






**FORM A**

(pursuant to Clause 31(a) of Listing Agreement)

S.No	Particulars	Details
1.	Name of the Company	Subros Limited
2.	Annual Standalone financial Statements for the year ended	31 <sup>st</sup> March, 2015
3.	Type of Audit observation	Unqualified
4.	Frequency of observations	N/A
5.	To be signed by <ul style="list-style-type: none"><li>● Managing Director</li><li>● CFO</li><li>● Auditors of the Company</li><li>● Audit Committee Chairman</li></ul>	    



*years of customer delight*

## Board Members



Front row (left to right): Mr. G.N.Mehra, Mr. K .R. Ramamoorthy, Mr. Ramesh Suri, Mr. K Ayukawa  
Middle row (left to right): Mr. Shailendra Swarup, Dr. Jyotsna Suri, Ms. Shradha Suri, Mrs. Meena Sethi, Mr. Y.Kajita  
Last row (left to right): Mr. D.M.Reddy, Mr. M.A.Pathan, Mr. Hanuwant Singh, Hemant Agarwal (GM finance & Dy Company Secretary) and Mr. Manoj Kumar Sethi (Sr. VP Finance & HR)

## Top Management



Front sitting row (left to right): Ms. Shradha Suri Marwah, Mr.Ramesh Suri, Mr. D.M.Reddy  
Back standing row (Left to right): Mr. Naveen Sahani, Mr. Pawan Sabharwal, Mr. Aseem Kr. Jaiswal, Mr. Y.P.Negi, Mr.P.K.Sethi, Mr. Toshifumi Murayama, Mr. Nagendrappa Pujari and Mr. M.K.Sethi

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## Corporate Information

### Board of Directors

1. Mr. Ramesh Suri  
Chairman
2. Dr. Jyotsna Suri
3. Ms. Shradha Suri  
Managing Director
4. Mr. D.M. Reddy  
Executive Director
5. Mr. Katsuhisa Shimokawa  
(Representative of Denso Corporation, Japan)
6. Mr. K. Ayukawa  
(Representative of Suzuki Motor Corporation, Japan)
7. Mr. Y Kajita  
(Alternate Director to Mr. Katsuhisa Shimokawa)
8. Mr. G.N. Mehra  
I.A.S. (Retd.)
9. Mr. Shailendra Swarup
10. Mr. K.R. Ramamoorthy
11. Mr. Hanuwant Singh
12. Mrs. Meena Sethi
13. Mr. M A Pathan

Dy. Company Secretary  
Hemant Kumar Agarwal

Main Bankers  
Canara Bank,  
Prime Corporate Branch-2  
World Trade Tower,  
Barakhamba Lane  
New Delhi-110 001.

Regd. Office  
Subros Limited  
(CIN:- L74899DL1985PLC020134)  
LGF, World Trade Centre,  
Barakhamba Lane,  
New Delhi 110 001  
Phone No: 011-23414946 - 49  
Fax:011-23414945  
Website: www.subros.com

Statutory Auditors  
M/s. V.K. Dhingra & Co.,  
Chartered Accountants  
World Trade Tower, Barakhamba Lane  
1-E/15, Jhandewalan Extension,  
New Delhi.

Cost Auditors  
M/s. Chandra Wadhwa & Co.,  
Cost Accountants  
204, Krishna House, 4805/24  
Bharat Ram Road, Daryaganj  
New Delhi-110002

Secretarial Auditor  
RSM & Co.  
Company secretaries  
D-63, JFF Complex  
Jhandewalan  
New Delhi-110055

Registrar & Transfer Agent Ltd  
MCS Share Transfer Agent Ltd  
F 65, Okhla Industrial Estate, Phase-I,  
New Delhi - 110020  
Email: admin@mcsregistrars.com

### Works

- 1) Central Works  
B-188, Phase-II, Noida P.O. N.E.P.Z.,  
Distt. Gautam Budh Nagar (U.P.)
- 2) R&D Centre  
C-51, Phase-II, Noida, P.O. N.E.P.Z.,  
Distt. Gautam Budh Nagar (U.P.)
- 3) Tool Room  
A-16, Sector 68, Noida
- 4) Die Casting Plant  
B-216, Phase-II, Noida 201304  
Distt. Gautam Budh Nagar (U.P.)
- 5) Manesar Works  
Plot No.395/396, Sec-8, IMT  
Manesar, Dist. Gurgaon (Haryana)
- 6) Pune Plant  
Plot No.B-8 & 9, MIDC Indl. Area,  
Chakan, Pune (Maharashtra)
- 7) Chennai Plant  
A-20/1, SIPCOT Industrial Growth Centre  
Oragadam, Chennai, Tamil Nadu
- 8) Sanand Plant  
E-1, TML Vendor Park, Sanand, Gujrat

## From the desk of the Chairman



Dear Shareholders,

Warm greetings to the Subros family!

It has been a long and exciting journey for Subros. The year, 2015, marks thirty years of delivering value. Today, your company stands tall with 9.6 million happy customers. Looking back with pride, I take this opportunity to thank every one of you who have, directly and indirectly, contributed to this momentous achievement.

Worldwide, the automotive industry has enjoyed a relatively healthy growth position as compared to other sectors. However, the biggest and immediate challenge is the unevenness of global markets. While experts forecast annual sales of 16 million cars in North America, the outlook in Europe is much weaker as the region is emerging fitfully from a six-year sales slump. Russia and South America have also witnessed sales slump in 2014. And growth in China, the world's largest vehicle market, has slowed. And the Indian market's performance has been inconsistent.

The Indian automobile industry, the sixth largest automobile producer in the world, is one of the potential future markets in the world. This year, the industry witnessed a sluggish start. However, with the cost of global crude coming down, fuel economics look good. Historically, this has proved to be a boon for car sales.

We have seen the Indian automobile market grow from a seller-dominated market in the 1980s, to a consumer dominated market today. Shifting consumer trends and product differentiation are set to play key roles in the coming years. This, coupled with several new model launches, should help the industry significantly. The sector has already seen a turnaround despite the slow start to the year. The new launches are expected to be the crucial sales driver in the passenger vehicle segment.

The commercial vehicles market, boosted by the infrastructure industry, is also poised for a robust ascent on the growth charts. Market sentiments are positive on the forecasts and the year augurs well for your company.

At Subros, we are ready to meet the increasing demands of our customers and are also in sync, location wise, with their future requirements. We start this year on an encouraging note and will continue in our constant endeavors to serve our customers better as to be consistent with our performance over the last three decades. We are looking forward to another fulfilling year of enriching challenges, inspiring milestones, and satisfied customers.

I offer my sincere and heartfelt appreciation and gratitude to all our shareholders, business partners, supplier partners, and employees along with their families for the unwavering support and faith in Subros.

A handwritten signature in black ink, appearing to read 'Ramesh Suri', with a long horizontal stroke extending to the right.

Ramesh Suri  
Chairman

## From the desk of the Managing Director



Dear Shareholders,

The time has come, once again, to appraise you of your company's performance and I am happy to present the Subros Annual Report for 2014-15.

Last year was a challenging yet overall a good year for Subros. The automobile industry faced a slump in sales with subdued customer sentiments amidst high interest rates and an uncertain economic scenario, though overall the new government brought cheer to sentiment in general. There was also a marked decline in the sales of diesel vehicles due to narrowing price gap between petrol and diesel. However, government initiatives for the moderation of fuel prices led a partial recovery. The passenger vehicle segment grew by 4% on account of moderation in fuel prices and buoyed by new launches by OEMs.

Subros attained a consolidated sales of 1,334 Crores and increase of 1.4% in sale over the previous year and an EBIDTA of 11.45%. The focus last year was to sustain performance by improving operational efficiencies and material cost down realization as, sales was expected to be stagnant. The company stands at an operational profit of 137.08cr.

The coming year looks good with several new launches by OEM's and a projected growth of 5% - 7% in the passenger vehicle market and a 20% growth in the commercial vehicle market. This growth is also backed by various government initiatives to revive the mining sector as well as infrastructure development resulting in a projected growth of overall 7-8% for the economy. The automobile industry in India is expected to grow at a CAGR of more than 10% over the next 7 years. With all the above and a

stable government at the helm, Subros aims to consolidate its position as India's leading manufacturer of fully integrated auto air conditioning systems.

2015-16 will see top line growth due to start of production of new business won by your company as well as further improvements in EBIDTA & PBT due to higher focus on localization and reduction in interest costs due to more effective financing and reduction in debt levels. Focus on Returns on Capital Employed (ROCE) by driving asset utilization through enhanced sales will improve the operational profit further. We view the above as the most important propellers for our performance in the coming years.

Your company has made significant progress in diversifying its product portfolio by developing products for the CV segment (Bus & Truck AC) both OE and aftermarket, refrigerated vans (integrated solution of the Ac with the body) and radiators production with Denso. The Chennai plant will focus on CV and Heat exchanger requirements for passenger cars in the future.

The Subros Tool Engineering Centre (STEC) at Noida which is now operational is being used for both in-house design and development of tools for our captive use as well as making tools on commercial basis. The Tool room will help your company reduce cost and time of development and will in due course become a revenue and profit centre.

On the business front, your company started the year on a positive footing with renewed and strengthened relations with our long-standing partners, Denso Corporation Japan with more joint developments underway as well as joint business to optimize capacities. Your company has also been able tie up business at the customer end with several orders being confirmed across our customers for various new launches starting this year and going upto 2017-18.

At the end your company is what you make it and we would like to drive results through our people who more than anything else are passionate about what they do. On behalf of the board, let me take this opportunity to offer gratitude to all our valuable employees who work tirelessly. I would like to thank the Management for their efforts in steering the company forward. Our accomplished board for continuously driving us to perform, our esteemed customers, for their immense faith and directing more business our way. I would also like to thank our partners, M/s Suzuki Corporation Japan and M/s Denso Corporation Japan, our supplier partners, our bankers and most importantly our shareholders for continued guidance and support.

Regards

Shradha Suri Marwah  
Managing Director

## Company Update

Subros Limited, founded in 1985, is a joint venture public limited company with 40% ownership by Suri family of India and 13% ownership each by Denso Corporation & Suzuki Motor Corporation of Japan, is the leading manufacturer of thermal products for automotive applications in India, in technical collaboration with Denso.

OUR CUSTOMERS



## Performance Growth





# Milestones & Recognitions

YEAR	MILESTONES	AWARDS/ CERTIFICATION
2014-15	<ul style="list-style-type: none"> <li>Inception of STEC (Subros Tool Engineering Centre)</li> </ul>	<ul style="list-style-type: none"> <li>MSIL Shield for overall excellence</li> <li>Certificate for superior performance in the field of "Design &amp; Development"</li> <li>Certificate for superior performance in the field of "Safety"</li> <li>Certificate for superior performance in the field of "Spares schedule adherence"</li> <li>ACMA Silver trophy for Manufacturing Excellence</li> </ul>
2013-14	<ul style="list-style-type: none"> <li>Introduction of New Customer "Renault Nissan".</li> <li>Development of new Product (10SL09) compressor.</li> <li>Chennai Plant becomes operational</li> <li>New Tool Room being set up at Noida</li> </ul>	<ul style="list-style-type: none"> <li>MSIL Gold trophy for overall performance</li> <li>MSIL shield for quality improvement</li> <li>MSIL shield for system audit rating</li> <li>Certificate for inner part localization</li> <li>TCM-CII Level V Ranking (2013)</li> <li>CII-EXIM bank award for Business Excellence Strong commitment to Excel (2013)</li> </ul>
2012-13	<ul style="list-style-type: none"> <li>Subros launches Transport Refrigeration Systems</li> </ul>	<ul style="list-style-type: none"> <li>MSIL Gold Trophy for overall performance</li> <li>MSIL Shield for System Audit Rating</li> <li>MSIL Shield for Focused Cost Down</li> <li>MSIL Certificate for Inner Part Localization</li> <li>The Economic Times Gold Award for India Manufacturing Excellence</li> </ul>

Left to Right - Design & Development:  
 A K Tomar, ED Quality;  
 D K Sethi ED (SC);  
 Y Suzuki, ED Quality;  
 M Suzuki, ED Engg;  
 K Ayukawa , M D;  
 T Hasuike J, MD;  
 C V Raman , ED Engg;  
 K Ayabe, Director (SC)



Left to Right - Spare part deliver: Rajeev Gandhi, ED Prod; D K Sethi ED (SC), ED Prod; K Ayukawa M D; T Hasuike, JMD; C S Raju, ED ( HR)

Left to Right - Safety: ED Prod; K Ayukawa M D; T Hasuike, JMD; C S Raju, ED (HR); ED (HR); K Ayabe, Director (SC)



Left to Right - Over all excellence: D K Sethi ED (SC); ED Prod; R C Bhargawa, Chairman; K Ayukawa, M D; T Hasuike, JMD; K Ayabe Director (SC)



MSIL certificate for Overall Excellence in the year 2014-15



MSIL certificate for Spares Schedule Adherence in the year 2014-15



MSIL certificate for Design & Development in the year 2014-15



MSIL certificate for Safety in the year 2014-15

## Product Range

Subros' product range spans across Auto Air-conditioning and Engine Cooling systems for Passenger as well as Commercial vehicles. The company manufactures compressors, HVACs, pipings and heat exchangers to suit various vehicle configurations.

