Pradeep Dinodia, Shri O.P. Khaitan and Shri C.Y. Pal, all being Independent Directors.

During the year, 2 meetings of Remuneration Committee were held on 04th February, 2014 and 28th March, 2014 which were attended by all members of the committee.

4.1) The Company has a Nomination Committee to identify persons who are qualified to become Directors of the Company and to recommend their appointment to the Board.

It comprises of 2 Directors - Shri Pradeep Dinodia (Chairman of the Committee) and Shri Ravinder Narain, both being Independent Directors.

During the year, the meeting of the Nomination Committee was held on 28th March, 2014 which was attended by all members of the committee.

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

Non-Executive Directors were paid sitting fee of Rs. 20,000 for every meeting of the Board and Rs. 15,000 for every meeting of the Board Committee 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 26th June, 2010. The fees and commission paid/provided to Non-Executive Directors for the year ended 31st March, 2014 is as under:-

Directors	Sitting Fees for Board and Committee meetings paid during the year	Commission
	Million/Rs.	Million/Rs.
Shri Pradeep Dinodia (Chairman)	0.21	6.56
Shri Hari S. Bhartia	-	-
Shri Horst Binnig	0.02	-
Dr. Peter Neu (Alternate Director to Shri Horst Binnig/ Dr. Alexander Sagel)	0.02	-
Shri O.P. Khaitan	0.21	0.50
Shri Ravinder Narain	0.10	0.45
Shri C.Y. Pal	0.18	0.50
Dr. Alexander Sagel	-	-
Shri M. Sekimoto	0.10	0.45
Shri Noritada Okano (Alternate Director to Shri M. Sekimoto)	-	-
Shri Luv D. Shriram	0.12	0.45
Shri Inderdeep Singh	0.10	0.45
Shri Tokuo Washio	0.08	0.45

4.3) Remuneration paid / provided to Managing Director and Whole-time Directors for the year ended 31st March, 2014 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)	4.80	20.12	1.53	3.45	29.90	1 st April, 2009 to 31 st March, 2014
Shri R. Srinivasan (Jt. Managing Director)	3.60	15.09	1.15	2.62	22.46	1 st February, 2011 to 31 st January, 2016
Smt. Meenakshi Dass (Whole Time Director)	5.08	17.10	0.18	2.17	24.53	5 th May, 2009 to 4 th 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, 1956.
- 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 "Shareholders and Investors' Grievance Committee". This Committee comprises of Shri Inderdeep Singh (Chairman) and Shri Pradeep Dinodia, both being Independent Directors. Shri A.K. Taneja and Shri R. Srinivasan are permanent invitees. Shri R. Srinivasan is also the Compliance Officer.

There were no requests pending for share transfers as on 31st March, 2014. 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
2010-11	Hotel The Lalit, New Delhi	21.06.2011	4:30 p.m.	No Special Resolution was passed during the year.
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.

- 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.

7.0) DISCLOSURES

- (i) There were no transactions of the company of material nature with its Promoters, Directors or Key Management Personnel or 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) Mandatory Requirements – All requirements have been complied with.
 (iv) Adoption of Non Mandatory Requirements – The Company has set up Remuneration Committee and Nomination Committee of the Board. The details of the same are given at Para 4.0 and 4.1 of this report.

- 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.

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

- 9.0) General Information for Shareholders:-

(i) **50th Annual General Meeting**

The 50th Annual General Meeting of the Company will be held on Tuesday, 29th July, 2014 at 4:30 P.M. 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 22nd July, 2014 to 29th July, 2014 (both days inclusive).

(iv) **Date of Dividend Payment**

Dividend will be paid on or after 29th July, 2014 (Date of AGM).

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

The shares of the Company are listed at the Delhi Stock Exchange Ltd. The listing fee for the year 2014-15 has been paid.

(vi) **Stock Code**

The Stock Code is **19149**.

(vii) **Market Price Data**

The last transaction on Delhi Stock Exchange was undertaken at Rs. 31.55 on 3rd 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 31.03.2014**

Equity Shares Held	Upto 500	501-1000	1001-2000	2001-3000	3001-4000	4001-5000	5001-10000	10001 and above	TOTAL
Shareholders-Nos.	154	4	10	10	2	1	6	14	201
Shareholding-%	0.04	0.02	0.06	0.11	0.03	0.02	0.20	99.52	100

(xii) **Categories of Shareholders as on 31.03.2014**

CATEGORY	NO. OF SHARES HELD	% SHAREHOLDING
Promoters		
- Individuals	12,41,119	5.55
- Bodies Corporate	27,78,157	12.41
- Deepak Shriram Family Benefit Trust (through Trustees)	66,71,336	29.82
- TOTAL (Promoters)	1,06,90,612	47.78
Banks, Financial Institutions, Insurance Cos.	23,18,758	10.36
Resident Individuals	1,98,463	0.89
Resident Body Corporate	48	0.0002
Non Resident Companies	91,67,031	40.97
TOTAL	2,23,74,912	100.00

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

Electronic Holding by members comprises 10.53% (previous year – 10.53%) of the paid up share capital of the Company as on 31st March, 2014 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.

(xiv) **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.

(xv) **Plant Location**

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

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

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

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 31st March, 2014 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 15, 2014

Manjula Banerji
Partner
Membership No. 086423

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

1. **Industry Structure and Development**
 The domestic market in 2013-14 was characterised by volatility and uncertainty in practically all segments. Production of Heavy Commercial Vehicles declined by 21%, on top of 29% reduction in 2012-13. Similarly, production of Light Commercial Vehicles declined by 15%, after a 14% decline in 2012-13 over the previous year. Even Small Commercial Vehicles that had been recording growth year on year declined by 17% in 2013-14. This was a reflection of the slowdown in infrastructure and mining projects and slowdown in the overall economy. Production of Passenger Vehicles declined by 4%, reflecting subdued buyer sentiment. Production of 2-wheeler increased by a modest 7% and only Tractors outperformed expectations with an unexpected 23% growth, due to good agricultural performance.
2. **Opportunities and Threats**
Opportunities
 In view of the uncertainty due to national elections, overall growth rate of about 5% is expected in the automobile sector during 2014-15. The first half of the year is expected to be flat and growth of about 10% is expected in the second half, consequent to formation of a stable Government.
 India remains one of the highly under-penetrated markets in terms of vehicle ownership and there is huge latent demand. Therefore, the medium to long-term prospects for auto sector remain bright.
 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 growth in demand across various vehicle and customer segments. The company is targeting to achieve higher growth rate than industry growth in 2014-15, based on new business acquired from key customers and exports.

Threats
 General inflationary pressures, resulting in higher wages and salaries and also higher cost of power, remains serious challenges. Since demand growth is uncertain, capacity utilisation tends to be sub-optimal, leading to higher cost including on account of interest and depreciation cost.
 Adverse and volatile exchange rate could also impact profits of the company in the coming year, although the company is taking all possible steps to mitigate such risks.
 The Company is taking all possible steps to fully meet demand of all customers and concurrently reduce cost by improving productivity and right sizing manpower and to offset the impact of increase in cost of power.
 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 performance**
 The Company deals principally in only one segment i.e. automotive components. Therefore, segment-wise performance is not applicable.
4. **Outlook**
 Slow pace of economic reforms leading to inadequate growth in infrastructure continue to adversely impact the outlook of the industry. However, improvement in economic scenario is expected in second half of current year consequent to formation of new government and announcement of growth oriented macroeconomic policies.
 Government intervention is required to implement favorable and stable policies, which would help in our operations becoming more cost competitive, leading to sustainable growth of domestic operations and exports.
5. **Risk & Concerns**
 This year, factors such as slow economic growth, poor consumer sentiment and increase in the cost of fuel impacted the growth of passenger vehicle and two-wheeler segment.
 Customers, particularly OEMs continue to demand lower prices in spite of increasing costs; retaining the current operating margins in the face of extreme competition is a major management challenge.
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 endeavors 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 31st March, 2014 were Rs. 11697 Million (growth of 11% over last year).
 Net profit (PAT) of the Company during the year ended 31st March, 2014 was Rs. 697 Million (growth of 42% over last year).
 Earnings per share increased from Rs. 21.88 in 2012-13 to Rs. 31.13 in 2013-14.

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 recent IR disturbance at Pathredi highlights the need to do more to manage workmen expectations proactively, through formal and informal communication, building higher level of trust and deepen the engagement of management with associates at all levels. This is being done on priority.

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

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.

**ANNEXURE III TO DIRECTORS' REPORT
PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN
THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988**

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) Use of thermal imaging camera to detect high temperature points in HT / LT panels, leading to reduction of break downs
- ii) Air lines and water lines leakages control
- iii) Installation of chip melting furnace for recycling of Aluminium Alloy chips generated in Machine shop
- iv) 24x7 running of continuous heat treatment furnaces in CI foundry

At Pathredi:

- i) Installation of Variable Frequency Drives on several equipment for modulating energy usage as per changing load conditions
- ii) Replacement of conventional air guns with transvector air guns on washing machines to blow off the moisture content after washing of Pistons
- iii) Thyristorised PID controlled heating of Tuffriding baths in Engine Valve Plant as well as Pre-GN treatment baths in Steel Ring Plant, where conventional on/off controls were being used for heaters earlier.
- iv) 24x7 operation of holding furnaces in Aluminium Foundry to eliminate start-up losses after weekends / holidays.
- v) Intermittent timer controlled stoppage of comfort cooling machines as per lunch timings in Canteen / actually identified requirements in Plants.

2. Additional investments being implemented for reduction of consumption of energy:-

- i) Thyristorised PID controlled heating of molten metal holding furnaces in Aluminum Foundry to replace conventional on/off controls installed presently
- ii) Interlocking of pneumatic covers of molten metal holding furnaces with operational cycle of die casting machines in Aluminum Foundry for closing of lids during idle time to prevent heat loss
- iii) 24x7 duly optimized operation of Foundry / heat treatment furnaces
- iv) Extensive use of VFD's in big size motors to achieve energy conservation
- v) Low pressure compressed air infrastructure for specific identified areas in Plant
- vi) High efficiency air guns to be used for air supply control and use of ETP water in toilets to be done
- vii) Solar water heating for Canteen / component washing facilities in adjacent Plants

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. Energy consumption details: -

This is not applicable, since the company is not covered under the list of industries specified in schedule under Rule 2.

B. Form 'B' for Disclosure of Particulars with respect to Technology Absorption

: Research and Development (R&D)

1. Specific areas in which R&D is carried out by the Company

Pistons:-

- Development of special Forged Aluminum Alloy pistons for high power, high speed 2-W application
- Proto type center, for faster development of samples and optimization of designs
- Development of Laser 2D Matrix for Pistons
- Design & development of light weight pistons, for new generation vehicles
- Use of simulation softwares for design optimisation

Rings:-

- Development of new coating ToughRik 841
- Development of Cast Iron Rings with PVD Coating

- Development of Taper Land DVM Rings
- Development of CI Oil Control Rings with drilled drain holes
- Development of Chrome wrap around CI Ring for heavy duty gas engines
- Development of "Narrow and distance, narrow land width" steel oil control ring with special low pitch laser cut drain slots
- Development of negative oval top ring for diesel engines for reduced gap wear
- Development of thin piston rings for bigger bore, higher power, high rpm motorcycle engine

Engine Valves:-

- Development of complete Finite Element Analysis capability for engine valve mechanical & thermal stress analysis for optimum valve design

Pins:-

- Development of Cold Forge Pins

Design Validation Facilities:-

- Upgradation of engine testing facilities for testing Gasoline car engines

General:-

- An upgraded Tech Centre with active support from collaborators

2. Benefits derived as a result of the above R&D:-

- Pistons, Pins and Rings that offer higher fuel economy and reduced cost
- Improved performance & Ring life for highly loaded engine application
- Pistons with higher durability & long life
- Reduced lead time for proto sample development
- Increased traceability of parts
- Winning new business & widening customer base, including exports

3. Future Plan of action:-

- Development of large diameter pistons with pin bore bushing
- Development of new alloys for Pistons
- Upgradation of Wear & Scuff test rigs for Rings
- Development of in-house capability for Fatigue Life Estimation of Engine Valves
- Development of capability for Thermometric analysis of Engine Valves
- Continuous Oil Consumption measurement facility
- Upgradation of Engine Dynamo capacity to 400 Kw/ 2000 Nm
- Development of combustion pressure measurement capability
- Development of Test Rigs for Engine Valve seat & stem wear

4. Expenditure on R & D:-

- Capital/Intangible : Rs. 57.00 Million
- Recurring : Rs. 168.76 Million
- Total : Rs. 225.76 Million
- Total R&D expenditure as percentage of total turnover 1.91%

: Technology Absorption, Adaptation and Innovation

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

- 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 technical presentations & 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
- 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.

C. Foreign Exchange Earnings & Outgo

1. Exports:-

- Exports continue to remain focus area for the Company. The company made exports worth Rs. 2201 Million in the year as compared to Rs. 1818 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 for export of company's products continues to remain a focus area and export to new countries commenced during the year. New models have been added to the product range for several markets.
- Company is planning further growth of about 18% in 2014-15.

- 2. Foreign Exchange earned - Rs. 2227 Million**
- Foreign Exchange utilized - Rs. 1952 Million**

**ANNEXURE IV TO DIRECTORS' REPORT
PARTICULARS OF EMPLOYEES
UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956**

Name	Designation/ Duties	Remuneration (Rs.)	Qualification	Experience (Years)	Commencement of Employment	Age (Years)	Last Employment Held
Naveen Agarwal	Dy. Executive Director	7,006,438	B. Com(H), LLB, ACMA, ACS	35	Jun. 96	53	Dy. General Manager, Jay Engg. Works Ltd., Delhi
Meenakshi Dass@*	Wholetime Director	24,527,175	Degree in Textile Designing	25	May 09	50	Director, Pearey Lall & Sons (E.P.) Ltd., Delhi
Anil Gadi	Executive Director	11,075,375	B.E., PGDM	37	Mar. 06	61	Managing Director, Energiser Lanka Ltd., Srilanka
V.K. Jayaswal	Executive Director	10,813,649	B. Sc. (Engg.), PGDBM	36	Oct. 08	59	Director, JV Relationship, Tata Cummins Ltd., Jamshedpur
P.S. Ladiwala#	Dy. Executive Director & CFO	3,526,967	B. Com, ACA	41	Oct. 74	63	Controller, Modi Spg. and Wvg. Mills Co. Ltd, Modinagar
Devendra Mishra	Executive Director	8,854,430	B.E., PGPM	26	Jul. 11	49	VP-Manufacturing, National Engineering Industries, Jaipur
Rajiv Sethi	Executive Director	10,969,583	B.Com(H)	43	Aug. 73	62	Officer, Usha Sales Pvt. Ltd., Delhi
R. Srinivasan *	Joint Managing Director & Company Secretary	22,456,363	B.Com(H), LLB, FCMA, FCS, AMP (Harvard)	41	Feb. 74	62	ET, Usha Sales Pvt. Ltd, Delhi
A.K. Taneja *	Managing Director & CEO	29,903,087	B.Tech	42	Apr. 78	63	Dy. Mktg. Manager, Usha Sales Pvt. Ltd., Delhi

Notes:

1. Year of experience include experience prior to joining the Company.
2. All employees are on regular employment.
3. Remuneration includes payment of Salaries, allowances, expenses on perquisites and contribution to provident fund, gratuity fund, superannuation fund & other benefits on payment basis.
4. @ Smt. Meenakshi Dass is a relative of Shri Luv D. Shriram, Director of the company.
5. * Employees on Contract.
6. # Worked for part of the year.