Subros products are backed by technology from its JV partner Denso who are the world leaders in their domain.

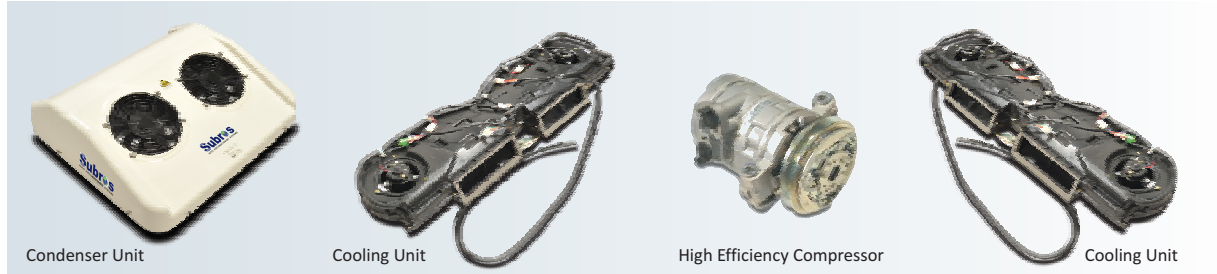


Car Air-conditioning and Engine Cooling Parts

## Commercial Vehicle AC

Subros provide a complete range of Bus Air conditioners & Transport Refrigeration Solutions.

### Bus AC



Subros provides complete range of Air conditioners ranging from 4 KW to 36 KW capacity suitable for ambulances and buses (4m to 12m). High cooling performance and air flow volume have been achieved by the introduction of highly efficient evaporator and condenser, and lowering air flow resistance. Fuel saving has been achieved by increased refrigeration cycle efficiency with the introduction of new multi-flow condensers. All Subros ACs use environment friendly R-134a refrigerant.



### Transport Refrigeration Solutions

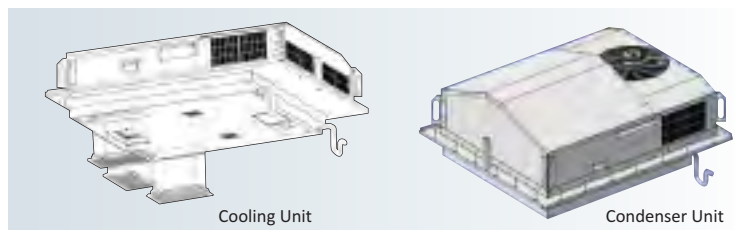
Subros provide a complete range of Transport refrigeration solutions suitable for storage volume upto 50cu.m. Subros is the only company offering integrated solution consisting of Refrigeration Kit and the insulated container.



Customers van with Subros Roof top-unit

### Railway AC

Subros has made entry in Indian Railways with development of import substitute for driver cabin AC for diesel locomotives.



## Social Responsibilities

Subros as a responsible corporate citizen is committed to the social, environmental and economic development of the communities in which it operates and in doing so build a better, greener and sustainable way of life for present and future generations.

### Environmental Activities

Subros's commitment to a cleaner and healthier environment extends to all aspects of corporate activity. The company is using non-CFC Refrigerant since 2002. We also have an efficient waste recycling plant, rain water harvesting facility and minimal use of paper in the company. Subros is also part of the Green Delhi NCR campaign and sponsors trees and green areas across the city. This initiative has now been extended to all Metros.

### Social Activities

Subros aims to make a difference to mankind. We organize various welfare activities for our people. The company also has sponsored treatment to various young children suffering from cancer.



*Blood donation camp on Founder's Day*



*Social activities around the year*



*Greening at Plants*

## An Overview

### ACHIEVEMENTS

Subros has consistently delivered quality products and achieved significant milestones in the thirty years of its existence. Last year was no different.

The year saw the inception and inauguration of STEC (Subros Tool Engineering Centre) in Noida. The plant is solely dedicated to address the demands of captive tools and molds requirements. It specializes in high technology, niche tooling to meet specialty tool requirements for import substitution and exports.

The company has always invested time and sustained efforts to enhance and further its research capabilities. Innovation being a watchword at Subros, the company has recently developed and unveiled a new category of compressor 10SL09.

Subros has always prided itself on working with the best in the industry. The company holds an excellent track record for customer satisfaction and recognition. The company is happy to announce that our valued customers have renewed their association with us for new for vehicles, MSIL for Ciaz and Celerio models, and TML for Zest and Bolt models.

### AWARDS & RECOGNITION

It is our continuous efforts to improve efficiencies and deliver excellence through quality products. Subros has won us numerous awards and accolades from customers and other external agencies.

Subros is six time winner of the ACMA- Manufacturing Excellence Award. In 2014, we won the ACMA Manufacturing Excellence Award (Manesar).

Customer recognition has come from MSIL for overall excellence & certificate for superior performance in the field of design & development, safety, spares schedule adherence.

The accolades of the year are listed below:

- a) MSIL- Gold Trophy for Best Vendor Award for overall performance
- b) MSIL- Shield for Quality
- c) MSIL- Shield for System Audit Rating
- d) MSIL- Certificate for Inner part Localisation

The Subros Pune plant is also the proud recipient of the Mahindra & Mahindra sustainability & green Supply Chain Award Runners Up

Subros was recognized in the industry for excellence and won the following:

- a) Economic Times Platinum Award- Manufacturing Excellence-Noida Plant
- b) Economic Times Gold Award- Manufacturing Excellence-Manesar Plant
- c) Excellence award in various Quality Circle initiatives

## CORPORATE SOCIAL RESPONSIBILITY

As a responsible company that is constantly adapting itself, the issue of sustainability and incorporation of green practices are of paramount importance at Subros. Investing in sound business practices, Subros undertakes various Corporate Social activities that lead to sustainable business ethics in the long run.

In addition to green activities in townships at Noida, Manesar, Delhi, Subros has also undertaken afforestation activities by tree plantation at Manesar and Noida. The company undertakes regular Blood Donation drives across all plants.

Under the Prime Minister's Swachh Bharat programme, the company donated dustbins in schools in Manesar. To help encourage amalgamation of technology and education, Subros donated computers to the same schools.

On a more somber note, the company has extended its unflinching support for those unfortunate victims affected by the Kashmir and Nepal earthquakes.

## DEPARTMENT WISE

### 1. Product Range

Subros is the largest and only integrated manufacturing unit in India for auto air conditioning systems. It is the leading manufacturer of compressors, condensers, heat exchangers and all elements required for commercial vehicle air conditioning as well as transport refrigeration systems. The company is proud to announce the launch of a new category of compressor, 10SL09.

### 2. IT

Subros has invested in the implementation of IT system (SAP) in supporting important business processes of production, logistics, upstream and downstream supply chain operations, finance and accounts system of the company. Strong IT deployment is essential for efficient business processes. Systems like SAP, PLM, CAD, CAE, Project Management Systems, and Vendor Management Systems have helped generate process efficiencies, and manage complexity and scale at internal and vendor levels.

### 3. Research & Development

Research and Development (R&D) has always been a prime focus area of Subros. New product development and technology has been at the forefront of the company's success as a leading integrated auto air conditioning company. The R&D centre at Noida is dedicated to product development for new model launches. The company has and continues to successfully marry the expertise of engineers from our collaborator Denso Corporation Japan, with the acumen of Indian talent to develop high technology solutions for the Indian market. The Joint Venture Company DSEC (Denso Subros Thermal Engineering Services) is responsible for application design and allied services for new models to be launched by our OEM's. Our newly operational

engineering application Centre at Chennai is focused on addressing product development in the commercial vehicle segment.

#### 4. Operational Excellence

In keeping with the company's endeavours to strive for operational excellence, Subros is in the process of evolving new Risk Management framework (ERM). This will enable the company to further improve risk identification and mitigation process across the entire organization including plants and functions. The Supply Chain is given due priority that enables us to work closely with vendor partners. This contributes to long-term strategic direction of the business, and upgradation through cluster programmes. In 2015-16, the management aims to improve operating levels and control material costs to further improve operational profits.

#### 5. Human Resources

The Company has always laid emphasis on people practices and employee engagement. Its strong human resource practices coupled with an inherent ability to attract the best talent, gives it a keen competitive edge in the market. In this context, HR has a clear vision. *"To foster and sustain a culture of excellence founded on the core values of Subros that promotes employee engagement, development, and welfare aligned with individual and organizational objectives."*

The Human Resources agenda for the year focused on strengthening individual and organizational capabilities through progressive people programmes at the floor level. Several measures for employee engagement and motivation have been undertaken to have a positive impact on the attrition rate and employee turnover. Training and skill enhancement in line with performance and competency matrix was given due focus, as always. Some of the ongoing HR initiatives undertaken:

- The Company enlisted the expertise of Ernst & Young (E&Y) a leading consultancy firm to increase the effectiveness of Performance Appraisal Process. This was done through deployment of Balanced Score Card for senior management and strengthening the review process.
- An Employee Effectiveness survey was conducted through Hay Group with a high coverage of 71%. The scores in employee enablement have been found to be at a healthy high of 66%, as compared to industry benchmarks of employee engagement scores of 58%.
- Strong focus in building people capabilities through Critical Skill Gap Reduction Program, integrated with the SAP-PD module. The objective of this was to enable improvements in key competencies in critical areas.
- Individual counseling of some employees by external trained counselors to address employee concerns for optimum work-life balance.
- Providing best in class training in HIDA-Japan/IIM's/External programs to employees to be on the forefront on changing areas.
- Strong Campus Recruitment with annual intake of about 70 fresh engineering and management graduates hired from premier colleges.

## 6. Marketing

Your company has drawn up a detailed roadmap for the journey ahead. Strategic marketing plans with a keen focus on the primary areas of concern to enable Subros to head out on the road to success; and eventually move towards our targets. The plans include:

- Leverage existing business customers to increase Share of Business (SOB) via new platforms and product launches
- Target to add new Original Equipment Manufacturers (OEM) like Renault Nissan, Hyundai and Ford. The Subros Chennai facility will play a pivotal role in this endeavour
- Identify and aggressively pursue new business opportunities in the Commercial Vehicle (CV) and Railways sectors in order to grow volumes.
- Focus is also in improvement of sales in after market (AM). Actions to build upon leadership position of Subros in AM have been initiated. These include, rationalization of dealer network, addition of new product lines and launch of attractive trade schemes to suppress the effect of imported AC parts in the market.
- Effort on the development of sales and services network for the commercial vehicles segment too. The activities are slated to be a big growth driver in AM.
- Maintain a positive momentum of promotional activities across media

## 7. New Plant/ Facility

Subros Limited is a leading company in manufacturing of Thermal products in India. Your Company has recently augmented its production capacities with the launch of the Subros Tool Engineering Center (STEC) at A-16, Sector 68, Noida. The plant was inaugurated in November 2014 in the august presence of Mr. Ayukawa, Managing Director and CEO, Maruti Suzuki; Mr. Hasuike, JMD, Maruti Suzuki; and Mr. Shimokawa, Executive Director, Denso Corporation, Japan. (STEC) has a strong Tool Design office and large Tool manufacturing setup to address captive Tools and Molds requirements. It specializes in high technology, niche tooling to meet specialty tool requirements for Import Substitution and Exports.



# Management Discussion and Analysis 2015

## 1. Industry Outlook

- 1.1 The Indian auto industry is showing signs of improvement in performance. The reason for the same is an amalgamation of multiple factors, namely, early signs of economic recovery, and improved consumer sentiment, clubbed with government initiatives to bring in more foreign direct investment into the country, leading to job creation. Also, the Government policy initiatives in terms of project implementation, infrastructure development, and revival in mining activity would impact growth pace to get back to a fast track growth path.
- 1.2 With a stable Government at Centre after long time, Indian economy has shown a moderate growth of approximately 7% in 2014-15. The projected GDP growth for 2015-16 is estimated at 7%- 8%. This will surely impact on Auto Sector positively.
- 1.3 As per the trend over the past few years, the Indian auto industry has shown slower growth as compared to economic growth. In 2014-15, the passenger car (PC) segment has grown by 4% and commercial vehicle (CV) segment has de grown by 1%.
- 1.4 The 2015-16 outlook for the Indian auto industry is positive, as we expect a growth of 6%- 8%. In 2015- 16, the CV segment is likely to register overall volume growth of 2%-3%. These will largely be driven by the sales of light commercial vehicles (LCVs). This high volume will come as CVs are dependent on consumer activities and not industrial activity.
- 1.5 While the industry struggles to realize its growth potential, auto ancillaries struggle to meet their profitability targets. The input cost pressures and underutilization of capacities continue to persist. This puts immense pressure to drive cost down projects, and improve internal efficiencies through manufacturing excellence.

## 2 Financial & Operational Performance

- 2.1 In 2014- 15, the company's Gross Sales have increased to Rs.1,333 Crores, an increase of 1.44% in sale over the previous year's Rs.1,314 Crores. The operational profit (EBIDTA) has improved due to operational efficiencies and material cost down realisation. In 2015-16, the management continues to focus on improvement of operation levels and material cost control to further increase operational profit.
- 2.2 In view of fluctuating foreign exchange scenario, the Company continued its efforts to improve the level of localization of various imported parts. Various VA/ VE activities were initiated along with active participation of suppliers. During the current year, the company localized Piston and Swash for compressor parts for long term cost competitiveness, further local RS Evaporator are now being sold to Denso Subsidiaries in India to improve capacity utilization. Few other localization projects are in implementation stage.

- 2.3 The company values contribution and its relationship with its vendor partners to achieve operational excellence. Supply Chain is given due focus to work closely with vendor partners for long-term strategic direction of the business and up gradation thru cluster programs. Company conduct Annual Vendor Meet to recognize and reward vendor performance and also to share long term plans for coordinated planning efforts.
- 2.4 During the Year, the company has moved its Tool Engineering Centre to its New and Independent location at Noida. Subros Tool Engineering Centre (STEC) has a strong Tool Design office. STEC set up is to take care of Subros captive Tools and Moulds requirement. The company's focus is to meet their customer's speciality tools requirements for import substitution and exports. STEC will specialize in very niche and high technology tooling for Plastics Injection moulding, non-ferrous Vacuum and squeeze Die Casting dies and Precision Sheet Metal Dies.

### **3. Information Technology**

- 3.1 Information Technology (IT) based business solutions are the key enablers for Business strategy realisation at Subros system. SAP is strongly supporting important business processes of production, logistics, upstream, and downstream supply chain operations, as well as finance and accounts system of the company. The company continues to improve these implementation practices for better effectiveness.
- 3.2 The company has strong IT deployment for information support such as Lotus Notes, Project Management System & Vendor Extranet etc. It has helped generate process efficiencies and lean operations. It also helps manage complexity and scale in-house, and with vendors.
- 3.3 The company has strong IT deployment in Engineering and design areas with tools like Team Centre (TLM), CAD, CAE and CAM this has helped in improved product development cycle.
- 3.4 The company's Vendor Management System using IT tools enhanced its coverage across the network of vendors throughout the country. The system enables the company and its vendors to have real time access to information on vendor operations, vendor information, and feedback.

### **4. Internal Controls and their Adequacy**

- 4.1 The company has strong & integrated systems of internal control in place, which is commensurate with its size and nature of operations. These systems have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use or losses, executing transactions with proper authorization, and ensuring

compliance of corporate policies. Further, internal audit and management reviews are conducted regularly and the reports are regularly submitted for review to the Audit Committee of the Board of Directors.

4.2 Company's Audit Committee reviews audit reports and findings submitted by the Internal Auditors; follows up on the implementation of various recommendations. They also met Company's statutory auditors to ascertain their views on the adequacy of internal control systems; and keeps the Company's Board of Directors informed on its operations from time to time.

## **5. Risks and concerns**

- 5.1 The company is exposed to external and internal risks associated with the business. The operations of the company are directly dependent on the growth of Indian automotive industry. General economic conditions impact the automotive industry, and, in turn, the operations of the company. To counter these risks, the company continues to broaden its product portfolio, increase customer profile, and geographic reach. In line with these plans, the company has created expansion plans in commercial vehicle segment to de-risk its dependency on the passenger car segment.
- 5.2 The company is expected to face strong competitive pressures from domestic and overseas suppliers. The company is also exposed to financial risk from changes in interest rates, foreign exchange rates and commodity prices. The company also faces challenges with regard to fast changing technology, reducing life cycle of new vehicles, supply constraints from Tier II suppliers, sustaining cost efficiencies brought into the system, and planning capacity expansion in the wake of changing patterns.
- 5.3 On a regular basis, the company reviews its risk management. In addition, monitoring for any new risks that may arise due to changes in the external or business environment is also conducted. While the possibility of negative impact due to one or more such risks cannot be totally negated, the company proactively makes reasonable efforts to mitigate the significant risks that may affect it.
- 5.4 The company is evolving new Risk Management framework (ERM), which will further improve risk identification and mitigation process. This is being rolled out across organization including all plants and functions.

Intensity of competition has increased in almost all the segments of the Indian automotive market due to entry of new players and expansion plans of existing competitors. The company is aware and is taking measures to sustain its market leadership.

- 5.5 The research and development (R&D) Centre at Noida & Pune contribute to product development for new model launches. The new Technology development and new product development initiatives are well supported by our collaborator Denso Corporation-Japan. The joint venture company, Denso Subros Thermal Engineering Services (DSEC), is taking care of application design and allied services for new models to be launched by our OEM's. This is bringing expertise and experience of Denso engineers to work with Indian talent to develop high technology solution at low cost with short lead time for the Indian market. Further, the Engineering Application Centre at Chennai is focusing on product development related to the CV segment to meet the customer demand.
- 5.6 The company is undertakings various new projects ranging from development of new models as well as new segments. These projects are at various stages of planning and execution. Though the company employs sophisticated techniques and processes to forecast the demand of new products, yet the same is subject to margin of error. Timely introduction of new products, their acceptability in the market place, and managing complexity of operations across various manufacturing locations would be the key to sustain competitiveness.

## **6. Future Plan**

- 6.1 Global economic indicators are expected to improve, led by positive prospects in advanced economies. Though the global economic climate continues to be volatile, uncertain and prone to geo-political risks. In view of the growth opportunities in domestic market and proactively observing the cost pressure of the market, your company has made extensive Localisation plans and VA/ VE plans for the key components. The objective is to develop capabilities to provide latest technology product to the customer with low cost. Further, this will help the company to sustain growth profitably and minimize the impact of fluctuation in economic indicators.
- 6.2 The company is adequately equipped with the capacity to meet the demand of customers and will increase the capacity to meet future demand of the industry if required. The company is also in the process of radiator manufacturing facility to meet their customers requirement. This will add to the revenue growth of the company.
- 6.3 The company has also expanded its facilities of Tool Engineering Centre and focusing on in house development of all Molds/ Dies that are required for new product development. This will help the company shorten the lead-time of product development and save cost.

## **7. Human Resources**

- 7.1 The company's Human Resource (HR) agenda for the year was focused on strengthening individual and organisational capabilities for future readiness. Progressive people practices at

the shop floor were conducted to drive greater employee engagement and strengthen employee relations.

7.2 The company's Human Resource (HR) agenda for the year was focused on strengthening individual and organizational capabilities for future readiness. Progressive people practices at the shop floor were conducted to drive greater employee engagement and strengthen employee relations.

7.3 The company is widely acclaimed for its people development practices and has reinforced its position in this area. This, coupled with the ability to attract best talent, provides a competitive edge to the organization. Employee training activities are also well emphasised in the company, and are in line with competency matrix and training needs identified through performance reviews of each employee. This will give focus approach for individual skill enhancement.

### **Cautionary Statement**

*Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be (forward looking statements) within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a down trend in the automobile sector, significant changes in the political and economic environment in India, exchange rate fluctuations, tax laws, litigation, labour relations and interest cost.*

## Directors' Report

To  
The Members

Your Directors are pleased to present the 30th Annual Report of the Company together with the Audited Accounts for the year ended March 31, 2015.

### FINANCIAL RESULTS

	Current year 2014-15 (₹ in Lacs)		Previous year 2013-14 (₹ in Lacs)	
Gross Profit before financial charges and depreciation		13,781		13,364
Less: Financial Charges and Depreciation	3,872 <u>7,869</u>	<u>11,741</u>	3,716 <u>7,723</u>	<u>11,439</u>
Net Profit before Taxation		2,040		1,925
Less: Taxation		<u>(8)</u>		<u>(101)</u>
Profit after Taxation		2032		2,026
Add: Profit brought forward		17,764		16,432
Profit available for appropriation		<u>19,796</u>		<u>18,458</u>
Less: Proposed Dividend		420		420
Less: - Tax on Dividend		85		71
Less: - Transfer to General Reserve		205		203
Balance carried over to Balance Sheet		<u><u>19,086</u></u>		<u><u>17,764</u></u>

### BUSINESS OPERATIONS

Your company recorded the gross turnover of Rs.1,333 Crores during the year as against Rs.1,314 Crores in the previous year resulting increase of 1.44%. During the year under review, the company has sold 962,603 nos. of A.C. systems as against 917,349 nos. in the previous year.

Company has been making investments in building up the capacities technology up gradation, new product development and Localization to sustain its market leadership in line with company's growth plans. The Indian automobile industry has however grown at the marginal pace of 2-3% over last three

years. However, the business arising from these investments is expected to yield better results from the Financial Year 2015-16.

The company has made significant efforts to sustain its margins through cost reduction in material cost by import substitution and other cost optimization initiatives.

The performance of the company is also discussed in Management Discussion and Analysis, as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges, which forms part of the Directors' Report.

## EXPANSION AND FUTURE PROSPECTS

Your company expects the growth in the automobile sector due to improvement in Global economic factors, stable Government in India and fuel prices. In view of expected cost pressure, your company planned extensive localization and cost down initiative. Further your company is also working to expand sales by catering the demand from existing and new automobiles manufacturers in India. In the current year, the company will start supplying to Renault Nissan from its Chennai plant and expand its business in Chennai to take care of other Southern India based OEM customers including Rail coach factory.

The company has also expanded its facilities of Tool Engineering Centre and focusing on in-house development of all Moulds/Dies, which are required for its new product development. This will help the company to shorten the lead-time of product development at reduced cost.

The company expects growth in coming years due to increased share of business from its existing customers and expansion of business in new business domains like bus air conditioning, truck refrigeration and radiators. In nutshell company will focus on cost management initiative to be more competitive with other suppliers to cater additional business from customers and expand in new domains.

Company is setting up facility for production of radiator for their customers which will improve revenue of the company.

## EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS

There was no material change and commitment's which affect the financial position of the company subsequent to the date of financial statement.

## DIVIDEND

Your company has earned a net profit (after tax) of Rs.2032 Lacs as against Rs. 2026 Lacs in the previous year. Your directors recommend a dividend of Rs 0.70. per share i.e. (35%) on the paid-up equity share capital for the year ended March 31, 2015 as against Rs. 0.70 per share i.e. (35%) declared in the previous year. The dividend, if approved by the shareholders at the ensuing Annual General Meeting, shall absorb a sum of Rs. 420 lacs exclusive of Dividend Tax.

## DIRECTORS

### (i) Directors & Key Managerial Personnel (Appointment & Resignation)

During the year, the following changes took place in the Board of your company:

#### a) Directors

- Resignation of Mr. Y. Makino from the office of Nominee Director (Representative of Denso Corporation, Japan) w.e.f. November 03, 2014
- Appointment of Mr. Katsuhisa Shimokawa as Nominee Director (Representative of Denso Corporation, Japan) w.e.f. November 03, 2014
- Reappointment of Mr D M Reddy as Executive Director w.e.f. 01.04.2015 on expiration of his term.

The requisite resolutions pertaining to the Appointment/Re-appointment appears at the respective items of the notice along with the Explanatory Statement and are recommended to the shareholders for approval.

#### b) Key Managerial Personnel

- Resignation of Mr. Vikas Sabharwal from the office of Dy. Company Secretary w.e.f. February 14, 2015.
- Appointment of Mr. Hemant Kumar Agarwal, as Dy. Company Secretary w.e.f. March 5, 2015.

### (ii) Retire By Rotation

Pursuant to the provisions of Section 152 of the Companies Act, 2013 Mr. Kenichi Ayukawa, Non Executive Director of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for reappointment.

Brief profile of Mr. Kenichi Ayukawa as required under Clause 49(VIII)(E) of the Listing Agreement is provided in the Corporate Governance, attached hereto.

### (iii) Declaration From Independent Directors

The company has received necessary declaration from all the Independent Directors of the Company under Section 149(7) of the Companies Act, 2013 that the Independent Directors of the Company meet with the criteria of their Independence laid down in Section 149(6).