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, as required under Clause 49 of the Listing Agreement with Delhi Stock Exchange.

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, 2014.

New Delhi
May 12, 2014

(A.K. TANEJA)
MANAGING DIRECTOR & CEO



Independent Auditors' Report

TO THE MEMBERS OF SHRIRAM PISTONS & RINGS LIMITED

Report on the financial Statements

We have audited the accompanying financial statement of SHRIRAM PISTONS & RINGS LIMITED ("the Company"), which comprise the Balance Sheet as at 31 March, 2014, the Statement of Profit and Loss and 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 Financial Statements

The Company's Management is responsible for the preparation of these 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 Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the institute of Chartered Accountants of India. 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("The Order") issued by the Central Government in terms of section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) We have 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).
 - (e) On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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

Manjula Banerji
(Partner)
(Membership No. 086423)

Gurgaon, May 15, 2014

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORTS

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

Having regard to the nature of the Company's business / activities / results, during the year, clauses (x), (xiii) and (xiv) of paragraph 4 of Companies (Auditor's Report) Order, 2003 (hereinafter referred to as the Order) are not applicable to the Company.

- (i) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The Company has a programme of physical verification of fixed assets to cover all the items in a phased manner over a period of one year which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, fixed assets at all the location were physically verified by the Management during the year. According to the information and explanations given to us no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (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 stock lying with third parties and/ or goods in transit for which confirmations have been obtained and 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 Register maintained under Section 301 of the Companies Act, 1956. Accordingly, clauses 4 (iii) (a) to (d) of the Order are not applicable. In respect of loans, secured or unsecured, taken by the Company from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
 - (a) The Company has taken unsecured loans by way of fixed deposits aggregating Rs. 18.83 million from 3 parties during the year. At the year-end, the outstanding balances of such loans taken aggregated Rs. 32.63 million (7 parties) and the maximum amount involved during the year was Rs. 65.63 million (9 parties).
 - (b) The rate of interest and other terms and conditions of such loans are, in our opinion, prima facie, not prejudicial to the interest of the Company.
 - (c) The payments of principal amounts and interest in respect of such loans are as per stipulations.
- (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 for the purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under that said Section have been so entered.
 - (b) Where each of such transaction is in excess of Rs.5 lakhs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with provisions of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. 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.
- (vii) In our opinion, the internal audit functions carried out during the year by the firm of Chartered Accountants appointed by the Management has been commensurate with the size of the Company and the nature of its business.

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORTS

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

- (viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) According to the information and explanations given to us, in respect of statutory dues:
- The Company has been regular in depositing undisputed statutory dues, including provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Works Contract Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - There were no undisputed amount payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Works Contract Tax, Cess and other material statutory dues in arrears as at 31st march, 2014 for a period of more than six months from the date they become payable.
 - Details of dues of Income-tax, Wealth Tax, Sales Tax, Service Tax, Excise Duty, Customs Duty and Cess which have not been deposited as on 31st March, 2014 on account of disputes 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)	Amount paid under protest (Rs. in Million)
Income Tax Act, 1961	Income tax	Deputy Commissioner of Income Tax, Delhi	2003-04, 2004-05	1.43	1.43
		Upto Commissioner of Income Tax (Appeals)	2010-11, 2011-12	8.66	8.66
Central Excise Act, 1944	Excise Duty	Custom, Excise & Service Tax Appellate Tribunal (CESTAT)	2007-08 and 2008-09	88.38	-
		Upto Commissioner (Appeals)	2010-11	0.30	-
Service Tax Laws-Finance Act, 1994	Service Tax	Custom, Excise & Service Tax Appellate Tribunal (CESTAT)	2000-01 to 2004-05	40.20	-
Central Sales Tax Act, 1956	Sales Tax	Tribunal Commercial Tax, Ghaziabad	2005-06 to 2007-08	13.76	1.75
UP Trade Tax Act, 2008	Sales Tax	Additional Commissioner (Appeals) Ghaziabad	2007-08, 2008-09, 2011-12 and 2012-13	7.20	2.35
Rajasthan Sales Tax Act, 1954	Sales Tax	Assistant Commissioner (Appeals), Jaipur, Rajasthan	1995-96	0.04	0.04
M.P. VAT Act, 2002	Sales Tax	Deputy Commissioner Appeals, Indore (Anti Evasion Wing)	2011-12	0.11	0.11
M.P. VAT Act, 2002	Sales Tax	M P Commercial Taxes Appeal Board, Bhopal	2003-04 ,2004-05	0.75	0.21
West Bengal VAT Act, 2003	Sales Tax	W.B. Commercial taxes Appellate and Revisional Board, Kolkata	2005-06	0.03	-
A.P. VAT Act, 2005	Sales Tax	Deputy Commercial Tax Officer, Hyderabad	2007-08, 2010-11	0.30	0.04
A.P. VAT Act, 2005	Sales Tax	AP Sales Tax and VAT Appellate Tribunal, Hyderabad	2005-06, 2006-07	0.07	0.02
Central Sales Tax Act, 1956	Sales Tax	The Appellate Dy. Commissioner (CT) VI Chennai	2007-08	0.02	-
Tamil Nadu VAT Act, 2006	Sales Tax	The Appellate Dy. Commissioner (CT) VI Chennai	2008-09, 2009-10	0.71	0.18

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORTS

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

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)	Amount paid under protest (Rs. in Million)
Central Sales Tax Act, 1956	Sales Tax	The Appellate Dy. Commissioner (CT) VI Chennai	2008-09, 2009-10	0.39	0.10
Maharashtra Value Added Tax Act, 2002	Sales Tax	Joint Commissioner of Sales Tax (Appeals), Pune	2006-07, 2008-09, 2009-10	24.80	0.50
Central Sales Tax Act, 1956	Sales Tax	Joint Commissioner of Sales Tax (Appeals), Pune	2006-07, 2009-10	0.15	-
Central Sales Tax Act, 1956	Sales Tax	Joint Commissioner of Commercial Tax (Appeals), Central Division, Patna	2012-13	0.72	0.72

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

- (x) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to any financial institution and bank. There were no debentures outstanding during the year.
- (xi) As the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, clause 4 (xii) of the Order, is not applicable.
- (xii) In our opinion and according to the information and explanations given to us, the Company has not given guarantees for loans taken by other form banks or financial institutions.
- (xiii) 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.
- (xiv) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have not been used during the year for long-term investments.
- (xv) As the Company has not made any preferential allotment of shares during the year, clause 4 (xviii) of the Order is not applicable.
- (xvi) As the Company has neither issued nor had any outstanding debentures during the year, clause 4 (xix) of the Order is not applicable.
- (xvii) Since, the Company has not raised any money by way of public issue during the year, clause 4 (xx) of the Order is not applicable.
- (xviii) 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 Registration No. 015125N)

Manjula Banerji
Partner
(Membership No. 086423)

Gurgaon, May 15, 2014

Balance Sheet as at March 31, 2014

(Rupees in million)

	Note No.	As at March 31, 2014	As at March 31, 2013
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	223.75	223.75
Reserves and surplus	4	5,375.61	4,779.91
		<u>5,599.36</u>	<u>5,003.66</u>
Non-current liabilities			
Long term borrowings	5	2,798.13	3,137.75
Deferred tax liabilities (net)	6	422.65	390.42
Other long term liabilities	7	10.71	15.64
Long term provisions	8	239.20	207.63
		<u>3,470.69</u>	<u>3,751.44</u>
Current liabilities			
Short term borrowings	9	222.02	463.38
Trade payables	10	1,343.80	1,215.36
Other current liabilities	11	1,201.61	1,241.85
Short term provisions	8	98.48	118.38
		<u>2,865.91</u>	<u>3,038.97</u>
		TOTAL	TOTAL
		<u><u>11,935.96</u></u>	<u><u>11,794.07</u></u>
ASSETS			
Non-current assets			
Fixed assets			
- Tangible assets	12	7,110.89	7,220.80
- Intangible assets	13	15.25	28.53
- Capital work-in-progress		91.92	243.41
Non current investments	14	0.50	0.50
Long term loans and advances	15	170.72	224.46
Other non current assets	16	6.67	0.37
		<u>7,395.95</u>	<u>7,718.07</u>
Current assets			
Inventories	17	1,777.03	1,705.78
Trade receivables	18	1,805.27	1,563.93
Cash and cash equivalents	19	518.95	396.45
Short-term loans and advances	15	266.13	252.41
Other current assets	16	172.63	157.43
		<u>4,540.01</u>	<u>4,076.00</u>
		TOTAL	TOTAL
		<u><u>11,935.96</u></u>	<u><u>11,794.07</u></u>

See Accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Manjula Banerji
Partner

Place : New Delhi
Date : 15 May 2014

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, 2014

(Rupees in million)

	Note No.	For the Year ended March 31, 2014	For the Year ended March 31, 2013
Revenue			
Gross Revenue from operations	20	12,925.88	11,654.72
Less : Excise duty		(1,228.76)	(1,130.06)
Net Revenue from operations		11,697.12	10,524.66
Other income	21	122.09	90.56
Total revenue		11,819.21	10,615.22
Expenses			
Cost of material consumed	22	3,543.05	3,435.26
(Increase) / Decrease in inventories of finished goods and work-in-progress	23	(19.73)	131.58
Employee benefit expenses	24	2,119.91	1,882.41
Finance costs	25	376.65	316.89
Depreciation and amortisation expense	26	1,005.63	878.71
Other expenses	27	3,787.81	3,271.52
Total expenses		10,813.32	9,916.37
Profit before tax		1,005.89	698.85
Tax expense:			
i) Current tax			
- Current tax expenses		279.76	141.66
- MAT Credit		-	(42.18)
- Short / (Excess) provision for tax relating to prior year		(2.63)	9.37
ii) Deferred tax			
- Current Year		13.64	100.50
- Short / (Excess) relating to prior year		18.59	-
		309.36	209.35
Profit for the year		696.53	489.50
Earnings per share (of Rs. 10/- each)			
Basic	29	31.13	21.88
Diluted		31.13	21.88

See Accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Manjula Banerji
Partner

Place : New Delhi
Date : 15 May 2014

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

Cash flow statement for the year ended March 31, 2014

(Rupees in million)

	Year ended March 31, 2014	Year ended March 31, 2013
A. Cash flow from Operating Activities		
Profit before tax	1,005.89	698.85
Adjustments for :		
Depreciation/amortisation	1,005.63	878.71
Finance costs	376.65	316.89
Bad debts/advances written off	2.66	1.20
Provision for doubtful debts (net)	3.01	-
Provision for doubtful debts written back	-	(1.74)
Interest income	(59.56)	(31.14)
Unrealised exchange rate variation (net)	(3.27)	(1.33)
Loss on sale/write off of fixed asset	0.41	(4.36)
Operating profit before working capital changes	2,331.42	1,857.08
Changes in Working Capital:		
Adjustments for (increase) / decrease in operating assets		
Inventories	(71.25)	136.40
Trade receivables	(251.64)	(125.53)
Loans and advances (short and long term)	(8.63)	79.12
Other assets (current and non current)	(10.46)	(52.23)
Adjustments for (increase) / decrease in operating liabilities		
Trade payables	128.44	(177.53)
Other liabilities (current and non current)	(19.24)	(66.43)
Provisions (short and long term)	11.67	2.05
Cash Generated from operations	2,110.31	1,652.93
Income tax paid	(313.72)	(125.20)
Net cash from operating activities	(A) 1,796.59	1,527.73
B. Cash Flow from Investing Activities		
Interest received	38.10	8.16
Sale of tangible assets	8.70	14.29
Purchase of tangible assets	(892.40)	(2,593.01)
Purchase of intangible assets	(9.19)	(26.81)
Increase/(Decrease) in restricted cash	16.47	(0.35)
Increase / (Decrease) in Deposits with maturity more than 3 months but less than 12 months	(3.97)	(46.10)
Increase/ (Decrease) in capital advances	43.04	183.53
Increase / (Decrease) in capital work in progress	151.49	492.40
Net cash (used) in investing activities	(B) (647.76)	(1,967.89)

Cash flow statement for the year ended March 31, 2014

(Rupees in million)

		Year ended March 31, 2014	Year ended March 31, 2013
C. Cash Flow from Financing Activities			
Interest paid		(371.12)	(302.46)
Dividend paid		(130.89)	(52.01)
Proceeds from long term borrowings		324.60	1,715.80
Repayment of long term borrowings		(655.43)	(464.01)
Net proceeds / (repayment) of short term loans from banks		(224.96)	(243.74)
Proceeds from public deposits		176.29	253.18
Payment of public deposits		(126.03)	(230.79)
Net cash from/(used) in financing activities	(C)	(1,007.54)	675.97
Net Increase/(Decrease) in cash and cash equivalents	(A+B+C)	141.29	235.81
Cash and cash equivalents as on April 1, 2013		309.51	73.70
Cash and cash equivalents as on March 31, 2014		450.80	309.51
Components of cash and cash equivalents			
Cash in hand		0.92	0.95
Cheques, drafts in hand (* Rs. 1000/-)		0.00 *	0.01
Balances with banks			
- current accounts		39.98	38.55
- deposits with original maturity of less than three months		409.90	270.00
		450.80	309.51

Note:

The Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard – 3 on Cash Flow Statements of the Companies (Accounting Standard) Rules, 2006

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Manjula Banerji
Partner

Place : New Delhi
Date : 15 May 2014

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

Notes forming part of the financial statements for the year ended March 31, 2014

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 Company's shares are listed on Delhi Stock Exchange (DSE). 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 notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention as modified to include the revaluation of certain fixed assets. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

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 estimated 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 income includes interest income which is accounted on accrual basis.

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 Companies Act, 1956.

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

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 is provided on Fixed Assets over their estimated useful lives or lives based on the rates specified in Schedule XIV to the Companies Act, 1956, whichever is lower, except in the case of following assets, where depreciation is provided as under :

Dies	-	three years
Furniture, fixtures and office equipment	-	five years
Vehicles	-	five years

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

Where assets are revalued, depreciation is charged on the revalued amount based on remaining useful life of the asset specified by the valuer provided depreciation on such block of assets is not lower than depreciation chargeable on historical cost as per the Companies Act, 1956.

In respect of revalued assets, an amount equivalent to the additional charge arising due to revaluation is transferred from the revaluation reserve to the profit and loss account.

Where there is a revision of the estimated useful life of asset, the unamortised depreciable amount is charged over the revised remaining useful life.

Depreciation on assets acquired/sold/discarded during the year is charged on pro-rata basis except for Furniture, Fixtures and Equipments where full year's depreciation is computed in the year of acquisition and no depreciation is provided in the year of sale.

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

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

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 :

- Raw materials and components - at lower of cost determined on weighted average basis or net realisable value.
- Stock in process – at lower of cost or net realisable value.
- 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

- Transactions in foreign currency are recorded on initial recognition at the exchange rate prevailing on or closely approximating to the date of transaction.
- 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".

Notes forming part of the financial statements for the year ended March 31, 2014

- 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 profit and loss account; 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, firm commitments and highly probable transactions in foreign currency. 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 and post-employment medical benefits.

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.