### (iv) Board Annual Evaluation

In compliance with the provisions of the Companies Act, 2013, the Board during the year adopted a formal mechanism for evaluation of its performances as well as that of its committees and individual Directors, including the Chairman of the Board.

Nomination & Remuneration Committee has approved the draft evaluation formats for the Board, Executive and Non Executive Directors and Chairperson of the company considering qualification, expertise, attributes and various parameters based on which evaluation of the Board has to be carried out by the company.

### (v) Board Meeting

During the financial year 2014-15, Five Board meetings were held on 26.05.2014, 28.07.2014, 03.11.2014, 13.02.2015 and 24.03.2015.



## COMPOSITION OF AUDIT COMMITTEE

The Composition of Audit Committee of the Company is given in Corporate Governance Report, as stipulated under Clause-49 of the Listing Agreement with the Stock Exchanges, which forms part of the Director's Report.

## DIRECTORS' RESPONSIBILITY STATEMENT

As required under section 134 (5) of the Companies Act, 2013, the Directors hereby confirm that:

- (a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) The directors have selected such accounting policies and applied them consistently and 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 at the end of the financial year and of the profit and loss of the company for that period;
- (c) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) The directors had prepared the annual accounts on a going concern basis; and
- (e) The directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) The directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

## INFORMATION ABOUT THE FINANCIAL PERFORMANCE / FINANCIAL POSITION OF THE SUBSIDIARIES / JOINT VENTURE

### 1. SUBSIDIARY

During the financial year under review THAI SUBROS LIMITED Subsidiary Company in Thailand, achieved gross revenue of THB 64 Lacs as against THB 95 Lacs during the last financial year, the sales has decreased by 33% over the last year and the company was having a loss of THB (14.68) Lacs as against loss of THB (16.27) lacs during the current year.

As the business of the Customers of Subsidiary Company has not grown as per business plan. It is not economically viable to continue the business operations at Thailand. Accordingly Company decided to transfer all the inventory and assets lying at Thailand to our Pune Plant.

### 2. JOINT VENTURE

During the financial year under review the financial performance of Denso Subros Thermal Engineering Centre India Limited (JV), achieved gross revenue of Rs.1,463.03 Lacs as against Rs.1,680.78 Lacs during the last financial year, the sales has been decreased by 13% over the last year and the company incurred loss of Rs.0.98 Lacs during the year as against profit of Rs. 320.73 Lacs in last year. Subros Limited is holding 26% share in Joint Venture.

## CONSOLIDATION OF ACCOUNTS

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements read with Accounting Standard AS-27 on financial reporting for interest in Joint Ventures, the Audited Consolidated Financial Statements are provided in the Annual Report.

## EXTRACT OF ANNUAL RETURN

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in MGT 9 as a part of this Director's Report is enclosed as ANNEXURE I.

## AUDITORS AND AUDITORS REPORT

### (i) Statutory Auditor

M/s. V.K. Dhingra & Co., Chartered Accountants, Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible for reappointment, offered themselves for reappointment.

The notes of accounts referred to in the Auditors Reports are self explanatory.

No Qualification remark in Audit report.

### (ii) Cost Auditor

The Company has appointed M/s. Chandra Wadhwa & Company, Cost Accountants, as Cost Auditor of the Company to conduct the audit of cost records maintained by the Company for the Financial Year ending 31st March, 2016.

### (iii) Secretarial Auditor

The Company has appointed M/s. RSM & Co., Company Secretaries as Secretarial Auditors to conduct the audit of secretarial and related records of the Company for the Financial Year ended 31<sup>st</sup> March, 2016.

Secretarial Auditor report is annexed herewith as Annexure II for financial year 2014-15 which is self-explanatory.

No Qualification remark in Secretarial Audit Report.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO

Conservation of Energy:

Information relating to conservation of Energy, Technology Absorption etc., in terms of Section 134 (3) (m) of the Companies Act, 2013 read with relevant rules is annexed herewith.

## FIXED DEPOSITS

During the year the Company has not received any deposits from the public under section of 73 to 76 of Companies Act, 2013 read with the Companies (Acceptance of Deposit) Rules.

## SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS

There are no material orders passed by the regulators or Courts or Tribunals impacting the going concern status and the company's operations in future.

## DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The adequacy of Internal Financial Controls is also discussed in Management Discussion and Analysis, as Stipulated under Clause 49 of the Listing agreement with the Stock Exchanges, which forms part of the Director Report.

## LOANS, GUARANTEES OR INVESTMENTS

The Company has not made any transaction of Inter-Corporate Loan & Investment during the year.

## CORPORATE SOCIAL RESPONSIBILITY

The Company has formulated a Corporate Social Responsibility (CSR) Policy to undertake CSR initiative as specified in Schedule VII of the Companies Act, 2013. The Company has constituted a robust and transparent governance structure to oversee the implementation of CSR policy, in compliance with the requirement of Section 135 of the Companies Act, 2013.

During the year, the Company has undertaken CSR initiatives in the areas of Environmental Sustainability for social & environmental growth. The Annual Report on CSR activities is annexed herewith as "Annexure III".

## POLICIES

### (i) Remuneration Policy

The Board of Directors has adopted a policy relating to the remuneration for the directors, key managerial personnel and other employees based on recommendation of Nomination and Remuneration Committee. Remuneration Policy has been placed on the website of the Company [www.subros.com](http://www.subros.com).

### (ii) Risk Management Policy

The Board of Directors has constituted Risk Management Committee for development and implementation of Risk management policy for the company. During the year one meeting was held wherein Committee has advised to the Management to identify the elements of various risks which may threaten the existence of the company. Therefore Risk Management framework is in the process of development.

### (iii) Whistle Blower Policy / Vigil Mechanism

Pursuant to Section 177(9) of the Companies Act, 2013, the Company has established Vigil Mechanism for directors, employees, suppliers, contractors and other stakeholders etc of the Company. The same is also intended to cover the Whistle Blower Policy under the aspect of Clause 49 of the SEBI's listing agreement. The purpose and objective of this Policy is to cover serious concerns that would have a larger impact on image and values of the company due to incorrect financial reporting or serious improper conduct. The Whistle Blower Policy has been placed on the website of the Company [www.subros.com](http://www.subros.com).

## RELATED PARTY TRANSACTIONS

The Board of Director had duly approved related party transaction policy for determining the Material Related Party Transactions. The Related Party Transactions Policy is disseminated in the website of the Company ([www.subros.com/Investors/Policies/RPT](http://www.subros.com/Investors/Policies/RPT)).

A Statement of all particulars of Contracts or Arrangements with Related parties referred to in Section 188(1) duly approved by the Board of Director is annexed herewith as ANNEXURE IV.

## LISTING

The Equity Shares of your Company continue to be listed on BSE Limited (BSE), National Stock Exchange of India Limited (NSE) and Delhi Stock Exchange Limited. There is no default in payment of Annual listing fees and annual custodian fee in respect of shares held in dematerialisation mode to NSDL and CDSL.

## DEMATERIALISATION OF SHARES

To provide better and smooth service to the shareholders, the Company's equity shares have been made available for dematerialisation in electronic form in the Depository systems operated by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), Mumbai. In order to avail the service, shareholders can dematerialized the shares in the electronic form.

## ANNUAL EVALUATION

The company has carried out evaluation of Board, Executive Directors, Independent Directors and Chairperson. It is opined that the company's Board composition, structure, processes and working procedure are well laid. Board members have adequate expertise drawn from diverse industries, Banking, Administration, Technical, business and bring specific competencies relevant to the company's business. Information flow from Management to the Board and Committees are timely and of acceptable quality. The Board deliberations and participation of members were found to be quite satisfactory and the Board's overall functioning is effective.

## RATIO OF REMUNERATION TO EACH DIRECTOR

Details/Disclosures of Ratio of Remuneration to each Director to the median employee's remuneration is annexed herewith as ANNEXURE -V.

## CORPORATE GOVERNANCE AND SHAREHOLDERS INFORMATION

The Company is committed to maintain the highest standards of corporate governance. The Directors adhere to the requirement set out by the Securities and Exchange Board of India's Corporate Governance practices as per clause 49 of the Listing Agreement and have implemented all the stipulations prescribed.

A Report on Corporate Governance along with a Certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance pursuant to Clause 49 of the Listing Agreement with stock exchanges is annexed herewith as Annexure-VI and forms part of the Annual Report.

## SECRETARIAL STANDARDS

Company is in compliance with the disclosure as per Secretarial Standard of ICSI.

## PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

In terms of the provisions of Section 197(12) of the Company's Act, 2013 read with Rules 5(2) and 5(3) of the Companies (appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided in the Annual Report.

Having regard to the provisions of the first proviso to Section 136(1) of the Act, the Annual Report excluding the said statement of employee under section of 197(12) of Company's Act, 2013 is being sent to the members of the Company. The said information is available for inspection at the registered office of the Company during working hours and any member interested in obtaining said statement copy may write to the Dy. Company Secretary at the registered office of the company.

## ACKNOWLEDGMENT

Your Directors wish to convey their appreciation to all the company's employees for their enormous efforts as well as their collective contribution to the company's performance.

Your Directors acknowledge with gratitude the co-operation and support extended by company's bankers, Canara Bank, Kotak Mahindra Bank, & other Banks and the Management of our collaborators, Denso Corporation and Suzuki Motor Corporation, Japan for their continued support.

Your Directors also take this opportunity to convey their thanks to the company's valued customers, particularly Maruti Suzuki India Limited, Tata Motors Limited, Mahindra & Mahindra Limited and Force Motors Limited, for the trust and confidence reposed by them in the Management for their unstinted co-operation and support provided to the company.

Your Directors also take this opportunity to convey their thanks to the shareholders, suppliers, and all the other business associates for the continuous support given by them to the company and their confidence reposed in the management.

For and on behalf of Board of Directors

Place : New Delhi

Dated: 14th May, 2015

RAMESH SURI

Chairman

DIN NO - 00176488

## Annexure to Directors Report (2014-15)

### Part-1st

Particular required under the Companies (Accounts) Rules, 2014 of Companies Act, 2013.

#### A. CONSERVATION OF ENERGY — Not Applicable

- i) the steps taken or impact on Conservation of Energy
- ii) the steps taken by the Company for utilizing alternate sources of energy.
- iii) the Capital investment on energy conservation equipments;

#### B. TECHNOLOGY ABSORPTION

##### i) Efforts

Implementation of New VA/VE ideas & localization in the field of

1. HVAC
2. Heater core
3. Radiator
4. Condenser
5. RS Evaporator
6. Piston and Swash Localization for compressor.
7. Compressor Swash Plate coating for heavy duty use
8. Compressor Shaft and armature raw material localization.

##### ii) Benefits Derived

- Indigenously developed technology will result in reduced development cost, improved performance, light weight and compact in terms of overall size.
- The better understanding of the exact development cycle of technology will assist in providing better solutions to the customer and will lead to its satisfaction apart from cost reduction.
- Future new refrigerant development & introduction will give better edge to the company against the competitors.
- Improvement in process, productivity and quality and cost due to new techniques and localization of parts.
- It contributes to retain capable engineers giving proactive motivation.
- Proactive presence in international and national conferences is giving Subros a certain R&D status value in front of OEMs representatives

##### iii) In case of Imported Technology

1. The Company has acquired technology from Denso Corporation, Japan and also executed Technical Assistance Agreement for transfer of technology of MF Condenser, 10P, 10S & 10SA series Compressor and HVAC for new models, RS Evaporator, Heater Core, Bus AC etc.
2. Year of Import: 1986 onwards
3. Technology Fully absorbed: The Technology has been absorbed within the period of applicable Technical Assistance Agreements. For new models of AC systems, technology transfer is under implementation under new TAAs.

## iv. Areas of Indigenously Developed Technology

The Company has filed one Indian patent applications ([www.ipindia.nic.in](http://www.ipindia.nic.in)) in the areas of Heat Exchangers and two patents are under publishing.

S.No.	Title of Invention	Published
1	Liquid cooled charge air cooler with charge air flow mechanism in automotive application	2843/DEL/2014
2	New holding mechanism of connector & Bracket in compact Hx	Under Publishing
3	Plate Header & side plate design for automobile heat exchanger	Under Publishing

The Company participated in International conferences in last year.

S.No.	International/National Conference details	Title of paper/Presentation
1	Matlab Expo 2014	Parametric study of heater exchanger core matrix
2	Roundtable on HFC phase down in mobile air conditioner by CEEW & NRDC	System level performance impact R1234yf & R134a
3	Issue related to Hydroflorocarbon	Parametric study of heater exchanger core matrix
4	2014 India Altair technology conference	Design validation of compressor Torque using Hyperworks.
5	5th international conference on research into Design By IISc Bangalore	Design methodology & Dynamic simulation of Fixed displacement swash plate compressor
6	International workshop for HFC Management in Article 5 countries.	Alternative technology and challenges in Mobile Air Conditioner sector

## v) Research &amp; Development

During the year, following major activities in the field of Research & Development were carried out by the Company:

## 1.1 PRODUCT DEVELOPMENT

- (a) New 90CC Compressor (10SL09) has been developed. This compressor has integrated thermal fuse in magnetic clutch. Tooling up products has been started to deliver for Renault-Nissan A Entry program with critical validations done. SOP will be in May 2015.
- (b) Application for fixed Displacement of Compressor (10SA13), for Diesel Car is under evaluation at MSIL.
- (c) The company is developing new high capacity 10SL15 compressor. This compressor will be used for BUS A/C application, Refrigerated Van. This compressor has MOS2teel swash for high compressor Ratio.
- (d) The Company has also successfully launched ultra slim (12 mm)step-4 condenser. The Supplies has already been started for customers.
- (e) New Technology group is also working in water cooled intercooler & charge air cooler.
- (f) Application Engineering for up coming projects of:
  - (i) New programme Mahindra & Mahindra, Volvo-Eicher, NALT, TML & MSIL.
  - (ii) After Market Condensers and Home AC condensers.



## 1.2 SYSTEMS &amp; INFRASTRUCTURE

1. Project Management System reinforcement has started in current NPD process. "Schedule Manager", which is newly ordered Team Center application, to visualize project activities data for all team members and managements, as one of the first steps to improve the project management performance. Monitoring of all new projects is started on Schedule Manager
2. In the year 2014-15, product engineering test center has started to in-house developed Expansion Valve test facility and Thermal Fuse test facility.

## 1.3 FUTURE PLAN OF ACTION

- i) Continue development of new generation more efficient Heat Exchangers Heaters, Charge Air Coolers, Radiators and CRFM (Condenser Radiator Fan Module)
- ii) To develop, design and tooling development for tractor radiator with special wave fin.
- iii) Installation of testing facility for Inter cooler and engine oil cooler which can be applied to both Off Highway and Turbo Charge Diesel Engines.
- iv) Development of Compressors for SUVs, Mid-Bus and Large Bus AC Application
- v) New power train cooling system related innovations.

## 1.4 The expenditure on R &amp; D has been as follows:

(Rs. in lacs)

		2014-15	2013-14
(i)	Capital	137.18	298.52
(ii)	Recurring	2,039.00	2,055.50
(iii)	Total	2,176.18	2,354.02
(iv)	Total R&D expenditure as a percentage of turnover	1.82%	2.02%

## C) FOREIGN EXCHANGE EARNINGS AND OUTGO

The company has made export of the value of Rs 6.82 lacs during the year (Previous year Rs. 102.95 Lacs)

	Rs. In Lacs
Total Foreign Exchange Earned	6.82
Total Foreign Exchange Used	
i) CIF Value of Imports (Revenue Expenses)	41,486.03
ii) CIF Value of Imports(Capital Expenditure)	2,108.35
iii) Expenditure in Foreign Currency	3014.31

## Annexure-I to Director Report

Form No. MGT-9  
EXTRACT OF ANNUAL RETURN  
as on the financial year ended on 31.03.2015

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

### I. REGISTRATION AND OTHER DETAILS

- i) CIN : L74899DL1985PLC020134
- ii) Registration Date : 055-20134
- iii) Name of the Company : Subros Limited
- iv) Category / Sub-Category of the Company : Public Company
- v) Address of the Registered office and contact details : LGE, World Trade Centre  
Barakhamba Lane  
New Delhi-110 001  
Tel. No. : 011-23414946-49
- vi) Whether listed company : Yes
- vii) Name, Address and Contact details of Registrar and  
Transfer Agent, if any : MCS Share Transfer Agent Limited  
Srivenkatesh Bhavan, F-65, Okhla  
Industrial Area Phase-I,  
New Delhi - 110 020.  
Tel. No. : 011-4140-6148

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

S.No.	Name and Description of main products /services	NIC Code of the Product/ service	% to total turnover of the company
1.	Automotive A.C. parts & Accessories of Automotive System	B-13-374.8	100%

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the company	CIN/Registration No.	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	THAI SUBROS LTD	0-1155-51007-18-8	Subsidiary	100%	2(87)
2.	Denso Subros Thermal Engineering Centre India Limited	U93000DL2011FLC212269	Associate	26%	2(6)

**IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)**
**i) Category-wise Share Holding**

Category of Share-holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Phy-sical	Total	% of total Shares	Demat	Phy-sical	Total	% of total Shares	
<b>A. Promoters</b>									
1. Indian									
a. Individual/ HUF	72,06,240	--	72,06,240	12.00	72,06,240	--	72,06,240	12.00	--
a. Central Govt	--	--	--	--	--	--	--	--	--
b. State Govt(s)	--	--	--	--	--	--	--	--	--
c. Bodies Corp.	167,93,760	--	167,93,760	28.00	167,93,760	--	167,93,760	28.00	--
d. Banks / FI	--	--	--	--	--	--	--	--	--
e. Any Other	--	--	--	--	--	--	--	--	--
Sub-total (A) 1	240,00,000	--	2,40,00,000	40.00	240,00,000	--	240,00,000	40.00	--
2. Foreign									
a. NRIs-Individuals	--	--	--	--	--	--	--	--	--
b. Other-Individuals	--	--	--	--	--	--	--	--	--
c. Bodies Corp.	--	--	--	--	--	--	--	--	--
d. Banks / FI	--	--	--	--	--	--	--	--	--
e. Any Other	--	--	--	--	--	--	--	--	--
Sub-total (A) 2	--	--	--	--	--	--	--	--	--
Total Shareholding of Promoters (A) = (A) 1+(A) 2	240,00,000	--	240,00,000	40.00	240,00,000	--	240,00,000	40.00	--

Category of Share-holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Phy-sical	Total	% of total Shares	Demat	Phy-sical	Total	% of total Shares	
<b>B. Public Shareholding</b>									
1. Institutions									
a. Mutual Funds	2,26,076	--	2,26,076	0.38	6,99,514	--	6,99,514	1.17	0.79
b. Banks/FI	--	--	--	--	4,110	--	4,110	0.01	0.01
c. Central Govt.	--	--	--	--	--	--	--	--	--
d. State Govt (s)	--	--	--	--	--	--	--	--	--
e. Venture Capital Funds	--	--	--	--	--	--	--	--	--
f. Insurance Companies	3,49,015	--	3,49,015	0.58	3,34,743	--	3,34,743	0.56	0.02
g. FIs	30,000	6,000	36,000	0.06	3,500	6,000	9,500	0.02	0.04
h. Foreign Venture Capital Funds	--	--	--	--	--	--	--	--	--
i. Others (specify)	--	--	--	--	--	--	--	--	--
Sub-total (B) 1	6,05,091	6,000	6,11,091	1.02	10,41,867	6,000	10,47,867	1.76	0.74
2. Non-Institutions									
a. Bodies Corp.									
i. Indian	21,16,761	28,53,760	49,70,521	8.29	20,21,912	28,48,860	48,70,772	8.12	0.17
ii. Overseas	--	--	--	--	--	--	--	--	--

Category of Share-holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
<b>B. Individuals</b>									
i. Individual shareholders holding nominal share capital upto Rs.1 lakh	97,52,800	10,76,993	108,29,793	18.06	89,58,418	10,39,888	99,98,306	16.67	1.39
ii. Individual shareholders holding nominal share capital in excess of Rs 1lakh	22,29,935	13,37,640	35,67,575	5.95	27,11,592	13,37,640	40,49,232	6.75	0.80
<b>C. Others</b>									
i. NRI	4,09,420	—	4,09,420	0.68	4,16,423	—	4,16,423	0.69	0.01
ii. Foreign Collaborator	78,00,000	78,00,000	156,00,000	26.00	78,00,000	78,00,000	156,00,000	26.00	—
iii. Clearing Members	—	—	—	—	—	—	—	—	—
iv. Trust & Foundations	200	—	200	--	6,000	--	6,000	0.01	0.01
Sub-total (B) 2	223,09,116	130,68,393	353,77,509	58.98	219,14,345	130,26,388	349,40,733	58.24	0.74
Total Public Shareholding (B) = (B) 1+(B) 2	229,14,207	130,74,393	359,88,600	60.00	229,56,212	130,32,388	359,88,600	100.0	—
D. Shares held by Custodian for GDRs & ADRs	—	—	—	—	—	—	—	—	—
Grand Total (A+B+C)	469,14,207	130,74,393	599,88,600	100.0	469,56,212	130,32,388	599,88,600	100.0	—

**i) Share Holding of Promoters**

Category of Shareholders	No. of Shares held at the beginning of the year (01st April, 2014)		No. of Shares held at the end of the year (31st March, 2015)		% Change during the year
	Demat	% of total Shares	Demat	% of total Shares	
Deeksha Holding	101,37,760	16.90	101,37,760	16.90	—
Jyotsna Holding	34,48,000	5.75	34,48,000	5.75	—
RR Holding	32,08,000	5.35	32,08,000	5.35	—
Ramesh Suri HUF	30,40,000	5.06	30,40,000	5.06	—
Dr. Jyotsna Suri	16,19,200	2.70	16,19,200	2.70	—
Sh. Ramesh Suri	14,19,040	2.36	14,19,040	2.36	—
Smt. Ritu Suri	11,28,000	1.88	11,28,000	1.88	—
Sub Total	240,00,000	40.00	240,00,000	40.00	—

**ii) Change in Promoters' Shareholding ( please specify, if there is no change)**

Sl. No.	Promoter shareholding	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	No Change in the Promoters Shareholding during the year			
2.	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity, etc.				
3.	At the End of the year				

**iii) Shareholding pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)**

S. No.	For each of Top Ten Shareholders	Shareholding at the beginning of the year		Share holding at the end of the year		% change in share holding during the year
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company	
1.	Suzuki Motor Corpn.	78,00,000	13.00	78,00,000	13.00	--
2.	Denso Corporation	78,00,000	13.00	78,00,000	13.00	--
3.	UTI Transportation & Logistics Fund	2,26,076	0.38	5,25,000	0.88	0.50
4.	IFB Automotive Pvt. Ltd	5,13,990	0.86	5,13,990	0.86	--
5.	Ajay Upadhayaya	—	—	4,25,000	0.71	0.71
6.	The Oriental Insurance Co. Ltd.	3,49,015	0.58	3,34,743	0.56	(0.02)
7.	Mayur Mangaldas Kothari	3,11,567	0.52	3,09,369	0.52	--
8.	Santosh Sitaram Goenka	1,11,891	0.19	2,87,806	0.48	0.29
9.	Samay Mayur Kothari	2,00,000	0.34	2,00,000	0.34	--
10.	Jayant	1,66,060	0.28	1,66,060	0.28	--
	TOTAL	174,78,599	29.15	183,61,968	30.63	1.48

**iv) Shareholding of Directors and Key Managerial Personnel**

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Mr. Ramesh Suri Chairman				
1.	At the beginning of the year	14,19,040	2.36	14,19,040	2.36
2.	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity, etc.	—	—	—	—
3.	At the End of the year	14,19,040	2.36	14,19,040	2.36

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Dr. Jyotsna Suri Director				
1.	At the beginning of the year	16,19,200	2.70	16,19,200	2.70
2.	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity, etc.	—	—	—	—
3.	At the End of the year	16,19,200	2.70	16,19,200	2.70

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Mr. Girish Narain Mehra Director				
1.	At the beginning of the year	19,000	0.03	19,000	0.03
2.	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity, etc.	—	—	—	—
3.	At the End of the year	19,000	0.03	19,000	0.03

**IV. INDEBTEDNESS**
**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

(Amount in Rs.)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	380,37,96,774	33,15,05,474	--	413,53,02,248
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	174,82,110	--	--	1,74,82,110
<b>Total (i+ii+iii)</b>	<b>382,12,78,884</b>	<b>33,15,05,474</b>	<b>--</b>	<b>415,27,84,358</b>
Change in Indebtedness during the financial year				
Addition	--	24,13,98,196	--	24,13,98,196
Reduction	16,15,00,724	--	--	16,15,00,724
<b>Net Change</b>	<b>(16,15,00,724)</b>	<b>24,13,98,196</b>	<b>(--)</b>	<b>7,98,97,472</b>
Indebtedness at the end of the financial year				
i) Principal Amount	362,38,11,157	57,29,03,670	--	4,19,67,14,827
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	184,92,489	--	--	1,84,92,489
<b>Total (i+ii+iii)</b>	<b>364,23,03,646</b>	<b>57,29,03,670</b>	<b>--</b>	<b>421,52,07,316</b>

**V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager**

S. No.	Particulars of Remuneration	Name of MD/WTD/Manger			Total Amount (in Rs.)	
		Mr. Ramesh Suri Chairman	Ms. Shradha Suri Managing Director	Total Amount (in Rs.)		
				Mr. D.M. Reddy (Executive Director)#		
1.	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	48,00,000	1,82,82,516	2,30,82,516	1,59,15,803	3,89,98,319
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	--	79,200	79,200	1,40,192	2,19,392
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	--	--	--	--	--
2.	Stock Option	--	--	--	--	--
3.	Sweat Equity	--	--	--	--	--
4.	Commission					
	As a % of profit	10,50,000	--	10,50,000	14,43,503	24,93,503
	Others, specify	--	--	--	--	--
5.	Others	--	--	--	--	--
	<b>TOTAL (A)</b>	<b>58,50,000</b>	<b>1,83,61,716</b>	<b>2,42,11,716</b>	<b>1,74,99,498</b>	<b>4,17,11,214</b>
	Ceiling as per the Act	Rs 254.92 lacs*				

# Remuneration paid to Mr. D.M.Reddy in the capacity of Professional Director.

\* Being 10% of the net profit of the company calculated as per section 198 of the Companies Act, 2013.