Retirement benefit in the form of gratuity is considered as defined benefit plan. 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 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 an actuarial valuation using projected unit credit method.

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 on the straight line method over the useful life of the assets or lives based on the rates specified in Schedule XIV to the Companies Act, 1956, whichever is lower. 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, 2014

3. Share capital

	<u>As at March 31, 2014</u> Rs. million	<u>As at March 31, 2013</u> Rs. million
Authorised Shares		
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>
Issued, subscribed and fully paid up shares		
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, 2014</u>		<u>March 31, 2013</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
Balance at the end of the year	<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, 2014</u>		<u>March 31, 2013</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, 2014

4. Reserves and surplus

	<u>As at March 31, 2014</u> Rs. million	<u>As at March 31, 2013</u> Rs. million
Preference share redemption reserve	<u>100.00</u>	<u>100.00</u>
Revaluation reserve		
Balance at the beginning of the year	109.10	136.06
Less : amount transferred to the Statement of Profit and Loss as reduction from depreciation (refer note 26)	8.02	25.75
Less: amount transferred to respective fixed assets on account of sale/write off of revalued assets	2.03	1.21
Balance at the end of the year	<u>99.05</u>	<u>109.10</u>
General reserve		
Balance at the beginning of the year	4,271.65	3,873.77
Add: amount transferred from surplus in the Statement of Profit and Loss	<u>604.91</u>	<u>397.88</u>
Balance at the end of the year	<u>4,876.56</u>	<u>4,271.65</u>
Foreign currency monetary item translation difference account		
Balance at the beginning of the year	(0.84)	(5.70)
Add: liability recognised during the year	-	(2.63)
Less : amount amortised in the Statement of Profit and Loss	0.84	7.49
Balance at the end of the year	<u>-</u>	<u>(0.84)</u>
Surplus in Statement of Profit and Loss		
Balance as per last financial statements	300.00	300.00
Profit for the year	696.53	489.50
Less: Appropriations		
Dividend on equity shares for the year		
- Interim	33.56	-
- Final (proposed)	44.75	78.31
Dividend distribution tax	13.31	13.31
Transfer to general reserves	<u>604.91</u>	<u>397.88</u>
Total appropriations	<u>696.53</u>	<u>489.50</u>
Balance at the end of the year	<u>300.00</u>	<u>300.00</u>
	<u>5,375.61</u>	<u>4,779.91</u>

During the year ended March 31, 2014, 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. 91.62 million including dividend distribution tax (previous year – Rs. 91.62 million). The final dividend for the year ended March 31, 2014, of Rs. 52.36 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, 2014

5. Long-Term Borrowings

	As at March 31, 2014		As at March 31, 2013	
	Long term Rs. million	Current maturities Rs. million	Long term Rs. million	Current maturities Rs. million
Secured				
Term Loans				
- from banks	2,486.02	681.23	2,842.65	655.43
Unsecured				
Other loan and advances				
Public deposits	291.91	92.39	260.50	47.87
Deposits from related parties (refer note 32)	20.20	12.43	34.60	7.20
	2,798.13	786.05	3,137.75	710.50
Less : Amounts disclosed as other current liabilities (refer note 11)	-	(786.05)	-	(710.50)
	2,798.13	-	3,137.75	-

(i) Term loans from banks of Rs.2280.24 million (previous year: Rs. 2417.00 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, 2014	
As at March 31, 2014 (Rs. million)	As at March 31, 2013 (Rs. million)		No.	Periodicity
0.00	23.68	0	0	Quarterly
0.00	86.50	0	0	Half Yearly
22.50	62.50	5	3	Quarterly
166.90	241.07	5.5	9	Quarterly
430.98	554.11	6	14	Quarterly
320.00	400.00	6	16	Quarterly
474.26	508.14	5	14	Quarterly
865.60	541.00	7	19	Quarterly
2,280.24	2,417.00			

(ii) Term loans from banks of Rs. 887.01 million (previous year: Rs. 1081.08 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, 2014	
As at March 31, 2014 (Rs. million)	As at March 31, 2013 (Rs. million)		No.	Periodicity
147.51	213.08	6	9	Quarterly
500.63	623.00	6	17	Quarterly
238.87	245.00	7	19	Quarterly
887.01	1,081.08			



Notes forming part of the financial statements for the year ended March 31, 2014

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

Amount outstanding		Repayment period from origination (years)
As at March 31, 2014 (Rs. million)	As at March 31, 2013 (Rs. million)	
52.94	27.62	2
363.99	322.55	3
416.93	350.17	

(iv) The Interest rate on term loans at point (i) and (ii) above ranges from 7.05% p.a. to 10.90% p.a. and on "deposits from public" from 9.50% p.a. to 11.00% p.a.

6. Deferred tax liability (net)

	As at March 31, 2014 Rs. million	As at March 31, 2013 Rs. million
Deferred tax liability		
Impact of difference between tax depreciation and depreciation / amortisation charged in books	548.72	509.65
Deferred tax assets		
Liabilities on payment basis	118.83	113.20
Provision for doubtful debts/advances	7.24	6.03
	<u>126.07</u>	<u>119.23</u>
Net deferred tax liability	422.65	390.42

7. Other long term liabilities

	As at March 31, 2014 Rs. million	As at March 31, 2013 Rs. million
Security deposits	10.71	15.64
	<u>10.71</u>	<u>15.64</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, 2014		As at March 31, 2013	
	Long term Rs. million	Short term Rs. million	Long term Rs. million	Short term Rs. million
Provision for employee benefits	239.20	46.12	207.63	26.76
Proposed dividend	-	44.75	-	78.31
Tax on dividend	-	7.61	-	13.31
	<u>239.20</u>	<u>98.48</u>	<u>207.63</u>	<u>118.38</u>

Notes forming part of the financial statements for the year ended March 31, 2014

9. Short term borrowings

	<u>As at March 31, 2014</u> Rs. million	<u>As at March 31, 2013</u> Rs. million
Secured		
Working capital loans repayable on demand from banks	211.20	436.16
Unsecured		
Public deposits	10.82	18.42
Deposits from related parties (refer note 32)	-	8.80
	<u>222.02</u>	<u>463.38</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, 2014</u> Rs. million	<u>As at March 31, 2013</u> Rs. million
- Outstanding dues to Micro and Small enterprises (refer note no. 47)	30.12	2.12
- Outstanding dues to parties other than Micro and Small enterprises	1,313.68	1,213.24
	<u>1,343.80</u>	<u>1,215.36</u>

11. Other current liabilities

	<u>As at March 31, 2014</u> Rs. million	<u>As at March 31, 2013</u> Rs. million
Current maturities of long term debt (refer note 5)	786.05	710.50
Interest accrued but not due on borrowings	70.78	65.25
Investor education and protection fund*		
- Unclaimed dividends	0.43	0.40
- Unclaimed matured deposits and interest accrued thereon	2.98	6.38
Advances from customers	40.65	35.83
Other payables		
- Statutory dues	174.33	154.11
- Capital creditors	71.20	121.94
- Security deposit	43.22	31.45
- Others	11.97	115.99
	<u>1,201.61</u>	<u>1,241.85</u>

* not due for deposit



SHRIRAM

Notes forming part of the financial statements for the year ended March 31, 2014

12. Tangible assets

Rs. Million

Particulars	Gross Block				Depreciation				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	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
Total	12,346.24	890.61	2.78	104.03	13,135.60	5,125.45	991.18	91.92	6,024.71	7,110.89	7,220.80

Particulars	Gross Block				Depreciation				Written down value		
	Original cost as at April 1, 2012	Additions for the year	Adjustments for the year for borrowing costs	Deductions for the year	Original cost as at March 31, 2013	As at April 1, 2012	For the year	Deductions for the year	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
Land - leasehold	337.05	-	-	-	337.05	21.74	3.45	-	25.19	311.86	315.31
Buildings	1,066.47	366.24	7.25	2.43	1,437.53	164.85	37.40	0.39	201.86	1,235.67	901.62
Plant and equipment	7,884.51	2,059.00	37.47	50.65	9,930.33	3,756.05	736.81	45.40	4,447.46	5,482.88	4,128.46
Furniture & fixtures	73.09	20.11	-	2.72	90.48	58.47	15.74	2.45	71.76	18.72	14.62
Vehicles	131.57	27.39	-	20.36	138.60	60.81	22.17	16.08	66.90	71.70	70.76
Office equipment	225.84	48.02	-	30.70	243.16	183.19	37.15	25.22	195.12	48.04	42.65
Dies	137.20	33.81	-	1.92	169.09	94.50	24.48	1.82	117.16	51.93	42.70
Total	9,855.73	2,554.57	44.72	108.78	12,346.24	4,339.61	877.20	91.36	5,125.45	7,220.80	5,516.12

Certain items of plant and machinery having WDV as on March 31, 2014 of Rs. 6.45 million (previous year: Rs. 7.36 million) are not in active use. The company has a provision of Rs. 6.03 million (previous year: Rs. 7.00 million) as on March 31, 2014 towards diminution in value of these assets.

13. Intangible assets

Rs. Million

Particulars	Gross Block				Depreciation				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	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	106.84	16.95	64.37	59.42	4.44	12.20
Product design and development	61.35	-	41.18	20.17	45.02	5.52	41.18	9.36	10.81	16.33
Total	180.39	9.19	105.55	84.03	151.86	22.47	105.55	68.78	15.25	28.53

Particulars	Gross Block				Depreciation				Written down value	
	Original cost as at April 1, 2012	Additions for the year	Deductions for the year	Original cost as at March 31, 2013	As at April 1, 2012	For the year	Deductions for the year	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
Computer software	104.42	14.62	-	119.04	86.70	20.14	-	106.84	12.20	17.72
Product design and development	49.16	12.19	-	61.35	37.90	7.12	-	45.02	16.33	11.26
Total	153.58	26.81	-	180.39	124.60	27.26	-	151.86	28.53	28.98

Notes forming part of the financial statements for the year ended March 31, 2014

14. Non current investments

	<u>As at March 31, 2014</u> Rs. million	<u>As at March 31, 2013</u> Rs. million
Trade investments (valued at cost unless stated otherwise)		
Unquoted equity instruments		
Investment in subsidiary		
Investments in equity instruments		
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

	<u>As at March 31, 2014</u>		<u>As at March 31, 2013</u>	
	Current Rs. million	Non current Rs. million	Current Rs. million	Non current Rs. million
Capital advances (Unsecured, considered good)	-	60.89	-	103.93
Security deposits (Unsecured, considered good)	1.89	109.67	1.28	77.95
	<u>1.89</u>	<u>170.56</u>	<u>1.28</u>	<u>181.88</u>
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	111.34	-	76.67	-
Doubtful	11.56	-	10.39	-
	<u>122.90</u>	<u>-</u>	<u>87.06</u>	<u>-</u>
Less: Doubtful	(11.56)	-	(10.39)	-
	<u>111.34</u>	<u>-</u>	<u>76.67</u>	<u>-</u>
Other loans and advances				
Advance tax (net)	22.13	-	27.72	-
Prepaid expenses	10.02	-	30.60	-
Minimum alternate tax (MAT) credit entitlement	-	-	-	42.18
Housing loans to employees (secured)	0.16	0.16	0.49	0.40
Cenvat recoverable	76.16	-	96.93	-
Balance with excise authorities	44.43	-	18.72	-
	<u>152.90</u>	<u>0.16</u>	<u>174.46</u>	<u>42.58</u>
	<u>266.13</u>	<u>170.72</u>	<u>252.41</u>	<u>224.46</u>

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

Advance recoverable in cash or in kind includes Rs. 2.80 million (previous year: Rs. 1.93 million) due from related parties (refer note 32)

Notes forming part of the financial statements for the year ended March 31, 2014

16. Other assets

(Unsecured, considered good unless stated otherwise)

	As at March 31, 2014		As at March 31, 2013	
	Current Rs. million	Non current Rs. million	Current Rs. million	Non current Rs. million
Export incentive receivable	107.23	-	110.08	-
Interest accrued on fixed deposits	18.16	-	13.41	-
Margin money (refer Note 19)	-	6.67	-	0.37
Other assets	47.24	-	33.94	-
	172.63	6.67	157.43	0.37

17. Inventories

(valued at lower of cost and net realisable value)

	As at March 31, 2014	As at March 31, 2013
	Rs. million	Rs. million
Raw material and components (refer note 33) (includes in transit Rs. 5.28 million (previous year: Rs. Nil million))	415.06	410.01
Work-in-progress (refer note 34) (includes in transit Rs. 0.38 million (previous year: Rs. 0.76 million))	470.60	424.01
Finished goods (refer note 35) (includes in transit Rs. 179.74 million (previous year: Rs.183.20 million))	718.21	742.69
Stores and spares (includes in transit Rs. Nil million (previous year: 0.41 million))	142.28	98.09
Loose tools	30.88	30.98
	1,777.03	1,705.78

18. Trade receivables

(Unsecured, considered good unless stated otherwise)

	As at March 31, 2014	As at March 31, 2013
	Rs. million	Rs. million
Outstanding for a period exceeding six months*		
- Considered good	8.00	16.10
- Doubtful	7.11	5.91
Other receivables		
- Considered good	1,797.27	1,547.83
- Doubtful	2.63	2.28
Provision for doubtful trade receivables	1,815.01 (9.74)	1,572.12 (8.19)
	1,805.27	1,563.93

*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, 2014

19. Cash and cash equivalents

	As at March 31, 2014		As at March 31, 2013	
	Current Rs. million	Non-current Rs. million	Current Rs. million	Non-current Rs. million
Cash and cash equivalents				
Cash in hand	0.92	-	0.95	-
Cheques, drafts in hand (* Rs. 1000/-)	0.00 *	-	0.01	-
Balances with banks				
- current accounts	39.98	-	38.55	-
- deposits with original maturity of less than three months	409.90	-	270.00	-
Total - Cash and cash equivalents	450.80	-	309.51	-
Other bank balances				
Dividend account	0.43	-	0.65	-
Deposits with maturity more than 3 months but less than 12 months	50.07	-	46.10	-
Deposits with bank held as margin money	17.65	6.67	40.19	0.37
Total - Other bank balances	68.15	6.67	86.94	0.37
Less : Amounts disclosed as other non-current assets (refer note 16)	-	(6.67)	-	(0.37)
	518.95	-	396.45	-

20. Revenue from operations

	Year ended March 31, 2014	Year ended March 31, 2013
	Rs. Million	Rs. Million
Sale of products (refer note 36)	12,826.72	11,518.88
Other operating revenues		
- export benefits	73.06	125.95
- others	26.10	9.89
	12,925.88	11,654.72
Less:		
Excise duty	(1,228.76)	(1,130.06)
	11,697.12	10,524.66

21. Other income

	Year ended March 31, 2014	Year ended March 31, 2013
	Rs. Million	Rs. Million
Interest income		
- Bank deposits	42.85	14.23
- Others	16.71	16.91
Profit on sale of assets(net)	-	4.36
Provision for doubtful debts written back	-	1.74
Other non-operating income	62.53	53.32
	122.09	90.56

Notes forming part of the financial statements for the year ended March 31, 2014

22. Cost of material consumed

	<u>Year ended March 31, 2014</u> Rs. million	<u>Year ended March 31, 2013</u> Rs. million
Cost of raw material and components consumed (refer note 37)	3,311.09	3,226.52
Cost of packing material consumed	231.96	208.74
	<u>3,543.05</u>	<u>3,435.26</u>

23. (Increase) / Decrease in inventories

	<u>Year ended March 31, 2014</u> Rs. million	<u>Year ended March 31, 2013</u> Rs. million
Inventories at the end of the year		
Work-in-progress	470.60	424.01
Finished goods	718.21	742.69
	<u>1,188.81</u>	<u>1,166.70</u>
Inventories at the beginning of the year		
Work-in-progress	424.01	531.43
Finished goods	742.69	748.10
	<u>1,166.70</u>	<u>1,279.53</u>
Excise duty on increase of finished goods	2.38	18.75
	<u>(19.73)</u>	<u>131.58</u>

24. Employee benefit expense

	<u>Year ended March 31, 2014</u> Rs. million	<u>Year ended March 31, 2013</u> Rs. million
Salaries and wages	1,821.32	1,560.76
Contribution to provident and other funds	104.15	148.97
Staff welfare expenses	194.44	172.68
	<u>2,119.91</u>	<u>1,882.41</u>

Notes forming part of the financial statements for the year ended March 31, 2014

25. Finance costs

	<u>Year ended March 31, 2014</u>	<u>Year ended March 31, 2013</u>
	Rs. million	Rs. million
Interest expense	373.98	309.53
Other borrowing costs	2.47	6.45
Applicable exchange rate variation	0.20	0.91
	<u>376.65</u>	<u>316.89</u>

26. Depreciation and amortisation expense

	<u>Year ended March 31, 2014</u>	<u>Year ended March 31, 2013</u>
	Rs. million	Rs. million
For the year		
- tangible (refer note 12)	991.18	877.20
- intangible (refer note 13)	22.47	27.26
Less: transferred from revaluation reserve (refer note 4)	8.02	25.75
	<u>1,005.63</u>	<u>878.71</u>

27. Other expenses

	<u>Year ended March 31, 2014</u>	<u>Year ended March 31, 2013</u>
	Rs. million	Rs. million
Stores and spares consumed	1,111.10	987.36
Power and fuel	840.96	710.46
Job work charges	348.89	308.64
Freight Expenses	138.80	110.72
Royalty	238.81	192.39
Rent	47.56	44.13
Rates and taxes	17.61	50.89
Insurance	17.02	19.12
Repair and maintenance		
-Plant and machinery	88.65	63.62
-Buildings	80.19	54.98
-Others	25.92	23.24
Auditor's remuneration (refer note 28)	2.61	1.45
Directors' fees	1.13	1.03
Provision for doubtful debts and advances (net)	3.01	-
Loss on sale/write off of assets (net)	0.41	-
Bad debts and advances written off	2.66	1.20
Exchange rate variation (net)	27.80	41.19
Miscellaneous expenses*	794.68	661.10
	<u>3,787.81</u>	<u>3,271.52</u>

* Includes Rs. 23.17 million towards development cost pertaining to prior year

Notes forming part of the financial statements for the year ended March 31, 2014

28. Payment to auditor

(excluding service tax)

	<u>Year ended March 31, 2014</u> Rs. million	<u>Year ended March 31, 2013</u> Rs. million
As auditor:		
- Audit fee	1.40	0.65
- Tax audit fee	0.16	0.11
- Limited review	0.70	0.22
In other capacity:		
- Certification fees	0.23	0.41
- Reimbursement of expenses	0.12	0.06
	<u>2.61</u>	<u>1.45</u>

29. Earnings per share (EPS)

	<u>Year ended March 31, 2014</u>	<u>Year ended March 31, 2013</u>
Net profit attributable to equity shareholders (Rs. million)	696.53	489.50
Weighted average number of equity shares (Nos. million)	22.37	22.37
Earning per share		
- Basic (Rs.)	31.13	21.88
- Diluted (Rs.)	31.13	21.88

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, 2014</u> Rs. million	<u>Year ended March 31, 2013</u> Rs. million
Capital expenditure	57.00	19.05
Revenue expenditure	168.76	112.06
	<u>225.76</u>	<u>131.11</u>

Notes forming part of the financial statements for the year ended March 31, 2014

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

	<u>Year ended March 31, 2014</u>	<u>Year ended March 31, 2013</u>
	Rs. million	Rs. million
Stores and spares consumed	88.45	62.93
Salaries and Wages	46.28	32.75
Contribution to provident and other funds	4.45	3.56
Staff welfare expenses	1.06	0.86
Power and fuel	4.75	3.08
Repair and maintenance		
- Plant and Machinery	2.00	0.47
- Buildings	1.42	0.71
- Others	1.89	0.15
Cost of material consumed	0.05	-
Loss on sale/write off of assets (net)	0.04	0.20
Miscellaneous expenses	18.37	7.35
	<u>168.76</u>	<u>112.06</u>

31. Employee benefits

Gratuity and leave liability have been recognised as defined benefit plan in accordance with accounting standard -15 "Employee benefits" as under:-

	<u>Gratuity</u>		<u>Leave encashment</u>	
	<u>March 31, 2014</u>	<u>March 31, 2013</u>	<u>March 31, 2014</u>	<u>March 31, 2013</u>
	Rs. million	Rs. million	Rs. million	Rs. million
Change in projected benefit obligation				
Projected benefit obligation at the beginning of the year	520.71	472.90	206.83	168.30
Current service cost	55.76	59.35	133.18	80.51
Interest cost	45.66	37.47	16.12	11.68
Actuarial (gain) / loss	(69.30)	(17.09)	(77.25)	(42.39)
Benefits paid	(37.77)	(31.92)	(18.79)	(11.27)
Projected benefit obligation at the end of the year	<u>515.06</u>	<u>520.71</u>	<u>260.09</u>	<u>206.83</u>
Change in plan assets				
Fair value of plan assets at the beginning of the year	445.08	324.69	-	-
Expected return on plan assets	43.28	34.19	-	-
Actuarial gain / (loss)	0.56	0.31	-	-
Employer contributions	28.50	86.44	-	-
Benefits paid	(0.67)	(0.55)	18.79	11.27
Fair value of plan assets at the end of the year	<u>516.75</u>	<u>445.08</u>	<u>-</u>	<u>-</u>

Notes forming part of the financial statements for the year ended March 31, 2014

Reconciliation of obligation and fair value of plan assets

Projected benefit obligation at the end of the year	515.06	520.71	260.09	206.83
Funded status of the plans	516.75	445.08	-	-
Liability recognised in the balance sheet	(1.69)	75.63	260.09	206.83

Expenses recognised during the year

Current service cost	55.76	59.35	133.18	80.51
Interest cost	45.66	37.47	16.12	11.68
Expected return on plan assets	(43.28)	(34.19)	-	-
Recognised net actuarial (gain)/ loss	(69.86)	(17.39)	(77.25)	(42.39)
	(11.72)	45.24	72.05	49.80

Significant assumptions used

Discount rate (% per annum)	9.10	8.20	9.10	8.20
Expected salary rise (% per annum)	11.50	11.00	11.50	11.00
Estimated rate of return on plan assets (% per annum)	9.43	9.30	N.A.	N.A.

Mortality table used	IAL 2006-08 Ultimate	LIC 1994-96 Ultimate	IAL 2006-08 Ultimate	LIC 1994-96 Ultimate
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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, 2014	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
	Rs. million	Rs. million	Rs. million	Rs. million	Rs. million
Gratuity					
Present value of plan obligation	(515.06)	(520.71)	(472.90)	(427.09)	(334.86)
Present value of plan assets	516.75	445.08	324.69	262.76	205.48
Surplus/(Deficit) in plan assets	1.69	(75.63)	(148.21)	(164.33)	(129.38)
Experience adjustment in plan assets [Gain/(Loss)]	0.56	0.31	2.44	(0.38)	0.73
Experience adjustment in plan obligation [Gain/(Loss)]	(69.30)	(17.09)	(25.90)	38.15	36.55
Leave encashment					
Present value of plan obligation	260.09	206.83	168.30	106.10	84.44
Experience adjustment in plan obligation (Gain/(Loss))	(77.25)	(42.39)	(17.78)	(32.72)	(17.47)

The Company's gratuity fund is 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 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.

The Company has a long service reward scheme for selective group of employees. The total expense recognised in the current year is Rs. 4.37 million (previous year Rs. 1.37 million). The liability recognised in the books as at March 31, 2014 is Rs. 25.23 million (previous year Rs. 27.56 million)

Notes forming part of the financial statements for the year ended March 31, 2014

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

Expenditure recognized in respect of defined contribution plan is as under:

	Year ended March 31, 2014	Year ended March 31, 2013
	Rs. million	Rs. million
Provident fund	89.88	83.56
Superannuation fund	18.35	13.44
State insurance fund	35.33	35.19
	143.56	132.19

32. Related party disclosure

As per AS – 18, notified in the companies (accounting standard) 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 Shri R. Srinivasan, Jt. Managing Director Smt. Meenakshi Dass, Whole Time Director
Relatives of key management personnel	
Shri A.K. Taneja, Managing Director	Smt. Anita Taneja
Shri R. Srinivasan, Jt. Managing Director	Smt. Usha Srinivasan
Smt. Meenakshi Dass, Whole Time Director	Shri. Deepak C. Shriram Smt. Santosh D. Shriram Shri Arjun D. Shriram Shri Luv D. Shriram Shri Kush D. Shriram Ms. Nandishi Shriram
Enterprises over which there is significant influence of Smt. Meenakshi Dass and her relatives 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. Pearey Lall & Sons (E.P.) Ltd.

Notes forming part of the financial statements for the year ended March 31, 2014

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, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
(A) Transactions during the year								
Remuneration								
Shri A.K.Taneja	29.90	25.74	-	-	-	-	29.90	25.74
Shri R. Srinivasan	22.46	19.36	-	-	-	-	22.46	19.36
Smt. Meenakshi Dass	24.53	21.55	-	-	-	-	24.53	21.55
Rent								
Smt. Meenakshi Dass	0.24	0.24	-	-	-	-	0.24	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.	-	-	-	-	0.56	0.32	0.56	0.32
Interest on public deposits								
Shri R. Srinivasan	1.34	1.42	-	-	-	-	1.34	1.42
Smt. Meenakshi Dass	1.19	0.89	-	-	-	-	1.19	0.89
Smt. Usha Srinivasan	-	-	0.28	0.42	-	-	0.28	0.42
Shri Deepak C. Shriram	-	-	0.30	0.10	-	-	0.30	0.10
Shri Kush D. Shriram	-	-	0.42	0.46	-	-	0.42	0.46
Smt. Santosh D. Shriram	-	-	0.12	0.10	-	-	0.12	0.10
Shri Arjun D. Shriram	-	-	0.16	0.50	-	-	0.16	0.50
Ms. Nandishi Shriram	-	-	0.29	1.36	-	-	0.29	1.36
Pearey lall & Sons (E.P.) Ltd.	-	-	-	-	-	1.71	-	1.71
Charat Ram Shriram Pvt. Ltd.	-	-	-	-	0.44	0.40	0.44	0.40
Directors sitting fees								
Shri Luv D. Shriram	-	-	0.12	0.12	-	-	0.12	0.12
Licence Fees Income reversed								
Shriram Automotive Products Ltd.	-	-	-	-	0.002	0.12	0.002	0.12
Dividend paid								
Shri A.K. Taneja	0.0002	0.0001	-	-	-	-	0.0002	0.0001
Smt. Meenakshi Dass	22.88	9.15	-	-	-	-	22.88	9.15
Smt. Usha Srinivasan	-	-	0.02	0.01	-	-	0.02	0.01
Shri Deepak C. Shriram	-	-	0.005	0.002	-	-	0.005	0.002
Shri Luv D. Shriram	-	-	16.67	6.67	-	-	16.67	6.67
Sarva Commercial Pvt. Ltd.	-	-	-	-	5.31	2.13	5.31	2.13
Charat Ram Shriram Pvt. Ltd.	-	-	-	-	0.01	0.005	0.01	0.005
Manisha Commercial Pvt. Ltd.	-	-	-	-	3.32	1.33	3.32	1.33
Sera Com Pvt. Ltd.	-	-	-	-	4.73	1.89	4.73	1.89
Public deposits taken during the year								
Shri R. Srinivasan	3.33	0.37	-	-	-	-	3.33	0.37
Smt. Meenakshi Dass	11.30	8.80	-	-	-	-	11.30	8.80
Shri Deepak C. Shriram	-	-	-	4.80	-	-	-	4.80
Shri Kush D. Shriram	-	-	-	3.37	-	-	-	3.37
Smt. Santosh D. Shriram	-	-	-	1.50	-	-	-	1.50
Ms. Nandishi Shriram	-	-	-	2.00	-	-	-	2.00

Notes forming part of the financial statements for the year ended March 31, 2014

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, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Pearey lall & Sons (E.P.) Ltd.	-	-	-	-	-	21.00	-	21.00
Charat Ram Shriram Pvt. Ltd.	-	-	-	-	4.20	-	4.20	-
Licence fee earned								
Shriram Automotive Products Ltd.	-	-	-	-	0.01	0.01	0.01	0.01
Purchase of material / stores								
Shriram Veritech Solutions Pvt. Ltd.	-	-	-	-	7.09	6.11	7.09	6.11
Purchase of components								
Shriram Automotive Products Ltd.	-	-	-	-	225.45	228.73	225.45	228.73
Shriram Alpine Sales Pvt. Ltd.	-	-	-	-	17.04	13.43	17.04	13.43
Common share of activity recovered								
Shriram Automotive Products Ltd.	-	-	-	-	2.52	1.46	2.52	1.46
Shriram Alpine Sales Pvt. Ltd.	-	-	-	-	0.35	0.47	0.35	0.47
(B) Balances due from/ to the related parties								
Public deposits								
Shri R. Srinivasan	10.21	9.88	-	-	-	-	10.21	9.88
Smt. Meenakshi Dass	11.30	11.30	-	-	-	-	11.30	11.30
Smt. Usha Srinivasan	-	-	2.05	2.05	-	-	2.05	2.05
Shri Deepak C. Shriram	-	-	-	4.80	-	-	-	4.80
Shri Kush D. Shriram	-	-	3.37	3.37	-	-	3.37	3.37
Smt. Santosh D. Shriram	-	-	0.50	1.50	-	-	0.50	1.50
Shri Arjun D. Shriram	-	-	1.00	3.50	-	-	1.00	3.50
Ms. Nandishi Shriram	-	-	-	12.50	-	-	-	12.50
Charat Ram Shriram Pvt. Ltd.	-	-	-	-	4.20	4.20	4.20	4.20
Interest accrued but not due								
Shri R. Srinivasan	2.67	1.27	-	-	-	-	2.67	1.27
Smt. Usha Srinivasan	-	-	-	0.25	-	-	-	0.25
Smt. Santosh D. Shriram	-	-	-	0.10	-	-	-	0.10
Shri Kush D. Shriram	-	-	-	0.28	-	-	-	0.28
Amount payable								
Shri A.K. Taneja	20.12	15.78	-	-	-	-	20.12	15.78
Shri R. Srinivasan	15.09	11.83	-	-	-	-	15.09	11.83
Smt. Meenakshi Dass	17.10	13.41	-	-	-	-	17.10	13.41
Manisha Commercial Pvt. Ltd.	-	-	-	-	0.07	0.02	0.07	0.02
Shriram Veritech Solutions Pvt. Ltd.	-	-	-	-	0.34	0.16	0.34	0.16
Shriram Alpine Sales Pvt. Ltd.	-	-	-	-	2.84	1.80	2.84	1.80
Shriram Automotive Products Ltd.	-	-	-	-	23.47	18.67	23.47	18.67
Amount recoverable								
Shriram Automotive Products Ltd.	-	-	-	-	2.45	1.46	2.45	1.46
Shriram Alpine Sales Pvt. Ltd.	-	-	-	-	0.35	0.47	0.35	0.47

Notes forming part of the financial statements for the year ended March 31, 2014

33. Raw material and components inventory

	<u>As at March 31, 2014</u> Rs. million	<u>As at March 31, 2013</u> Rs. million
Aluminium /aluminium alloy	15.70	13.60
Pig Iron	13.33	12.77
Steel Bars/tubes	46.24	53.03
Steel Wire	96.12	130.88
Valve Steel	122.33	102.56
Others	121.34	97.17
	<u>415.06</u>	<u>410.01</u>

34. Work-in-progress inventory

	<u>As at March 31, 2014</u> Rs. million	<u>As at March 31, 2013</u> Rs. million
Pistons	183.76	156.26
Piston Pins	53.15	40.29
Piston rings	158.03	156.88
Engine valves	75.66	70.58
	<u>470.60</u>	<u>424.01</u>

35. Finished goods inventory

	<u>As at March 31, 2014</u> Rs. million	<u>As at March 31, 2013</u> Rs. million
Pistons	320.61	319.59
Piston Pins	58.52	62.16
Piston Rings	214.12	214.01
Engine Valves	110.08	137.37
Others	14.88	9.56
	<u>718.21</u>	<u>742.69</u>

36. Sale of products

	<u>Year ended March 31, 2014</u> Rs. million	<u>Year ended March 31, 2013</u> Rs. million
Pistons/Piston Pins/Piston Rings	10,230.59	9,089.60
Engine Valves	2,470.57	2,302.73
Scrap	125.56	126.55
	<u>12,826.72</u>	<u>11,518.88</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.