**B. Remuneration to other Directors  
Independent Directors**

S. No.	Particulars of Remuneration	Name of Directors						Total Amount (in Rs.)
		G.N.Mehra	Hanuwant Singh	K.R.Rama-moorthy	Shailendra Swarup	Meena Sethi	M.A. Pathan	
1	Fee for attending Board/Committee Meetings Commission Others, please specify	10,00,000 -- --	10,00,000 -- --	4,90,000 -- --	3,40,000 -- --	3,20,000 -- --	3,90,000 -- --	35,40,000 -- --
	TOTAL 1	10,00,000	10,00,000	4,90,000	3,40,000	3,20,000	3,90,000	35,40,000

**Other Non-Executive Directors**

S. No.	Particulars of Remuneration	Name of Directors			Total Amount (in Rs.)
		Mrs. Jyotsna Suri	Mr. Y Kajita (Alternate Director)	Mr. Kenichi Ayukawa	
2.	Fee for attending Board/Committee Meetings Commission Others, please specify	1,70,000 -- --	1,20,000 -- --	2,20,000 -- --	5,10,000 -- --
	TOTAL 2	1,70,000	1,20,000	2,20,000	5,10,000
	TOTAL (B) = 1+2				40,50,000***
	Total Managerial Remuneration				457,61,214*
	Overall Ceiling as per the Act	Rs 25.49 lacs**			

\* Total remuneration to Managing Director, Whole-Time Directors and other Directors (being the total of A and B).

\*\* Being 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013.

\*\*\* The total amount of Rs.40,50,000 paid sitting fee for Board and Committee meetings which is not the part of 1% Ceiling as per the Act.

**C. Remuneration To Key Managerial Personnel other Than MD/Manager/WTD**

S.No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount (in Rs.)
		Mr. Vikas sabbarwal * Dy. Company Secretary Mr. Hemant K Agarwal ** GM finance & Dy Company Secretary	CFO	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	18,06,915* 2,02,469** 19,818 --	-- -- -- --	18,06,915* 2,02,469** 19,818 --
2.	Stock Option	--	--	--
3.	Sweat Equity	--	--	--
4.	Commission As a % of profit Others, specify	-- --	-- --	-- --
5.	Others, please specify TOTAL	-- 20,29,202	--	-- 20,29,202

\* Resigned w.e.f 14th Feb, 2015. \* Salary Vikas Sabharwal

\*\* Employed for the part of the year. \*\* Salary Hemant K Agarwal



**PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/ Court)	Appeal made, if any
A. COMPANY					
Penalty			None		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			None		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			None		
Punishment					
Compounding					

## Annexure-II to Director Report

SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2015

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

To

The Members  
SUBROS LIMITED  
World Trade Centre,  
Barakhamba Lane,  
New Delhi 110 001

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by SUBROS LIMITED (hereinafter called the Company"). The secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the SUBROS LIMITED's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2015 complied with the statutory provisions listed hereunder and also that the company has proper Board - Processes and Compliance Mechanism in place to the extent, in the manner and subject to the reporting made hereinafter: -

We have examined the books, papers, minute books, forms and returns filed and other records maintained by SUBROS LIMITED ("the Company") for the financial year ended on 31st March, 2015 according to the provisions of :

- The Companies Act, 2013 ("the Act") and rules made there under;
- The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- The Depositories Act, 1996 and the Regulations and bye - laws framed there under;
- The Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment, and External Commercial Borrowings;
- The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable to the company during the audit period)
- d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014, notified on 28th October 2014. (Not applicable to the company during the audit period)
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008. (Not applicable to the company during the audit period)
- f) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding Companies Act and dealing with client;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the company during the audit period) and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. (Not applicable to the company during the audit period)and

We further report that, having to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test check basis, the Company has complied with the following laws as applicable to the Company ;

- (i) Employees Provident Fund and Miscellaneous Act, 1952;
- (ii) Employees State Insurance Act, 1948;
- (iii) Environment Protection Act, 1986 and other Environmental Laws;
- (iv) Factories Act, 1948;

We further report the compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit since the same have been subject to review by statutory financial audit and other designated laws.

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

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India.
- (ii) The Listing Agreement entered into by the Company with stock exchanges

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

We further report that:-

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Changes in

the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act;

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

Decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of meetings of the Board of Directors or committee of the Board, as the case may be.

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

We further report that during the audit period, there were no instances of :-

- (a) Public / Rights / Preferential Issue of Shares / Debenture / Sweat Equity;
- (b) Redemption / Buy-back of Securities;
- (c) Major decisions taken by the members in pursuant to section 180 of the Companies Act, 2013;
- (d) Merger / Amalgamation / Reconstruction etc.

For RSM & CO.

Company Secretaries

CS RAVI SHARMA

PARTNER

FCS NO. 4468, C. P. NO. 3666

Dated : 14th May, 2015

Place : Delhi

## Annexure-III to Director Report

### THE ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken

Subros endeavors to integrate social and environment concerns in its business operations. The Company demonstrate an increased commitment at all levels in the organization to operate business in an economically, socially and environmentally sustainable manner. The objective of our CSR policy is to actively contribute to the social, environmental & economic Development of the Society

2. Average net profit of the Company for last three financial years : Rs. 3,415.70 Lacs
3. Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above) :  
Rs. 68.31 Lacs
4. Details of CSR spent during the financial year.
  - a) Total amount to be spent for the financial year; 57.32 lacs
  - b) Amount unspent, if any; Rs.10.99 lacs
  - c) Manner in which the amount spent during the financial year is detailed below.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	CSR project or activity identified.	Sector in which the Project is covered	Projects or programs (1)Local area or other  (2) Specify the State and distri where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or Programs Subheads:  (1)Direct expenditure on projects or programs.  (2) Overheads:	Cumulative expenditure upto to the reporting period	Amount spent: Direct.
1	Green plantation	Environmental Sustainability	Noida & Manesar (Gurgaon)	Program wise	57.32	57.32	57.32
	TOTAL				57.32	57.32	57.32

5. Give details of implementing agency: NA
6. Reasons for not spending the Amount:  
Company has Endeavour to spend the money as required under the Companies Act and in the process of identifying the project for its CSR activities. The company could not spend the requisite amount due to insufficient time to identify the appropriate CSR activities.
7. The CSR Committee confirms that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company.

## Annexure-IV to Director Report

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

*(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

Details of material contracts or arrangement or transactions at arm's length basis on Yearly basis approved by the audit committee on 13th May, 2015 and by the Board on 14th May, 2015

Amount in Lacs

Name of party	Relationship/Nature of interest	Nature of Transactions	Transaction Value/Amount
Global Auto Tech Ltd	Common Director	Purchase of Auto Components	9,752.07
Prima Telecom Ltd	Common Director	Purchase of Material	32.05
Prima Telecom Ltd	Common Director	Purchase of Assets	7.69
Rohan Motors Ltd.	Common Director	Sale of parts of Automotive Air conditioning System	16.79
Maruti Suzuki India Ltd	Common Director	Sale of parts of Automotive Air conditioning System	1,10,654.00
Tempo Automobiles Pvt Ltd.	Common Director	Sale of parts of Automotive Air conditioning System	45.52
Prima Telecom Ltd	Common Director	Sale of Assets	1.77
Global Auto Tech Ltd	Common Director	Sale of material	446.59
Rohan Motors Ltd	Common Director	Purchase of Vehicle	16.78
Fibcom India Ltd.	Common Director	Purchase & Installation of Assets	38.24
Denso Subros Thermal Engg. Centre India Ltd	Joint venture & Common Director	Design Development Services	661.94
Rohan Motors Ltd	Common Director	Receiving of Services	23.27
SHS Transport (P) Ltd.	Common Director	Freight & Vehicle Hire Charges	699.36
Tempo Auto. (P) Ltd.	Common Director	Vehicle Repair Charges	4.23
Apollo Zipper India Ltd	Common Director	Hotel stay expenses	1.21
Bharat Hotels Ltd	Common Director	Reimbursement of expenses/ Office Maintenance & Electricity Charges / Lodging and Boarding Charges	96.23
Prima Telecom Ltd	Common Director	Receiving of Services	1.02
Prima Telecom Ltd	Common Director	Reimbursement Received	3.60
Fibcom India Ltd.	Common Director	Reimbursement Received	1.88
Hemkunt Service Station(P) Ltd.	Common Director	Purchase of Petrol / Diesel	23.07
Rohan Motors Ltd	Common Director	Service Centre Rent	15.31

Amount in Lacs

Name of party	Relationship/Nature of interest	Nature of Transactions	Transaction
SHS Transport (P) Ltd.	Common Director	Office Rent	4.23
Prima Infratech Pvt Ltd	Common Director	Plant Rent	248.34
Ms Shradha Suri	Director	Guest House Rent	33.54
Dr. Jyotsna Suri	Director	Office Rent	33.71
Ms. Lohitha Reddy	Daughter of Director	Guest House Rent	6.00
Ramesh Suri (HUF)	Director	Office Rent	19.68
Mrs. Ritu Suri	Wife of Director	Office Rent	26.10
Denso Subros Thermal Engg. Centre India Ltd.	Joint Venture	Rental Income	21.37

## ANNEXURE-V TO DIRECTOR REPORT

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.

- (i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2014-15, Ratio of Remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2014-15 and the Comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

Sr.No	Name Of Director/KMP and Designation	Remuneration of Director/KMP for financial year 2014-15	% increase in Remuneration in the Financial year 2014 -15	Ratio of Remuneration of each Director/to median remuneration of employees
1	Ramesh Suri - Chairman	69.73	Nil	23.08 times
2	Shradha Suri - Managing Director	182.83	Nil	60.53 times
3	D.M. Reddy - Executive Director	174.46	10% on basis salary	57.77 times
4	Vikas Sabbarwal - Company Secretary (upto 14/02/2015)	18.26	10.24%	NA
	Hemant K. Agarwal - Dy. Company Secretary (5th March 2015)	2.02	—	—

- ii) The median remuneration of employees of the company during the Financial year was Rs. 3,02,340/- per year.

(iii) the percentage increase in the median remuneration of employees in the financial year;	9.85%															
(iv) the number of permanent employees on the rolls of company;	1968															
(v) the explanation on the relationship between average increase in remuneration and company performance;	Turnover and profit before tax is increased by 2.22% and 5.97% respectively but the Company has undertaken during the year many initiatives for VA VE to improve company profitability in subsequent year.															
(vi) comparison of the remuneration of the Key Managerial Personnel against the performance of the company;	Profit before Tax 2014-15 Rs 2040 lacs. Comparison is based on Profit before tax Chairman: 3.42% Managing Director 8.96% Executive Director: 8.56% Company Secretary S : 0.995%															
(vii) variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year;	<table border="1"> <thead> <tr> <th></th> <th>31.03.15</th> <th>31.03.14</th> </tr> </thead> <tbody> <tr> <td>PE Ratio</td> <td>16.81</td> <td>8.14</td> </tr> <tr> <td>Market Price</td> <td>57</td> <td>27.5</td> </tr> <tr> <td>EPS</td> <td>3.39</td> <td>3.38</td> </tr> <tr> <td>Market cap</td> <td>342</td> <td>165</td> </tr> </tbody> </table> <p>The company had come out with initial IPO in 1988 @ Rs 10 per share.*</p>		31.03.15	31.03.14	PE Ratio	16.81	8.14	Market Price	57	27.5	EPS	3.39	3.38	Market cap	342	165
	31.03.15	31.03.14														
PE Ratio	16.81	8.14														
Market Price	57	27.5														
EPS	3.39	3.38														
Market cap	342	165														
(viii) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	<table border="1"> <thead> <tr> <th></th> <th>31.03.15</th> </tr> </thead> <tbody> <tr> <td>% increase in median salary of employees'</td> <td>9.85</td> </tr> <tr> <td>% increase in average salary of managerial personnel</td> <td>1.52</td> </tr> </tbody> </table>		31.03.15	% increase in median salary of employees'	9.85	% increase in average salary of managerial personnel	1.52									
	31.03.15															
% increase in median salary of employees'	9.85															
% increase in average salary of managerial personnel	1.52															
(ix) comparison of the each remuneration of the Key Managerial Personnel against the performance of the company	As per point vi above.															



(x) the key parameters for any variable component of remuneration availed by the directors;	Variable pay to Directors is as per provisions of the law in the form of commission. Other KMP : As per policy of the company
(xi) the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;	Not applicable
(xii) affirmation that the remuneration is as per the remuneration policy of the company.	As decided by Nomination & Remuneration Committee.

\*Percent increase over/ decrease in the market quotations of the shares of the company as compared to the rate at which the company came out with the last public offer in the year- The Company had come out with initial public offer (IPO) in 1988. An amount of Rs. 10 invested in the said IPO would be worth Rs 570 as on March 31, 2015 indicating a Compounded Annual Growth Rate of 15.83%. This is excluding the dividend accrued and paid during such years.

## Corporate Governance Report

Company philosophy on code of

### CORPORATE GOVERNANCE

Subros Limited is committed to achieve and maintain the highest standards of Corporate Governance. Subros philosophy on Corporate Governance envisages attainment of the highest levels of transparency in accounting policies, strong and independent Board, accountability and equity in all facets of its operations. It is with this conviction that Subros has formulated procedures, policies and systems that are promoting immaculate Corporate Governance Standards within the Company.

The Security & Exchange Board of India (SEBI) has notified corporate governance standards as per Clause 49 of the Listing Agreement. The Company had been complying with these provisions strictly and effectively. Your company acknowledges and believes that all its actions must serve the main goal of enhancing overall shareholder value on a sustained basis.

### BOARD OF DIRECTORS

The Board Currently comprises of 12 Directors out of which nine Directors are Non-Executive Directors (including Six Independent Directors). All the independent Directors have confirmed that they meet the "independence" criteria as mentioned under the Clause 49 of the Listing Agreement as on 31st March 2015. The composition of the Board is in conformity with Clause 49 of the Listing Agreement.

Composition of Board of Directors and Directors attendance record.

The Composition of the Board of Directors of Subros Ltd. and director's attendance record, Directorship and Committee position during the financial year 2014-2015 is as per table given below:

Name	Category	No. of Board Meetings held during 2014-15	No. of Board Meetings attended during 2014-15	Whether attended AGM held on 28 <sup>th</sup> July, 2014	No. of Directorships in Companies (other than Subros Ltd, foreign & Private Companies)	Committees @ Position held in Public Companies as	
						Chairman	Member
Mr. Ramesh Suri, Chairman	Not Independent & Executive	5	5	YES	9	2	4
Ms. Shradha Suri Managing Director	Not Independent & Executive	5	5	YES	6	1	1
Mrs. Jyotsna Suri	Not Independent & Non-Executive	5	4	YES	8	1	1
Mr. M.A. Pathan	Independent & Non-Executive	5	5	YES	-	-	-
Mr. G.N. Mehra	Independent & Non Executive	5	5	YES	4	4	2
Mr. Shailendra Swarup	Independent & Non-Executive	5	5	YES	5	-	2
Mr. K.R. Ramamoorthy	Independent & Non- Executive	5	4	YES	3	2	2
Mr. Hanuwant Singh	Independent & Non- Executive	5	5	YES	5	1	1
Mr. D.M. Reedy Executive Director	Not Independent & Executive	5	2	NO	2	-	-
Ms. Meena Sethi	Independent & Non-Executive	5	5	YES	-	-	-
Mr. Kenichi Ayukawa	Not Independent & Non-Executive	5	5	YES	5	-	2
Mr. Y Makino*	Non Independent & Non-Executive	5	-	YES	-	-	-
Mr. Katsuhisa Shimokawa **	Non Independent & Non-Executive	5	-	NO	-	-	-
Mr. Y. Kajita*** (Alternate Director)	Not Independent & Non-Executive	5	4	NO	-	-	-

@Represents chairmanship/membership of Audit Committee and Stakeholders Relationship Committee.

\* Resigned w.e.f 03rd November, 2014.

\*\*Appointed w.e.f 03rd November, 2014.

\*\*\*Appointed as Alternate director to Mr. Katsuhisa Shimokawa

#### Number of Board Meetings

During the Year under review, five Board meetings were held on May 26th, 2014, July 28th, 2014, November 03rd, 2014, February 13th, 2015 and March 24th, 2015. The time-gap between any two consecutive meetings did not exceed One hundred and twenty days.

#### Information supplied to the Board

The information as required under Annexure IA to clause 49 of the Listing Agreement are made available to the Board.

### THE COMMITTEES OF THE BOARD

The Board has constituted a set of Committees with specific terms of reference/scope to focus effectively on the issues and ensure expedient resolution of diverse matters as detailed below.

#### AUDIT COMMITTEE

The Audit Committee of the Board was constituted on 30th April, 2001. The terms of reference are in line with the requirement of Code of Corporate Governance. The Audit Committee has the powers as provided under section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement which include amongst others:

- Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of auditor, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the annual financial statements and auditor report before submission to the Board.
- Reviewing with management, performance of statutory and internal auditors and adequacy of internal control systems.
- Reviewing with the management the quarterly Financial Statements before submission to Board of Directors for approval.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing & seniority, reporting structure coverage & frequency of internal audit.
- Review the functioning of Whistle Blower / Vigil Mechanism.

The Committee review the Management Discussion and Analysis of the financial condition, results of operations and statements of significant Related Party Transactions, internal control and any other matter which may be a part of its terms of reference or referred to by the Board of Directors.

#### Composition & Attendance:

The composition of the Audit Committee is as per Clause 49 of the Listing Agreement and attendance at its meeting as follows:

Sl. No.	Name of Members	Position held	Category	No. of Meetings	
				Held during 2014-15	Attended during 2014-15
1.	Mr. G.N. Mehra	Chairman	Independent/ Non-Executive	4	4
2.	Mr. Hanuwant Singh	Member	Independent/ Non-Executive	4	4
3.	Mr. K.R. Ramamoorthy	Member	Independent/ Non-Executive	4	4

During the period under review, four Audit Committee meetings were held on May 26th, 2014, July 28th, 2014, November 3rd, 2014 and February 13th, 2015.

Statutory Auditors and Senior Executives of the company were invited to the meetings for deliberations.

Dy. Company Secretary acts as Secretary of the Committee.

#### NOMINATION AND REMUNERATION COMMITTEE

The Remuneration Committee of the Board of Directors was constituted on 31.10.2002. The committee was renamed as "Nomination and Remuneration Committee" w.e.f 26.05.2014. The terms of reference are in line with the requirement of Code of Corporate Governance. The Nomination & Remuneration Committee has the powers as provided under section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement which include amongst others:

- Formulate the criteria for determining qualifications, positive attributes and independence of a Director.
- Recommend to the Board a policy relating to the remuneration for the directors, Key managerial Personnel and Senior Management.
- Fixation of salary, perquisites etc. of all Executive Directors of the company at the time of their appointment/re-appointment.
- Deciding commission payable to executive directors.
- Identify persons who qualify to become Directors and who may be appointed in senior management in accordance with criteria laid down and recommend to the Board their appointment and removal.

#### Composition

The composition of the Nomination & Remuneration Committee is as per Clause 49 of the listing agreement as follows:

Sl. No.	Name of Members	Category	Position Held
1.	Mr. Hanuwant Singh	Independent / Non-executive	Chairman
2.	Mr. G.N. Mehra	Independent / Non-executive	Member
3.	Mr. Shailendra Swarup	Independent / Non-executive	Member

Meetings: - During the year under review, One meeting of the Nomination & Remuneration Committee was held on March 23rd, 2015 wherein all members attended the meeting.

Remuneration Policy: The Company has adopted a policy relating to the remuneration for Directors, Key Managerial Personnels and Senior Management of the Company which is displayed on the website of the Company [www.subros.com](http://www.subros.com).

Remuneration of Executive Directors is determined by the Nomination & Remuneration Committee and as approved by the Board of Directors and Shareholders of the Company.

Non-Executive Directors of the Company are not being paid any Remuneration other than the sitting fee for attending the meetings of the Board or Committees thereof. The detail of sitting fee paid during the year 2014-15 is as given below:-

S.No.	Name of Director	Sitting Fee for Board Meetings (Rs.)	Sitting Fee for Committee Meetings (Rs.)	Total (Rs.)
1	Mrs. Jyotsna Suri	1,70,000		1,70,000
2	Mr. Kenichi Ayukawa	2,20,000		2,20,000
3	Mr. Y. Kajita	1,20,000		1,20,000
4	Mr. G.N. Mehra	2,20,000	7,80,000	10,00,000
5	Mr. K.R. Ramamoorthy	1,70,000	3,20,000	4,90,000
6	Mr. Shailendra Swarup	2,20,000	1,20,000	3,40,000
7	Mr. Hanuwant Singh	2,20,000	7,80,000	10,00,000
8	Ms. Meena Sethi	2,20,000	1,00,000	3,20,000
9	Mr. M. A. Pathan	2,20,000	1,70,000	3,90,000
	GRAND TOTAL			40,50,000

Remuneration paid/payable to the Chairman, the Managing Director and Executive Director for the year 2014-15 is as given below:

Sl. No	Name of the Director	Period of appointment	Salary & Allowances	Contributions (*)	Commission	Other Benefits	Total
1.	Mr. Ramesh Suri	16.9.2010 - 15.9.2015	48.00	0	21.73	0	69.73
2.	Ms. Shradha Suri	12.5.2013 - 11.5.2016	182.83	22.43	0	0	205.26
3.	Mr. D M Reddy#	01.04.2012- 31.03.2015	144.32	19.48	15.30	14.83	193.93
		TOTAL	375.15	41.91	37.03	14.83	468.92

(#) Re-appointed as Executive Director w.e.f 01.04.2015

(\*) Represent contribution to Provident Fund and Superannuation Fund

Figures are not separately available for contribution to Group Gratuity Fund. Therefore, the same has not been included.

No performance-linked incentives are allowed to the directors.

There is no obligation on the company to pay severance fees to the directors.

Details of shareholding of Directors as on 31st March 2015

As on 31st March 2015, the company had three executive directors, three non-executive directors and six independent directors. Of the three Executive Directors, Mr. Ramesh Suri holds 1419040 Equity shares in the company. The other executive directors do not hold any shares in the company. Among the Non-Executive Directors, Dr. Jyotsna Suri holds 1619200 Equity shares in the company. The other non-executive directors do not hold any shares in the company. Among the Independent

Directors Mr. G.N. Mehra holds 19000 Equity shares in the company. The other non-executive independent directors do not hold any shares in the company.

#### STAKEHOLDERS' RELATIONSHIP COMMITTEE

Pursuant to Section 178 (5) of the Act the Company renamed the existing Shareholders/Investors Grievance Committee as "Stakeholders Relationship Committee". This committee ensures speedy disposal of all grievances/complaints relating to shareholders/investors. The terms of reference of the Committee include the following:

- To specifically look into complaints received from the shareholders of the Company.
- To redress shareholders and investors complaints such as transfer of shares, non-receipt of shares, non receipt of dividend and to ensure expeditious share transfer process.
- Oversee and review all matters connected with the transfer of the Company's securities.
- Perform such other functions as may be necessary or appropriate for the performance of its duties.

#### Composition & Attendance

The composition, attendance and details of meetings of the Stakeholders Relationship Committee is as given below:

Sl.No.	Names of Members	Designation	No. of Meetings held during the year 2014-15	No. of Meetings attended during the year 2014-15
1	Sh. G.N. Mehra	Chairman	26	26
2	Sh. Ramesh Suri	Member	26	26
3	Sh Hanuwant Singh	Member	26	22

Meetings: -During the year under review Twenty Six Stakeholders Relationship Committee meetings were held on 11.04.14, 25.04.14, 09.05.14, 23.05.14, 06.06.14, 20.06.14, 04.07.14, 18.07.14, 01.08.14, 14.08.14, 29.08.14, 12.09.14, 26.09.14, 10.10.14, 24.10.14, 07.11.14, 21.11.14, 05.12.14, 19.12.14, 02.01.15, 16.01.15, 30.01.15, 13.02.15, 27.02.15, 13.03.15 & 27.03.15.