Notes forming part of the financial statements for the year ended March 31, 2014

37. Consumption of raw material and components

	<u>Year ended March 31, 2014</u> Rs. million	<u>Year ended March 31, 2013</u> Rs. million
Aluminium /aluminium alloy	866.04	781.99
Silicon	147.99	139.13
RCP inserts	141.38	155.18
Pig iron	72.98	67.03
Steel bars/tubes	378.88	375.94
Steel wire	231.07	197.41
Valve steel	569.49	587.69
Others	903.26	922.15
	3,311.09	3,226.52

38. Value of imports (CIF basis)

	<u>Year ended March 31, 2014</u> Rs. million	<u>Year ended March 31, 2013</u> Rs. million
Raw materials	701.13	704.94
Components	123.11	145.00
Stores & spares	198.55	177.61
Capital goods	221.83	682.28
	1,244.62	1,709.83

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

		<u>Year ended March 31, 2014</u>		<u>Year ended March 31, 2013</u>	
		Rs. million	%	Rs. million	%
Raw materials	- Imported	791.48	23.90	785.65	24.35
	- Indigenous	1,946.95	58.80	1,846.64	57.23
Components	- Imported	92.06	2.78	157.00	4.87
	- Indigenous	480.60	14.52	437.23	13.55
	- Total :	3,311.09	100.00	3,226.52	100.00
Packing material	- Imported	-	-	0.10	0.05
	- Indigenous	231.96	100.00	208.64	99.95
	- Total :	231.96	100.00	208.74	100.00
Stores & spares	- Imported	196.14	17.65	185.23	18.76
	- Indigenous	914.96	82.35	802.13	81.24
	- Total :	1,111.10	100.00	987.36	100.00

Notes forming part of the financial statements for the year ended March 31, 2014

40. Foreign currency exposure

Details of outstanding foreign exchange exposure as at March 31, 2014 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
Hedged Exposure										
- Receivables	0.75 (-)	51.82 (-)	- (-)	- (-)	0.25 (0.17)	23.09 (11.95)	0.06 (-)	6.70 (-)	- (-)	- (-)
- Payables	- (-)	- (-)	- (8.10)	- (4.72)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
- Loans	53.23 (54.90)	2,677.24 (2,712.32)	- (193.38)	- (86.50)	- (-)	- (-)	- (-)	- (-)	4.42 (6.38)	147.51 (213.08)
Unhedged Exposure										
- Receivables	1.62 (1.97)	97.17 (106.90)	18.97 (20.99)	11.03 (12.09)	2.77 (2.42)	229.21 (168.19)	0.12 (0.24)	11.51 (19.80)	- (-)	- (-)
- Payables	0.24 (-)	14.26 (-)	3.75 (180.04)	2.18 (109.49)	0.33 (0.20)	26.94 (13.80)	0.0006 (-)	0.06 (-)	- (-)	- (-)
- Loans	- (-)	- (-)	- (69.48)	- (40.01)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)

Figures in the bracket indicate previous year figures

41. Information pursuant to clause 4 (ix) (b) of the Companies (Auditor's Report) order, 2003 in respect of disputed dues, not deposited as at March 31, 2014, 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)	Amount paid under protest (Rs. in Million)
Income Tax Act, 1961	Income tax	Deputy Commissioner of Income Tax, Delhi	2003-04 & 2004-05	1.43	1.43
		Upto Commissioner of Income Tax (Appeals)	2010-11 & 2011-12	8.66	8.66
Central Excise Act, 1944	Excise Duty	Custom, Excise & Service Tax Appellate Tribunal (CESTAT)	2007-08 and 2008-09	88.38	-
		Upto Commissioner (Appeals)	2010-11	0.30	-
Service Tax Laws-Finance Act, 1994	Service Tax	Custom, Excise & Service Tax Appellate Tribunal (CESTAT)	2000-01 to 2004-05	40.20	-
Central Sales Tax Act, 1956	Sales Tax	Tribunal Commercial Tax, Ghaziabad	2005-06 to 2007-08	13.76	1.75
UP Trade Tax Act, 2008	Sales Tax	Additional Commissioner (Appeals) Ghaziabad	2007-08, 2008-09, 2011-12 and 2012-13	7.20	2.35

Notes forming part of the financial statements for the year ended March 31, 2014

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)	Amount paid under protest (Rs. in Million)
Rajasthan Sales Tax Act, 1954	Sales Tax	Assistant Commissioner (Appeals), Jaipur, Rajasthan	1995-96	0.04	0.04
M.P. VAT Act, 2002	Sales Tax	Deputy Commissioner Appeals, Indore (Anti Evasion Wing)	2011-12	0.11	0.11
M.P. VAT Act, 2002	Sales Tax	M P Commercial Taxes Appeal Board, Bhopal	2003-04 ,2004-05	0.75	0.21
West Bengal VAT Act, 2003	Sales Tax	W.B. Commercial taxes Appellate and Revisional Board, Kolkata	2005-06	0.03	-
A.P. VAT Act, 2005	Sales Tax	Deputy Commercial Tax Officer, Hyderabad	2007-08, 2010-11	0.30	0.04
A.P. VAT Act, 2005	Sales Tax	AP Sales Tax and VAT Appellate Tribunal, Hyderabad	2005-06, 2006-07	0.07	0.02
Central Sales Tax Act, 1956	Sales Tax	The Appellate Dy. Commissioner (CT) VI Chennai	2007-08	0.02	-
Tamil Nadu VAT Act, 2006	Sales Tax	The Appellate Dy. Commissioner (CT) VI Chennai	2008-09, 2009-10	0.71	0.18
Central Sales Tax Act, 1956	Sales Tax	The Appellate Dy. Commissioner (CT) VI Chennai	2008-09, 2009-10	0.39	0.10
Maharashtra Value Added Tax Act, 2002	Sales Tax	Joint Commissioner of Sales Tax (Appeals), Pune	2006-07, 2008-09, 2009-10	24.80	0.50
Central Sales Tax Act, 1956	Sales Tax	Joint Commissioner of Sales Tax (Appeals), Pune	2006-07, 2009-10	0.15	-
Central Sales Tax Act, 1956	Sales Tax	Joint Commissioner of Commercial Tax (Appeals), Central Division, Patna	2012-13	0.72	0.72

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

42. Operating lease

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

	Year ended March 31, 2014	Year ended March 31, 2013
	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	5.12	6.56
Later than one year but not later than five years	10.77	15.89
Later than five years	-	-
	15.89	22.45

The lease rent paid on both cancellable and non-cancellable operating lease is disclosed in note 27 under the head 'Rent'.

Notes forming part of the financial statements for the year ended March 31, 2014

43. Expenditure in foreign currency

	<u>Year ended March 31, 2014</u>	<u>Year ended March 31, 2013</u>
	Rs. million	Rs. million
Royalty	238.81	192.39
Interest	268.38	221.47
Others	154.63	79.07
	<u>661.82</u>	<u>492.93</u>

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

	<u>Year ended March 31, 2014</u>	<u>Year ended March 31, 2013</u>
	Rs. million	Rs. million
Year of which dividend paid	2012-13 (Final)	2011-12 (Final)
Number of non-resident shareholders	2	2
Number of equity shares held (million/no.)	9.17	9.17
Dividend (million/Rs.)	32.08	18.33
Year of which dividend paid	2013-14 (Interim)	-
Number of non-resident shareholders	2	-
Number of equity shares held (million/no.)	9.17	-
Interim dividend (million/Rs.)	13.75	-

45. Earnings in foreign currency

	<u>Year ended March 31, 2014</u>	<u>Year ended March 31, 2013</u>
	Rs. million	Rs. million
Exports (FOB)	2,201.47	1,817.64
Development cost recovered	25.72	0.70
Others	-	0.08
	<u>2,227.19</u>	<u>1,818.42</u>

46. 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 (AS 17), notified in the Companies (Accounting Standard) Rules, 2006 are not applicable

Notes forming part of the financial statements for the year ended March 31, 2014

47. 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, 2014	Year ended March 31, 2013
	Rs. million	Rs. million
Amount remaining unpaid to suppliers under MSMED as at the end of year		
- Principal amount	30.12	2.12
- Interest due thereon	-	-
Amount of payments made to suppliers beyond the appointed day during the year		
- Principal amount	6.23	4.60
- Interest actually paid under section 16 of MSMED	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	0.06	0.03
Interest accrued and remaining unpaid at the end of the year		
- Interest accrued during the year	0.06	0.03
- Interest remaining unpaid as at the end of the year	0.08	0.08
Interest remaining disallowable as deductible expenditure under the Income-tax Act, 1961	0.06	0.03

48. Contingent liabilities

	As at March 31, 2014	As at March 31, 2013
	Rs. million	Rs. million
Disputed		
- Excise duty	88.68	82.83
- Income tax	1.43	1.43
- VAT/Sales tax/Entry Tax	50.18	22.18
- Service tax	40.20	38.19

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 the results of the operations or the financial position of the Company.

Bank guarantees	61.73	39.12
Bills discounted from banks	23.41	15.81
Claims not acknowledged as debts	26.69	15.67

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, 2014 is Rs. 1.18 million (Previous Year Rs. 3.96 million) and there is no default till date.

Notes forming part of the financial statements for the year ended March 31, 2014

49. Commitments

	<u>As at March 31, 2014</u>	<u>As at March 31, 2013</u>
	Rs. million	Rs. million
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	143.13	426.90
Outstanding export obligation to be fulfilled over a period of maximum upto 6 years under the EPCG scheme against import of some machines. Custom duty saved against outstanding export obligations is Rs. 272.54 million (previous year Rs. 398.70 million)	5,626.81	7,082.88

The Company has other commitments, for purchase / sales orders which are issued after considering requirements as per operating cycle for purchase / sale of goods and services, 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 / contracts, which may have a material impact on the financial statements.

50. 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 : 15 May 2014

Luv D. Shriram
Whole - Time Director



STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

NAME OF THE SUBSIDIARY	SPR INTERNATIONAL AUTO EXPORTS LTD.
1. Financial year of the subsidiary	March 31, 2014
2. Extent of holding company's interest in the subsidiary	
- Number of shares	50000
- % holding (equity)	100%
- % holding (preference)	-
3. Net aggregate amount of subsidiary's Profit / (losses) so far as they concern members of the holding company and not dealt with in the holding company's accounts.	
i) For subsidiary's financial year	Rs. 0.02 Million
ii) For subsidiary's previous financial years since it became subsidiary	Rs.(0.09) Million
4. Net aggregate amount of subsidiary's profits/losses so far as they concern members of the holding company and dealt with in the holding company's accounts	
i) For subsidiary's financial year	-
ii) For subsidiary's previous financial years since it became subsidiary	-
5. Change in the interest of holding company between the end of subsidiary's financial year and the end of holding company's financial year.	
6. Material changes between the end of subsidiary's financial year and the end of holding company's financial year.	
i) Fixed assets	-
ii) Investments disposed off	-
iii) Monies lent by the subsidiary	-
iv) Monies borrowed by the subsidiary other than for meeting current liabilities.	-

On behalf of the Board

Pradeep Dinodia
Chairman

O.P. Khaitan
Director

A.K. Taneja
Managing Director & CEO

R. Srinivasan
Jt.Managing Director & Secretary

Place : New Delhi
Date : 15 May 2014

Luv D. Shriram
Whole - Time Director

SUBSIDIARY COMPANY – SPR INTERNATIONAL AUTO EXPORTS LTD.

DIRECTORS' REPORT

The Directors have pleasure in presenting 9th Annual Report of the company for the year ended on March 31, 2014.

Profit in the year is Rs. 24 Th. against Rs. 8 Th. last year. No Dividend is being recommended. Further, no amount is being transferred to General Reserve Account.

Business transactions could not commence during the year.

The Directors confirm that:-

1. in the preparation of the annual accounts, the applicable accounting standards have been followed.
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 March 31, 2014.
3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 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.

There is nothing to report with respect to conservation of energy, technology absorption, foreign exchange earnings and outgo as required by Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 as the company has not undertaken any manufacturing or trading activity during the year.

There are no particulars to be given under Section 217(2A) of the Companies Act, 1956.

Shri A.K. Taneja, Director, retires by rotation and being eligible offers himself for re-election. The brief resume and other details, in relation to, aforesaid Director are given in the "Notice of the Annual General Meeting".

On behalf of the Board

New Delhi
May 15, 2014

(PRADEEP DINODIA)
CHAIRMAN



Independent Auditors' Report

TO THE BOARD OF DIRECTORS OF SHRIRAM PISTONS & RINGS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of SHRIRAM PISTONS & RINGS LIMITED (the "Company") and its subsidiary (the Company and its subsidiary constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2014, the Consolidated Statement of Profit and Loss and the Consolidated 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 Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements 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. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing issued by the Institute of Chartered Accounts of India. 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 judgement, 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 control relevant to the company's preparation and presentation 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 the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements/financial information of the subsidiaries referred to below in the Other Matter paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2014;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matter

We did not audit the financial statements/financial information of subsidiaries viz., SPR International Auto Exports Limited, whose financial statements reflect total assets (net) of Rs. 0.45 million as at 31st March, 2014, total revenues of Rs. 0.04 million and net cash inflows amounting to Rs. 0.02 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of this matter.

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

Manjula Banerji
Partner
(Membership No. 086423)

Gurgaon, May 15, 2014

Consolidated Balance Sheet as at March 31, 2014

(Rupees in million)

	Note No.	As at March 31, 2014	As at March 31, 2013
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	223.75	223.75
Reserves and surplus	4	5,375.55	4,779.83
		<u>5,599.30</u>	<u>5,003.58</u>
Non-current liabilities			
Long term borrowings	5	2,798.13	3,137.75
Deferred tax liabilities (net)	6	422.65	390.42
Other long term liabilities	7	10.71	15.64
Long term provisions	8	239.20	207.63
		<u>3,470.69</u>	<u>3,751.44</u>
Current liabilities			
Short term borrowings	9	222.02	463.38
Trade payables	10	1,343.80	1,215.36
Other current liabilities	11	1,201.61	1,241.87
Short term provisions	8	98.49	118.38
		<u>2,865.92</u>	<u>3,038.99</u>
	TOTAL	<u>11,935.91</u>	<u>11,794.01</u>
ASSETS			
Non-current assets			
Fixed assets			
- Tangible assets	12	7,110.89	7,220.80
- Intangible assets	13	15.25	28.53
- Capital work-in-progress		91.92	243.41
Long term loans and advances	14	170.72	224.46
Other non current assets	15	6.67	0.37
		<u>7,395.45</u>	<u>7,717.57</u>
Current assets			
Inventories	16	1,777.03	1,705.78
Trade receivables	17	1,805.27	1,563.93
Cash and cash equivalents	18	519.40	396.89
Short-term loans and advances	14	266.13	252.41
Other current assets	15	172.63	157.43
		<u>4,540.46</u>	<u>4,076.44</u>
	TOTAL	<u>11,935.91</u>	<u>11,794.01</u>

See Accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Manjula Banerji
Partner

Place : New Delhi
Date : 15 May 2014

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, 2014

(Rupees in million)

	Note No.	For the Year ended March 31, 2014	For the Year ended March 31, 2013
Revenue			
Gross Revenue from operations	19	12,925.88	11,654.72
Less : Excise duty		(1,228.76)	(1,130.06)
Net Revenue from operations		11,697.12	10,524.66
Other income	20	122.13	90.60
Total revenue		11,819.25	10,615.26
Expenses			
Cost of material consumed	21	3,543.05	3,435.26
(Increase) / Decrease in inventories of finished goods and work-in-progress	22	(19.73)	131.58
Employee benefit expenses	23	2,119.91	1,882.41
Finance costs	24	376.65	316.89
Depreciation and amortisation expense	25	1,005.63	878.71
Other expenses	26	3,787.82	3,271.54
Total expenses		10,813.33	9,916.39
Profit before tax		1,005.92	698.87
Tax expense:			
i) Current tax			
- Current tax expenses		279.77	141.67
- MAT Credit		-	(42.18)
- Short / (Excess) provision for tax relating to prior year		(2.63)	9.37
ii) Deferred tax			
- Current Year		13.64	100.50
- Short / (Excess) relating to prior year		18.59	-
		309.37	209.36
Profit for the year		696.55	489.51
Earnings per share (of Rs. 10/- each)			
Basic	28	31.13	21.88
Diluted		31.13	21.88

See Accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Manjula Banerji
Partner

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 : 15 May 2014

Luv D. Shriram
Whole - Time Director

Consolidated Cash flow statement for the year ended March 31, 2014

(Rupees in million)

	Year ended March 31, 2014	Year ended March 31, 2013
A. Cash flow from Operating Activities		
Profit before tax	1,005.92	698.87
Adjustments for :		
Depreciation/amortisation	1,005.63	878.71
Finance costs	376.65	316.89
Bad debts/advances written off	2.66	1.20
Provision for doubtful debts (net)	3.01	-
Provision for doubtful debts written back	-	(1.74)
Interest income	(59.56)	(31.18)
Unrealised exchange rate variation (net)	(3.27)	(1.33)
Loss on sale/write off of fixed asset	0.41	(4.36)
Operating profit before working capital changes	2,331.45	1,857.06
Changes in Working Capital:		
Adjustments for (increase) / decrease in operating assets		
Inventories	(71.25)	136.40
Trade receivables	(251.64)	(125.53)
Loans and advances (short and long term)	(8.62)	79.08
Other assets (current and non current)	(10.46)	(52.23)
Adjustments for (increase) / decrease in operating liabilities		
Trade payables	128.44	(177.53)
Other liabilities (current and non current)	(19.25)	(66.35)
Provisions (short and long term)	11.67	2.03
Cash Generated from operations	2,110.34	1,652.93
Income tax paid	(313.73)	(125.21)
Net cash from operating activities	1,796.61	1,527.72
B. Cash Flow from Investing Activities		
Interest received	38.11	8.17
Sale of tangible assets	8.70	14.29
Purchase of tangible assets	(892.41)	(2,593.01)
Purchase of intangible assets	(9.19)	(26.81)
Increase/(Decrease) in restricted cash	16.47	(0.35)
Increase / (Decrease) in Deposits with maturity more than 3 months but less than 12 months	(3.99)	(46.10)
Increase/ (Decrease) in capital advances	43.04	183.53
Increase / (Decrease) in capital work in progress	151.49	492.40
Net cash (used) in investing activities	(647.78)	(1,967.88)
C. Cash Flow from Financing Activities		
Interest paid	(371.12)	(302.46)
Dividend paid	(130.89)	(52.01)
Proceeds from long term borrowings	324.60	1,715.80
Repayment of long term borrowings	(655.43)	(464.01)
Net proceeds / (repayment) of short term loans from banks	(224.96)	(243.74)
Proceeds from public deposits	176.29	253.19
Payment of public deposits	(126.03)	(230.79)
Net cash from/(used) in financing activities	(1,007.54)	675.98
Net Increase/(Decrease) in cash and cash equivalents	141.29	235.82
Cash and cash equivalents as on April 1, 2013	309.54	73.72
Cash and cash equivalents as on March 31, 2014	450.83	309.54
Components of cash and cash equivalents		
Cash in hand	0.92	0.95
Cheques, drafts in hand (* Rs. 1000/-)	0.00 *	0.01
Balances with banks		
- current accounts	40.01	38.58
- deposits with original maturity of less than three months	409.90	270.00
	450.83	309.54

Note: The Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard – 3 on Cash Flow Statements of the Companies (Accounting Standard) Rules, 2006

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Manjula Banerji
Partner

Place : New Delhi
Date : 15 May 2014

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

Notes forming part of the consolidated financial statements for the year ended March 31, 2014

1. Principles 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 company 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 the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act / 2013 Act, as applicable. The consolidated financial statements have been prepared on accrual basis under the historical cost convention as modified to include the revaluation of certain fixed assets. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the previous year.

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 estimated 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 income includes interest income which is accounted on accrual basis.

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 Companies Act, 1956.

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

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 is provided on Fixed Assets over their estimated useful lives or lives based on the rates specified in Schedule XIV to the Companies Act, 1956, whichever is lower, except in the case of following assets, where depreciation is provided as under :

Dies	- three years
Furniture, fixtures and office equipment	- five years
Vehicles	- five years

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

Where assets are revalued, depreciation is charged on the revalued amount based on remaining useful life of the asset specified by the valuer provided depreciation on such block of assets is not lower than depreciation chargeable on historical cost as per the Companies Act, 1956.

In respect of revalued assets, an amount equivalent to the additional charge arising due to revaluation is transferred from the revaluation reserve to the profit and loss account.

Where there is a revision of the estimated useful life of asset, the unamortised depreciable amount is charged over the revised remaining useful life.

Notes forming part of the consolidated financial statements for the year ended March 31, 2014

Depreciation on assets acquired/sold/discarded during the year is charged on pro-rata basis except for Furniture, Fixtures and Equipments where full year's depreciation is computed in the year of acquisition and no depreciation is provided in the year of sale.

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

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

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 :

- Raw materials and components - at lower of cost determined on weighted average basis or net realisable value.
- Stock in process – at lower of cost or net realisable value.
- 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 material, labour and appropriate proportion of overheads.

2.8. Foreign currency transactions and translations

- Transactions in foreign currency are recorded on initial recognition at the exchange rate prevailing on or closely approximating to the date of transaction.
- 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".
- 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 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.
- 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 profit and loss account; however, any gain is ignored.
- 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, firm commitments and highly probable transactions in foreign currency. 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 and post-employment medical benefits.

Contribution towards Provident Fund and Superannuation fund is paid as per the statutory provisions/ Group 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 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.

Retirement benefit in the form of gratuity is considered as defined benefit plan. 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 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 an actuarial valuation using projected unit credit method.

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

Notes forming part of the consolidated financial statements for the year ended March 31, 2014

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 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 on the straight line method over the useful life of the assets or lives based on the rates specified in Schedule XIV to the Companies Act, 1956, whichever is lower. 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 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 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 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, 2014

	As at March 31, 2014	As at March 31, 2013
	Rs. million	Rs. million
3. Share capital		
Authorised Shares		
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
	800.00	800.00
Issued, subscribed and fully paid up shares		
22,374,912 (previous year 22,374,912) equity shares of Rs. 10 each	223.75	223.75
	223.75	223.75

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

	March 31, 2014		March 31, 2013	
	No. in million	Rs. million	No. in million	Rs. million
At the beginning of the year	22.37	223.75	22.37	223.75
Balance at the end of the year	22.37	223.75	22.37	223.75

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, 2014		March 31, 2013	
	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, 2014

4. Reserves and surplus

	As at March 31, 2014	As at March 31, 2013
	Rs. million	Rs. million
Preference share redemption reserve	100.00	100.00
Revaluation reserve		
Balance at the beginning of the year	109.10	136.06
Less : amount transferred to the Statement of Profit and Loss as reduction from depreciation (refer note 25)	8.02	25.75
Less: amount transferred to respective fixed assets on account of sale/write off of revalued assets	2.03	1.21
Balance at the end of the year	99.05	109.10
General reserve		
Balance at the beginning of the year	4,271.57	3,873.68
Add: amount transferred from surplus in the Statement of Profit and Loss	604.91	397.89
Balance at the end of the year	4,876.48	4,271.57
Foreign currency monetary item translation difference account		
Balance at the beginning of the year	(0.84)	(5.70)
Add: liability recognised during the year	-	(2.63)
Less : amount amortised in the Statement of Profit and Loss	0.84	7.49
Balance at the end of the year	-	(0.84)
Surplus in Statement of Profit and Loss		
Balance as per last financial statements	300.00	300.00
Profit for the year	696.55	489.51
Less: Appropriations		
Dividend on equity shares for the year		
- Interim	33.56	-
- Final (proposed)	44.75	78.31
Dividend distribution tax	13.31	13.31
Transfer to general reserves	604.91	397.89
Total appropriations	696.53	489.51
Balance at the end of the year	300.02	300.00
	5,375.55	4,779.83

During the year ended March 31, 2014, 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. 91.62 million including dividend distribution tax (Previous year – Rs. 91.62 million). The final dividend for the year ended March 31, 2014, of Rs. 52.36 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, 2014

5. Long-Term Borrowings

	As at March 31, 2014		As at March 31, 2013	
	Long term Rs. million	Current maturities Rs. million	Long term Rs. million	Current maturities Rs. million
Secured				
Term Loans				
- from banks	2,486.02	681.23	2,842.65	655.43
Unsecured				
Other loan and advances				
Public deposits	291.91	92.39	260.50	47.87
Deposits from related parties (refer note 31)	20.20	12.43	34.60	7.20
	2,798.13	786.05	3,137.75	710.50
Less : Amounts disclosed as other current liabilities (refer note 11)	-	(786.05)	-	(710.50)
	2,798.13	-	3,137.75	-

(i) Term loans from banks of Rs.2280.24 million (previous year: Rs. 2417.00 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, 2014 (Rs. million)	As at March 31, 2013 (Rs. million)		No.	Periodicity
0.00	23.68	0	0	Quarterly
0.00	86.50	0	0	Half Yearly
22.50	62.50	5	3	Quarterly
166.90	241.07	5.5	9	Quarterly
430.98	554.11	6	14	Quarterly
320.00	400.00	6	16	Quarterly
474.26	508.14	5	14	Quarterly
865.60	541.00	7	19	Quarterly
2,280.24	2,417.00			

(ii) Term loans from banks of Rs. 887.01 million (previous year: Rs. 1081.08 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, 2014 (Rs. million)	As at March 31, 2013 (Rs. million)		No.	Periodicity
147.51	213.08	6	9	Quarterly
500.63	623.00	6	17	Quarterly
238.87	245.00	7	19	Quarterly
887.01	1,081.08			

Notes forming part of the consolidated financial statements for the year ended March 31, 2014

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

Amount outstanding		Repayment period from origination (years)
As at March 31, 2014 (Rs. million)	As at March 31, 2013 (Rs. million)	
52.94	27.62	2
363.99	322.55	3
416.93	350.17	

(iv) The Interest rate on term loans at point (i) and (ii) above ranges from 7.05% p.a. to 10.90% p.a. and on "deposits from public" from 9.50% p.a. to 11.00% p.a.

6. Deferred tax liability (net)

	As at March 31, 2014 Rs. million	As at March 31, 2013 Rs. million
Deferred tax liability		
Impact of difference between tax depreciation and depreciation/ amortisation charged in books	548.72	509.65
Deferred tax assets		
Liabilities on payment basis	118.83	113.20
Provision for doubtful debts/advances	7.24	6.03
	<u>126.07</u>	<u>119.23</u>
Net deferred tax liability	422.65	390.42

7. Other long term liabilities

	As at March 31, 2014 Rs. million	As at March 31, 2013 Rs. million
Security deposits	10.71	15.64
	<u>10.71</u>	<u>15.64</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, 2014		As at March 31, 2013	
	Long term Rs. million	Short term Rs. million	Long term Rs. million	Short term Rs. million
Provision for employee benefits	239.20	46.12	207.63	26.76
Income Tax	-	0.01	-	-
Proposed dividend	-	44.75	-	78.31
Tax on dividend	-	7.61	-	13.31
	<u>239.20</u>	<u>98.49</u>	<u>207.63</u>	<u>118.38</u>

Notes forming part of the consolidated financial statements for the year ended March 31, 2014

9. Short term borrowings

	As at March 31, 2014	As at March 31, 2013
	Rs. million	Rs. million
Secured		
Working capital loans repayable on demand from banks	211.20	436.16
Unsecured		
Public deposits	10.82	18.42
Deposits from related parties (refer note 31)	-	8.80
	222.02	463.38

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

	As at March 31, 2014	As at March 31, 2013
	Rs. million	Rs. million
- Outstanding dues to Micro and Small enterprises (refer note no. 41)	30.12	2.12
- Outstanding dues to parties other than Micro and Small enterprises	1,313.68	1,213.24
	1,343.80	1,215.36

11. Other current liabilities

	As at March 31, 2014	As at March 31, 2013
	Rs. million	Rs. million
Current maturities of long term debt (refer note 5)	786.05	710.50
Interest accrued but not due on borrowings	70.78	65.25
Investor education and protection fund*		
- Unclaimed dividends	0.43	0.40
- Unclaimed matured deposits and interest accrued thereon	2.98	6.38
Advances from customers	40.65	35.83
Other payables		
- Statutory dues	174.33	154.11
- Capital creditors	71.20	121.94
- Security deposit	43.22	31.45
- Others	11.97	116.01
	1,201.61	1,241.87

* not due for deposit

Notes forming part of the consolidated financial statements for the year ended March 31, 2014

12. Tangible assets

Rs. Million

Particulars	Gross Block				Depreciation				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	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
Total	12,346.24	890.61	2.78	104.03	13,135.60	5,125.45	991.18	91.92	6,024.71	7,110.89	7,220.80

Particulars	Gross Block				Depreciation				Written down value		
	Original cost as at April 1, 2012	Additions for the year	Adjustments for the year for borrowing costs	Deductions for the year	Original cost as at March 31, 2013	As at April 1, 2012	For the year	Deductions for the year	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
Land - leasehold	337.05	-	-	-	337.05	21.74	3.45	-	25.19	311.86	315.31
Buildings	1,066.47	366.24	7.25	2.43	1,437.53	164.85	37.40	0.39	201.86	1,235.67	901.62
Plant and equipment	7,884.51	2,059.00	37.47	50.65	9,930.33	3,756.05	736.81	45.40	4,447.46	5,482.88	4,128.46
Furniture & fixtures	73.09	20.11	-	2.72	90.48	58.47	15.74	2.45	71.76	18.72	14.62
Vehicles	131.57	27.39	-	20.36	138.60	60.81	22.17	16.08	66.90	71.70	70.76
Office equipment	225.84	48.02	-	30.70	243.16	183.19	37.15	25.22	195.12	48.04	42.65
Dies	137.20	33.81	-	1.92	169.09	94.50	24.48	1.82	117.16	51.93	42.70
Total	9,855.73	2,554.57	44.72	108.78	12,346.24	4,339.61	877.20	91.36	5,125.45	7,220.80	5,516.12

Certain items of plant and machinery having WDV as on March 31, 2014 of Rs. 6.45 million (previous year: Rs. 7.36 million) are not in active use. The company has a provision of Rs. 6.03 million (previous year: Rs. 7.00 million) as on March 31, 2014 towards diminution in value of these assets.

13. Intangible assets

Rs. Million

Particulars	Gross Block				Depreciation				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	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	106.84	16.95	64.37	59.42	4.44	12.20
Product design and development	61.35	-	41.18	20.17	45.02	5.52	41.18	9.36	10.81	16.33
Total	180.39	9.19	105.55	84.03	151.86	22.47	105.55	68.78	15.25	28.53

Particulars	Gross Block				Depreciation				Written down value	
	Original cost as at April 1, 2012	Additions for the year	Deductions for the year	Original cost as at March 31, 2013	As at April 1, 2012	For the year	Deductions for the year	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
Computer software	104.42	14.62	-	119.04	86.70	20.14	-	106.84	12.20	17.72
Product design and development	49.16	12.19	-	61.35	37.90	7.12	-	45.02	16.33	11.26
Total	153.58	26.81	-	180.39	124.60	27.26	-	151.86	28.53	28.98

Notes forming part of the consolidated financial statements for the year ended March 31, 2014

14. Loan and advances

	As at March 31, 2014		As at March 31, 2013	
	Current Rs. million	Non current Rs. million	Current Rs. million	Non current Rs. million
Capital advances (Unsecured, considered good)	-	60.89	-	103.93
Security deposits (Unsecured, considered good)	1.89	109.67	1.28	77.95
	1.89	170.56	1.28	181.88
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	111.34	-	76.67	-
Doubtful	11.56	-	10.39	-
	122.90	-	87.06	-
Less: Doubtful	(11.56)	-	(10.39)	-
	111.34	-	76.67	-
Other loans and advances				
Advance tax (net)	22.13	-	27.72	-
Prepaid expenses	10.02	-	30.60	-
Minimum alternate tax (MAT) credit entitlement	-	-	-	42.18
Housing loans to employees (secured)	0.16	0.16	0.49	0.40
Cenvat recoverable	76.16	-	96.93	-
Balance with excise authorities	44.43	-	18.72	-
	152.90	0.16	174.46	42.58
	266.13	170.72	252.41	224.46

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

Advance recoverable in cash or in kind includes Rs. 2.80 million (previous year: Rs. 1.93 million) due from related parties (refer note 31)

15. Other assets

(Unsecured, considered good unless stated otherwise)

	As at March 31, 2014		As at March 31, 2013	
	Current Rs. million	Non-current Rs. million	Current Rs. million	Non-current Rs. million
Export incentive receivable	107.23	-	110.08	-
Interest accrued on fixed deposits	18.16	-	13.41	-
Margin money (refer Note 18)	-	6.67	-	0.37
Other assets	47.24	-	33.94	-
	172.63	6.67	157.43	0.37

Notes forming part of the consolidated financial statements for the year ended March 31, 2014

16. Inventories

(valued at lower of cost and net realisable value)

	As at March 31, 2014	As at March 31, 2013
	Rs. million	Rs. million
Raw material and components (refer note 32) (includes in transit Rs. 5.28 million (previous year: Rs. Nil million))	415.06	410.01
Work-in-progress (refer note 33) (includes in transit Rs. 0.38 million (previous year: Rs. 0.76 million))	470.60	424.01
Finished goods (refer note 34) (includes in transit Rs. 179.74 million (previous year: Rs.183.20 million))	718.21	742.69
Stores and spares (includes in transit Rs. Nil million (previous year: 0.41 million))	142.28	98.09
Loose tools	30.88	30.98
	1,777.03	1,705.78

17. Trade receivables

(Unsecured, considered good unless stated otherwise)

	As at March 31, 2014	As at March 31, 2013
	Rs. million	Rs. million
Outstanding for a period exceeding six months*		
- Considered good	8.00	16.10
- Doubtful	7.11	5.91
Other receivables		
- Considered good	1,797.27	1,547.83
- Doubtful	2.63	2.28
	1,815.01	1,572.12
Provision for doubtful trade receivables	(9.74)	(8.19)
	1,805.27	1,563.93

* 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, 2014		As at March 31, 2013	
	Current Rs. million	Non-current Rs. million	Current Rs. million	Non-current Rs. million
Cash and cash equivalents				
Cash in hand	0.92	-	0.95	-
Cheques, drafts in hand (* Rs. 1000/-)	0.00 *	-	0.01	-
Balances with banks				
- current accounts	40.01	-	38.59	-
- deposits with original maturity of less than three months	409.90	-	270.00	-
Total - Cash and cash equivalents	450.83	-	309.55	-
Other bank balances				
Dividend account	0.43	-	0.65	-
Deposits with maturity more than 3 months but less than 12 months	50.49	-	46.50	-
Deposits with bank held as margin money	17.65	6.67	40.19	0.37
Total - Other bank balances	68.57	6.67	87.34	0.37
Less : Amounts disclosed as other non-current assets (refer note 15)	-	(6.67)	-	(0.37)
	519.40	-	396.89	-

Notes forming part of the consolidated financial statements for the year ended March 31, 2014

19. Revenue from operations

	Year ended March 31, 2014	Year ended March 31, 2013
	Rs. Million	Rs. Million
Sale of products (refer note 35)	12,826.72	11,518.88
Other operating revenues		
- export benefits	73.06	125.95
- others	26.10	9.89
	<u>12,925.88</u>	<u>11,654.72</u>
Less:		
Excise duty	(1,228.76)	(1,130.06)
	<u>11,697.12</u>	<u>10,524.66</u>

20. Other income

	Year ended March 31, 2014	Year ended March 31, 2013
	Rs. million	Rs. million
Interest income		
- Bank deposits	42.89	14.27
- Others	16.67	16.87
Profit on sale of assets(net)	-	4.36
Provision for doubtful debts written back	-	1.74
Other non-operating income	62.57	53.36
	<u>122.13</u>	<u>90.60</u>

21. Cost of material consumed

	Year ended March 31, 2014	Year ended March 31, 2013
	Rs. million	Rs. million
Cost of raw material and components consumed (refer note 36)	3,311.09	3,226.52
Cost of packing material consumed	231.96	208.74
	<u>3,543.05</u>	<u>3,435.26</u>

22. (Increase) / Decrease in inventories

	Year ended March 31, 2014	Year ended March 31, 2013
	Rs. million	Rs. million
Inventories at the end of the year		
Work-in-progress	470.60	424.01
Finished goods	718.21	742.69
	<u>1,188.81</u>	<u>1,166.70</u>
Inventories at the beginning of the year		
Work-in-progress	424.01	531.43
Finished goods	742.69	748.10
	<u>1,166.70</u>	<u>1,279.53</u>
Excise duty on increase of finished goods	2.38	18.75
	<u>(19.73)</u>	<u>131.58</u>

Notes forming part of the consolidated financial statements for the year ended March 31, 2014

23. Employee benefit expense

	Year ended March 31, 2014	Year ended March 31, 2013
	Rs. million	Rs. million
Salaries and wages	1,821.32	1,560.76
Contribution to provident and other funds	104.15	148.97
Staff welfare expenses	194.44	172.68
	2,119.91	1,882.41

24. Finance costs

	Year ended March 31, 2014	Year ended March 31, 2013
	Rs. million	Rs. million
Interest expense	373.98	309.53
Other borrowing costs	2.47	6.45
Applicable exchange rate variation	0.20	0.91
	376.65	316.89

25. Depreciation and amortisation expense

	Year ended March 31, 2014	Year ended March 31, 2013
	Rs. million	Rs. million
For the year		
- tangible (refer note 12)	991.18	877.20
- intangible (refer note 13)	22.47	27.26
Less: transferred from revaluation reserve (refer note 4)	8.02	25.75
	1,005.63	878.71

26. Other expenses

	Year ended March 31, 2014	Year ended March 31, 2013
	Rs. million	Rs. million
Stores and spares consumed	1,111.10	987.36
Power and fuel	840.96	710.46
Job work charges	348.89	308.64
Freight Expenses	138.80	110.72
Royalty	238.81	192.39
Rent	47.56	44.13
Rates and taxes	17.61	50.89
Insurance	17.02	19.12
Repair and maintenance		
-Plant and machinery	88.65	63.63
-Buildings	80.19	54.98
-Others	25.92	23.24
Auditor's remuneration (refer note 27)	2.61	1.45
Directors' fees	1.13	1.03
Provision for doubtful debts and advances (net)	3.01	-
Loss on sale/write off of assets (net)	0.41	-
Bad debts and advances written off	2.66	1.20
Exchange rate variation (net)	27.80	41.19
Miscellaneous expenses*	794.69	661.11
	3,787.82	3,271.54

* Includes Rs. 23.17 million towards development cost pertaining to prior year.

Notes forming part of the consolidated financial statements for the year ended March 31, 2014

27. Payment to auditor (excluding service tax)

	Year ended March 31, 2014	Year ended March 31, 2013
	Rs. million	Rs. million
As auditor:		
- Audit fee	1.40	0.65
- Tax audit fee	0.16	0.11
- Limited review	0.70	0.22
In other capacity:		
- Certification fees	0.23	0.41
- Reimbursement of expenses	0.12	0.06
	2.61	1.45

28. Earnings per share (EPS)

	Year ended March 31, 2014	Year ended March 31, 2013
Net profit attributable to equity shareholders (Rs. million)	696.55	489.51
Weighted average number of equity shares (Nos. million)	22.37	22.37
Earning per share		
- Basic (Rs.)	31.13	21.88
- Diluted (Rs.)	31.13	21.88

29. 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:-

	Year ended March 31, 2014	Year ended March 31, 2013
	Rs. million	Rs. million
Capital expenditure	57.00	19.05
Revenue expenditure	168.76	112.06
	225.76	131.11

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

	Year ended March 31, 2014	Year ended March 31, 2013
	Rs. million	Rs. million
Stores and spares consumed	88.45	62.93
Salaries and Wages	46.28	32.75
Contribution to provident and other funds	4.45	3.56
Staff welfare expenses	1.06	0.86
Power and fuel	4.75	3.08
Repair and maintenance		
- Plant and Machinery	2.00	0.47
- Buildings	1.42	0.71
- Others	1.89	0.15
Cost of material consumed	0.05	-
Loss on sale/write off of assets (net)	0.04	0.20
Miscellaneous expenses	18.37	7.35
	168.76	112.06

Notes forming part of the consolidated financial statements for the year ended March 31, 2014

30. Employee benefits

Gratuity and leave liability have been recognised as defined benefit plan in accordance with accounting standard -15 "Employee benefits" as under:-

	Gratuity		Leave encashment	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	Rs. million	Rs. million	Rs. million	Rs. million
Change in projected benefit obligation				
Projected benefit obligation at the beginning of the year	520.71	472.90	206.83	168.30
Current service cost	55.76	59.35	133.18	80.51
Interest cost	45.66	37.47	16.12	11.68
Actuarial (gain) / loss	(69.30)	(17.09)	(77.25)	(42.39)
Benefits paid	(37.77)	(31.92)	(18.79)	(11.27)
Projected benefit obligation at the end of the year	515.06	520.71	260.09	206.83
Change in plan assets				
Fair value of plan assets at the beginning of the year	445.08	324.69	-	-
Expected return on plan assets	43.28	34.19	-	-
Actuarial gain / (loss)	0.56	0.31	-	-
Employer contributions	28.50	86.44	-	-
Benefits paid	(0.67)	(0.55)	18.79	11.27
Fair value of plan assets at the end of the year	516.75	445.08	-	-
Reconciliation of obligation and fair value of plan assets				
Projected benefit obligation at the end of the year	515.06	520.71	260.09	206.83
Funded status of the plans	516.75	445.08	-	-
Liability recognised in the balance sheet	(1.69)	75.63	260.09	206.83
Expenses recognised during the year				
Current service cost	55.76	59.35	133.18	80.51
Interest cost	45.66	37.47	16.12	11.68
Expected return on plan assets	(43.28)	(34.19)	-	-
Recognized net actuarial (gain)/ loss	(69.86)	(17.39)	(77.25)	(42.39)
	(11.72)	45.24	72.05	49.80
Significant assumptions used				
Discount rate (% per annum)	9.10	8.20	9.10	8.20
Expected salary rise (% per annum)	11.50	11.00	11.50	11.00
Estimated rate of return on plan assets (% per annum)	9.43	9.30	N.A.	N.A.
Mortality table used	IAL 2006-08 Ultimate	LIC 1994-96 Ultimate	IAL 2006-08 Ultimate	LIC 1994-96 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, 2014	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
	Rs. million	Rs. million	Rs. million	Rs. million	Rs. million
Gratuity					
Present value of plan obligation	(515.06)	(520.71)	(472.90)	(427.09)	(334.86)
Present value of plan assets	516.75	445.08	324.69	262.76	205.48
Surplus/(Deficit) in plan assets	1.69	(75.63)	(148.21)	(164.33)	(129.38)
Experience adjustment in plan assets [Gain/(Loss)]	0.56	0.31	2.44	(0.38)	0.73
Experience adjustment in plan obligation [Gain/(Loss)]	(69.30)	(17.09)	(25.90)	38.15	36.55



Notes forming part of the consolidated financial statements for the year ended March 31, 2014

	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
	Rs. million	Rs. million	Rs. million	Rs. million	Rs. million
Leave encashment					
Present value of plan obligation	260.09	206.83	168.30	106.10	84.44
Experience adjustment in plan obligation (Gain/(Loss))	(77.25)	(42.39)	(17.78)	(32.72)	(17.47)

The Parent Company's gratuity fund is 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 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.

The Parent Company has a long service reward scheme for selective group of employees. The total expense recognised in the current year is Rs. 4.37 million (previous year Rs. 1.37 million). The liability recognised in the books as at March 31, 2014 is Rs. 25.23 million (previous year Rs. 27.56 million)

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

Expenditure recognized in respect of defined contribution plan is as under:

	Year ended March 31, 2014	Year ended March 31, 2013
	Rs. million	Rs. million
Provident fund	89.88	83.56
Superannuation fund	18.35	13.44
State insurance fund	35.33	35.19
	143.56	132.19

31. Related party disclosure

As per AS – 18, notified in the companies (accounting standard) 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
Shri R. Srinivasan, Jt. Managing Director
Smt. Meenakshi Dass, Whole Time Director

Relatives of key management personnel
Shri A.K. Taneja, Managing Director
Smt. Anita Taneja
Shri R. Srinivasan, Jt. Managing Director
Smt. Usha Srinivasan
Smt. Meenakshi Dass, Whole Time Director
Shri. Deepak C. Shriram
Smt. Santosh D. Shriram
Shri Arjun D. Shriram
Shri Luv D. Shriram
Shri Kush D. Shriram
Ms. Nandishi Shriram

Enterprises over which there is significant influence of Smt. Meenakshi Dass and her relatives 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.
Pearey Lall & Sons (E.P.) Ltd.

Notes forming part of the consolidated financial statements for the year ended March 31, 2014

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, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
(A) Transactions during the year								
Remuneration								
Shri A.K. Taneja	29.90	25.74	-	-	-	-	29.90	25.74
Shri R. Srinivasan	22.46	19.36	-	-	-	-	22.46	19.36
Smt. Meenakshi Dass	24.53	21.55	-	-	-	-	24.53	21.55
Rent								
Smt. Meenakshi Dass	0.24	0.24	-	-	-	-	0.24	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.	-	-	-	-	0.56	0.32	0.56	0.32
Interest on public deposits								
Shri R. Srinivasan	1.34	1.42	-	-	-	-	1.34	1.42
Smt. Meenakshi Dass	1.19	0.89	-	-	-	-	1.19	0.89
Smt. Usha Srinivasan	-	-	0.28	0.42	-	-	0.28	0.42
Shri Deepak C. Shriram	-	-	0.30	0.10	-	-	0.30	0.10
Shri Kush D. Shriram	-	-	0.42	0.46	-	-	0.42	0.46
Smt. Santosh D. Shriram	-	-	0.12	0.10	-	-	0.12	0.10
Shri Arjun D. Shriram	-	-	0.16	0.50	-	-	0.16	0.50
Ms. Nandishi Shriram	-	-	0.29	1.36	-	-	0.29	1.36
Pearey lall & Sons (E.P.) Ltd.	-	-	-	-	-	1.71	-	1.71
Charat Ram Shriram Pvt. Ltd.	-	-	-	-	0.44	0.40	0.44	0.40
Directors sitting fees								
Shri Luv D. Shriram	-	-	0.12	0.12	-	-	0.12	0.12
Licence Fees Income reversed								
Shriram Automotive Products Ltd.	-	-	-	-	0.002	0.12	0.002	0.12
Dividend paid								
Shri A.K. Taneja	0.0002	0.0001	-	-	-	-	0.0002	0.0001



SHRIRAM

Notes forming part of the consolidated financial statements for the year ended March 31, 2014

Rs. million

Particulars	Key management personnel (KMP)		Relatives of KMP		Enterprises over which KMP has significant influence or control		Total	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Smt. Meenakshi Dass	22.88	9.15	-	-	-	-	22.88	9.15
Smt. Usha Srinivasan	-	-	0.02	0.01	-	-	0.02	0.01
Shri Deepak C. Shriram	-	-	0.005	0.002	-	-	0.005	0.002
Shri Luv D. Shriram	-	-	16.67	6.67	-	-	16.67	6.67
Sarva Commercial Pvt. Ltd.	-	-	-	-	5.31	2.13	5.31	2.13
Charat Ram Shriram Pvt. Ltd.	-	-	-	-	0.01	0.005	0.01	0.005
Manisha Commercial Pvt. Ltd.	-	-	-	-	3.32	1.33	3.32	1.33
Sera Com Pvt. Ltd.	-	-	-	-	4.73	1.89	4.73	1.89
Public deposits taken during the year								
Shri R. Srinivasan	3.33	0.37	-	-	-	-	3.33	0.37
Smt. Meenakshi Dass	11.30	8.80	-	-	-	-	11.30	8.80
Shri Deepak C. Shriram	-	-	-	4.80	-	-	-	4.80
Shri Kush D. Shriram	-	-	-	3.37	-	-	-	3.37
Smt. Santosh D. Shriram	-	-	-	1.50	-	-	-	1.50
Ms. Nandishi Shriram	-	-	-	2.00	-	-	-	2.00
Pearey lall & Sons (E.P.) Ltd.	-	-	-	-	-	21.00	-	21.00
Charat Ram Shriram Pvt. Ltd.	-	-	-	-	4.20	-	4.20	-
Licence fee earned								
Shriram Automotive Products Ltd.	-	-	-	-	0.01	0.01	0.01	0.01
Purchase of material / stores								
Shriram Veritech Solutions Pvt. Ltd.	-	-	-	-	7.09	6.11	7.09	6.11
Purchase of components								
Shriram Automotive Products Ltd.	-	-	-	-	225.45	228.73	225.45	228.73
Shriram Alpine Sales Pvt. Ltd.	-	-	-	-	17.04	13.43	17.04	13.43
Common share of activity recovered								
Shriram Automotive Products Ltd.	-	-	-	-	2.52	1.46	2.52	1.46
Shriram Alpine Sales Pvt. Ltd.	-	-	-	-	0.35	0.47	0.35	0.47

Notes forming part of the consolidated financial statements for the year ended March 31, 2014

Rs. million

Particulars	Key management personnel (KMP)		Relatives of KMP		Enterprises over which KMP has significant influence or control		Total	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
(B) Balances due from/to the related parties								
Public deposits								
Shri R. Srinivasan	10.21	9.88	-	-	-	-	10.21	9.88
Smt. Meenakshi Dass	11.30	11.30	-	-	-	-	11.30	11.30
Smt. Usha Srinivasan	-	-	2.05	2.05	-	-	2.05	2.05
Shri Deepak C. Shriram	-	-	-	4.80	-	-	-	4.80
Shri Kush D. Shriram	-	-	3.37	3.37	-	-	3.37	3.37
Smt. Santosh D. Shriram	-	-	0.50	1.50	-	-	0.50	1.50
Shri Arjun D. Shriram	-	-	1.00	3.50	-	-	1.00	3.50
Ms. Nandishi Shriram	-	-	-	12.50	-	-	-	12.50
Charat Ram Shriram Pvt. Ltd.	-	-	-	-	4.20	4.20	4.20	4.20
Interest accrued but not due								
Shri R. Srinivasan	2.67	1.27	-	-	-	-	2.67	1.27
Smt. Usha Srinivasan	-	-	-	0.25	-	-	-	0.25
Smt. Santosh D. Shriram	-	-	-	0.10	-	-	-	0.10
Shri Kush D. Shriram	-	-	-	0.28	-	-	-	0.28
Amount payable							-	-
Shri A.K. Taneja	20.12	15.78	-	-	-	-	20.12	15.78
Shri R. Srinivasan	15.09	11.83	-	-	-	-	15.09	11.83
Smt. Meenakshi Dass	17.10	13.41	-	-	-	-	17.10	13.41
Manisha Commercial Pvt. Ltd.	-	-	-	-	0.07	0.02	0.07	0.02
Shriram Veritech Solutions Pvt. Ltd.	-	-	-	-	0.34	0.16	0.34	0.16
Shriram Alpine Sales Pvt. Ltd.	-	-	-	-	2.84	1.80	2.84	1.80
Shriram Automotive Products Ltd.	-	-	-	-	23.47	18.67	23.47	18.67
Amount recoverable								
Shriram Automotive Products Ltd.	-	-	-	-	2.45	1.46	2.45	1.46
Shriram Alpine Sales Pvt. Ltd.	-	-	-	-	0.35	0.47	0.35	0.47

Notes forming part of the consolidated financial statements for the year ended March 31, 2014

32. Raw material and components inventory

	<u>As at March 31, 2014</u>	<u>As at March 31, 2013</u>
	Rs. million	Rs. million
Aluminium /aluminium alloy	15.70	13.60
Pig Iron	13.33	12.77
Steel Bars/tubes	46.24	53.03
Steel Wire	96.12	130.88
Valve Steel	122.33	102.56
Others	121.34	97.17
	415.06	410.01

33. Work-in-progress inventory

	<u>As at March 31, 2014</u>	<u>As at March 31, 2013</u>
	Rs. million	Rs. million
Pistons	183.76	156.26
Piston Pins	53.15	40.29
Piston rings	158.03	156.88
Engine valves	75.66	70.58
	470.60	424.01

34. Finished goods inventory

	<u>As at March 31, 2014</u>	<u>As at March 31, 2013</u>
	Rs. million	Rs. million
Pistons	320.61	319.59
Piston Pins	58.52	62.16
Piston Rings	214.12	214.01
Engine Valves	110.08	137.37
Others	14.88	9.56
	718.21	742.69

Notes forming part of the consolidated financial statements for the year ended March 31, 2014

35. Sale of products

	Year ended March 31, 2014	Year ended March 31, 2013
	Rs. million	Rs. million
Pistons/Piston Pins/Piston Rings	10,230.59	9,089.60
Engine Valves	2,470.57	2,302.73
Scrap	125.56	126.55
	12,826.72	11,518.88

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

36. Consumption of raw material and components

	Year ended March 31, 2014	Year ended March 31, 2013
	Rs. million	Rs. million
Aluminium /aluminium alloy	866.04	781.99
Silicon	147.99	139.13
RCP inserts	141.38	155.18
Pig iron	72.98	67.03
Steel bars/tubes	378.88	375.94
Steel wire	231.07	197.41
Valve steel	569.49	587.69
Others	903.26	922.15
	3,311.09	3,226.52

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

		Year ended March 31, 2014		Year ended March 31, 2013	
		Rs. million	%	Rs. million	%
Raw materials	- Imported	791.48	23.90	785.65	24.35
	- Indigenous	1,946.95	58.80	1,846.64	57.23
Components	- Imported	92.06	2.78	157.00	4.87
	- Indigenous	480.60	14.52	437.23	13.55
- Total :		3,311.09	100.00	3,226.52	100.00



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Notes forming part of the consolidated financial statements for the year ended March 31, 2014

		Year ended March 31, 2014		Year ended March 31, 2013	
		Rs. million	%	Rs. million	%
Packing material	- Imported	-	-	0.10	0.05
	- Indigenous	231.96	100.00	208.64	99.95
	- Total :	231.96	100.00	208.74	100.00
Stores & spares	- Imported	196.14	17.65	185.23	18.76
	- Indigenous	914.96	82.35	802.13	81.24
	- Total :	1,111.10	100.00	987.36	100.00

38. Foreign currency exposure

Details of outstanding foreign exchange exposure as at March 31, 2014 are as under:-

Currency	(Figures in million)									
	USD		JPY		EURO		GBP		SGD	
	Foreign Currency	Indian Rupees	Foreign Currency	Indian Rupees	Foreign Currency	Indian Rupees	Foreign Currency	Indian Rupees	Foreign Currency	Indian Rupees
Hedged Exposure										
- Receivables	0.75 (-)	51.82 (-)	- (-)	- (-)	0.25 (0.17)	23.09 (11.95)	0.06 (-)	6.70 (-)	- (-)	- (-)
- Payables	- (-)	- (-)	- (8.10)	- (4.72)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
- Loans	53.23 (54.90)	2,677.24 (2,712.32)	- (193.38)	- (86.50)	- (-)	- (-)	- (-)	- (-)	4.42 (6.38)	147.51 (213.08)
Unhedged Exposure										
- Receivables	1.62 (1.97)	97.17 (106.90)	18.97 (20.99)	11.03 (12.09)	2.77 (2.42)	229.21 (168.19)	0.12 (0.24)	11.51 (19.80)	- (-)	- (-)
- Payables	0.24 (-)	14.26 (-)	3.75 (180.04)	2.18 (109.49)	0.33 (0.20)	26.94 (13.80)	0.0006 (-)	0.06 (-)	- (-)	- (-)
- Loans	- (-)	- (-)	- (69.48)	- (40.01)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)

Figures in the bracket indicate previous year figures

Notes forming part of the consolidated financial statements for the year ended March 31, 2014

39. Operating lease

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

	Year ended March 31, 2014	Year ended March 31, 2013
	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	5.12	6.56
Later than one year but not later than five years	10.77	15.89
Later than five years	-	-
	<u>15.89</u>	<u>22.45</u>

The lease rent paid on both cancellable and non-cancellable operating lease is disclosed in note 26 under the head 'Rent'.

40. 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 (AS 17), notified in the Companies (Accounting Standard) Rules, 2006 are not applicable.

41. 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, 2014	Year ended March 31, 2013
	Rs. million	Rs. million
Amount remaining unpaid to suppliers under MSMED as at the end of year		
- Principal amount	30.12	2.12
- Interest due thereon	-	-
Amount of payments made to suppliers beyond the appointed day during the year		
- Principal amount	6.23	4.60
- Interest actually paid under section 16 of MSMED	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	0.06	0.03
Interest accrued and remaining unpaid at the end of the year		
- Interest accrued during the year	0.06	0.03
- Interest remaining unpaid as at the end of the year	0.08	0.08
Interest remaining disallowable as deductible expenditure under the Income-tax Act, 1961	0.06	0.03

Notes forming part of the consolidated financial statements for the year ended March 31, 2014

42. Contingent liabilities

	As at March 31, 2014	As at March 31, 2013
	Rs. million	Rs. million
Disputed		
- Excise duty	88.68	82.83
- Income tax	1.43	1.43
- VAT/Sales tax/Entry Tax	50.18	22.18
- Service tax	40.20	38.19

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 the results of the operations or financial position of the Group Company.

Bank guarantees	61.73	39.12
Bills discounted from banks	23.41	15.81
Claims not acknowledged as debts	26.69	15.67

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, 2014 is Rs. 1.18 million (Previous Year Rs. 3.96 million) and there is no default till date.

43. Commitments

	As at March 31, 2014	As at March 31, 2013
	Rs. million	Rs. million
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	143.13	426.90
Outstanding export obligation to be fulfilled over a period of maximum upto 6 years under the EPCG scheme against import of some machines. Custom duty saved against outstanding export obligations is Rs. 272.54 million (previous year Rs. 398.70 million)	5,626.81	7,082.88

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 and services, 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 / contracts, which may have a material impact on the financial statements.

Notes forming part of the consolidated financial statements for the year ended March 31, 2014

44. The summary financial data of SPR International Auto Exports Ltd., subsidiary company (in terms of Government of India, Ministry of Corporate Affairs General Circular No: 2/2011, No. 5/12/2007-CL-III dated 8th February, 2011) in compliance with section 212 of the Companies Act, 1956 is given below :-

	As at March 31, 2014	As at March 31, 2013
	Rs. million	Rs. million
Share capital	0.50	0.50
Reserves & surplus	(0.07)	(0.09)
Total assets	0.45	0.44
Total liabilities	0.45	0.44
Investments	-	-
Turnover	0.04	0.04
Profit before tax	0.03	0.02
Provision for tax	0.01	0.008
Profit after tax	0.02	0.01
Proposed dividend	-	-

45. 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 : 15 May 2014

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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