#### Investor Grievances Redressal

The number of Complaints received and redressed during the year 2014-2015

Sl.No.	Nature of Complaints	Number of Complaints
1	Regarding annual report	One
2	Revalidation of dividend warrant	No
3	Issue of duplicate share certificate	No
4	Issue of duplicate dividend warrant	No
5	Procedure for transmission	No
6	General queries	No
7	Non receipt of dividend	One
8	Correction in share certificate	No
9	Change of address	No
10	Re-mat Certificate Not Received	One
	TOTAL	THREE

### SEBI Complaints Redress Systems (SCORES)

The investor Complaints are processed in a centralized web-based complaints redress system. The salient features of this system are: centralized web-based complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the Compliant and its current status.

All the requests and complaints received from the shareholders were attended to within the stipulated time and no complaint was pending for disposal at the end of the year.

MR. Hemant K. Agarwal, Dy. Company Secretary is the compliance officer of the company. For any clarification / complaint the shareholders may contact to Dy. Company Secretary at 011-23414946-49, or at the registered office of the company.

### Prohibition of Insider Trading

With a view to regulate trading in securities by the directors and designated employees, the Company has adopted a Code of Conduct for Prohibition of Insider Trading

## RISK MANAGEMENT COMMITTEE

### Composition

The Board constituted a Risk Management Committee during the year 2014-15. The composition of Risk Management Committee is as under:

Sl. No.	Name of Members	Category	Position Held
1.	Mr. M.A.Pathan	Independent/Non-executive	Chairman
2.	Mr. Hanuwant Singh	Independent/Non-executive	Member
3.	Mr. Shailendra Swarup	Independent/Non-executive	Member

Meetings:- During the year under review, Risk Management Committee meeting held only once on February 13<sup>th</sup>, 2015 wherein all members attended the meeting.

The terms of reference of Risk Management Committee are as follows:

- To approve overall risk management framework of the company.
- Identifying, Analyzing, Evaluating & Treating operational and strategic risks for internal/ external context & regulatory compliances.
- Building & promoting organization's risk work culture by creating Risk awareness through Training & Education of our employees and Handling of conflicting interests.
- Integrating the risk management as part of management control systems.

## CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:

The Company has constituted a Corporate Social Responsibility (CSR) Committee as required under Section 135 of the Companies Act, 2013. The prime responsibility of Committee assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the framework of Corporate Social Responsibility Policy. The terms of reference of the CSR Committee are as under:

- To formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy and its review from time to time;

- To ensure effective implementation and monitoring of the CSR activities as per approved policy, plans and budget;
- To ensure compliance with the laws, rules and regulations governing CSR and to periodically report to the Board of Directors;
- To ensure compliance with Corporate Governance norms prescribed under Listing Agreement with Stock Exchange, the Companies Act and other statutes or any modification or re-enactment thereof.

The composition of CSR Committee is given as under:

Sl. No.	Name of Members	Position	Category
1.	Mrs. Meena Sethi	Chairperson	Independent/Non-executive
2.	Mr. Ramesh Suri	Member	Executive
3.	Ms. Shradha Suri	Member	Executive

The CSR Policy of the Company has been uploaded and can be viewed on Company's website [www.subros.com](http://www.subros.com)

#### MEETING OF INDEPENDENT DIRECTORS

The Company's Independent Directors meet at least once in every financial year without the presence of Executive Directors or management personnel as required under section 149 of the Companies Act, 2013, such meetings are conducted informally to enable independent Directors to discuss matters pertaining to the Company affairs and review the performance of Non-Independent Directors and the Board as a whole of the Company under schedule-IV of the Companies Act, 2013.

#### Composition & Attendance

The composition, attendance and details of meetings of the Independent Directors Meeting is as under:

Sl. No.	Names of Members	No. of Meetings held during the year 2014-15	No. of Meetings attended during the year 2014-15
1	Sh. G.N. Mehra	2	2
2	Sh. Shailendra Swarup	2	1
3	Sh Hanuwant Singh	2	2
4.	Sh. K.R. Ramamoorthy	2	2
5.	Sh.M.A. pathan	2	2
6.	Mrs.Meena Sethi	2	2

Meetings:- During the year under review, two independent director's meetings were held on March 11, 2015, and March 23rd, 2015.

#### WHISTLE BLOWER POLICY / VIGIL MECHANISM

Pursuant to Section 177(9) of the Companies Act, 2013, the Company has established Vigil Mechanism for directors, employees, suppliers, contractors and other stakeholders etc of the Company. The same is also intended to cover the Whistle Blower Policy under the aspect of Clause 49 of the SEBI's listing agreement. The purpose and objective of this Policy is to cover serious concerns that would



have a larger impact on image and values of the company due to incorrect financial reporting or serious improper conduct. The Whistle Blower Policy has been placed on the website of the Company [www.subros.com](http://www.subros.com).

## MANAGEMENT

Management Discussion and Analysis

The annual report has a detailed chapter on management discussion and analysis.

## CODE OF CONDUCT

The Board of Directors of the Company has adopted the 'Code of Conduct' for all the Board Members and designated members of Senior Management of the Company. All the members of the Board and designated members of Senior Management have complied with the Code of Conduct.

The company has also in place a Prevention of Insider Trading Code based on SEBI (Insider Trading) Regulation, 1992. This code is applicable to all Directors and designated employees. The code ensures prevention of dealing in shares by persons having access to unpublished price sensitive information.

Code of Conduct adopted by the company has been uploaded on company's website.

## DIRECTORS PROFILE

a) Disclosure regarding appointment or re-appointment of Directors.

- (i) Mr. Kenichi Ayukawa, who retires by rotation, and being eligible, offers himself for Reappointment.

Mr. K. Ayukawa is a Non-Executive Directors of the Company. He has been nominated by the Collaborators M/s. Suzuki Motors Corporation, Japan.

Mr. K. Ayukawa aged 60 years, is a graduate in Law from Osaka University, Japan and has been associated with Suzuki Group for the last 36 years. He was worked with Suzuki Motors Corporation, Japan & overseas in different capacities.

He also holds Directorships and Membership of various committees of the Board of Directors in the following Public Limited Companies, :-

1. Maruti Suzuki India Limited	M.D & CEO
2. Krishna Maruti Ltd.	Director
3. SKH Metals Ltd.	Director
4. Denso India Ltd.	Director
5. Asahi India Glass Ltd.	Director

- (ii) Mr. Devireddy Madhusudhana Reddy is a Bachelor in Technology (Mechanical Engineering) from Indian Institute of Technology, Madras and Post Graduate Diploma in Industrial Engineering ( equivalent to M.Tech ) from NITIE, Mumbai. He has experience of over three decades in Air-conditioning, Consumer durables and Automotive Components Industries in areas of Management of Technology, Manufacturing resource development, Projects, R&D, IT, Plant Operations, Supply Chain, Quality Assurance, HR, Finance and Marketing.

The present term of Mr. Devireddy Madhusudhana Reddy as Executive Director expired on 31st March, 2015. The Board of Directors in its meeting held on 24th March, 2015 re-appointed Mr. D. M. Reddy as Executive Director of the Company for a period of 3 years w.e.f 01st April, 2015 on the terms & conditions and payment of remuneration as recommended by Nomination and Remuneration Committee.

He also holds Directorship in the following companies:-

1. Prima Telecom Limited	Director
2. Sudha Infrastructure Private Limited	Director
3. Fibcom India Limited	Director
4. Think well Management Consulting Private Limited	Director
5. Prima Infratech Private Limited	Director

The company has achieved a phenomenal growth under his leadership. Your Directors recommend his appointment for a further period of 3 years as Executive Director.

(iii) The present term of Mr. Ramesh Suri as Chairman of the Company is to be expired on 15th September, 2015. The Board of Directors in its meeting held on 14th May, 2015 reappointed Mr. Ramesh Suri as Chairman of the Company for a further period of 3 years w.e.f. 16th September, 2015 on the terms and conditions and payment of remuneration as recommended by Nomination and Remuneration Committee.

He also holds Directorship and Memberships of various Committees of the Board of Directors in the following Companies:-

1. Bharat Hotels Limited	Director
2. Sona Koyo Steering Systems Limited	Director
3. Rohan Motors Limited	Director
4. Prima Telecom Limited	Director
5. Mercantile Capitals and Financial Services Private Ltd	Director
6. Fibcom India Limited	Director
7. Global Autotech Limited	Director
8. Apollo Zipper India Limited	Director
9. Deeksha Holding Limited	Director
10. Chelmsford Club Limited	Director
11. Hemkunt Services Station Private Limited	Director
12. Tempo Automobiles Pvt. Limited	Director
13. Jyotsna Holdings Private Limited	Director
14. SHS Transport Private Limited	Director
15. RR Holding Private Limited	Director
16. Tempo Finance (North) Private Limited	Director
17. Anbros Motors Private Limited	Director

Mr. Ramesh Suri possesses high business acumen. Company is extremely fortunate to have Mr. Ramesh Suri as its Chairman. Under his able stewardship, Company has achieved remarkable growth over the years. He is a great perfectionist & enthusiastic entrepreneur and managed to pass his zeal, enthusiasm and positive attitude to his senior management team which in turn will result in long term sustainability for the Company in the years ahead.

b) Communication to shareholders

Means of communication to shareholders:

In compliance with the requirement of Listing Agreement entered with the Stock Exchange, your Company has been regularly publishing Un-audited Quarterly Financial Results in the vernacular newspapers and the results are intimated to the National Stock Exchange and the Stock Exchanges, Delhi & Mumbai, in time after they are taken on record by the Board.

Besides, the Company has also been responding to the financial analyst's queries from time to time.

Quarterly un-audited financial results were published in the Economic Times (English), Delhi & Mumbai and Nav Bharat Times, Delhi & Mumbai and other vernacular newspaper. These results are also displayed on the company's web-site [www.subros.com](http://www.subros.com) and as well as on the website of Securities Exchange Board of India (SEBI) under EDIFAR.

The Company also uses other modes of communication with its stakeholders, such as announcements and press releases in newspapers.

c) Share Transfer

All share transfers are processed within 14 days and returned, except in cases where litigation of shareholders inter-se is involved. All records are maintained by M/s. MCS SHARE TRANSFER AGENT LIMITED, F-65, Okhla Industrial Area, Phase-I, New Delhi - 110020. The Registrar having connectivity with NSDL & CDSL, for shares kept in the form of physical scrips and in dematerialized form

d) General Body Meetings

Particulars of the last three Annual General Meetings (AGM's) of the Company are given below:

Sl. No.	AGM Particulars	Date	Venue	Time
1.	29 <sup>th</sup> AGM in respect of the year (2013-14)	28th July, 2014	FICCI Golden Jubilee Auditorium, Tansen Marg, New Delhi - 110001	11.00 a.m.
2.	28 <sup>th</sup> AGM in respect of the year (2012-13)	29th July, 2013	FICCI Golden Jubilee Auditorium, Tansen Marg, New Delhi - 110001	11.00 a.m.
3.	27 <sup>th</sup> AGM in respect of the year (2011-12)	30th July, 2012	FICCI Golden Jubilee Auditorium, Tansen Marg, New Delhi - 110001	11.00 a.m.

The details of special resolutions passed in AGM/EGM in the last 3 years are as follows:

AGM/EGM	Subject
29 <sup>th</sup> AGM 28.07.2014	Approve the Borrowing Power under section 180(1)(c)
29 <sup>th</sup> AGM 28.07.2014	Approve the Creation of Mortgage or Charge under section 180(1)(a)
28 <sup>th</sup> AGM 29.07.2013	Re-appointment of Managing Director
27 <sup>th</sup> AGM 30.07.2012	No Special resolution was passed in the meeting.

e) Postal Ballots

No resolution was passed through postal ballot in the year 2014-2015.

SUBSIDIARY COMPANIES

The financial statements of the subsidiary companies viz., M/s Thai Subros Limited have been reviewed by the audit committee and also by the Board of the holding company. The holding company's Board is also periodically informed about all significant transactions and arrangements entered into by the subsidiary company.

DISCLOSURES

(a) Material significant related party transaction, pecuniary or business relationship with the Company.

The Company has also formulated a policy on dealing with the Related Party Transactions and necessary approval of the audit committee and Board of directors were taken wherever required in accordance with the Policy. The Related Party Transaction policy is disseminated in the website of the Company and the details of Related Party Transactions enclosed herewith as Annexure-IV of Director report.

(b) Compliance by the Company

The Company has duly complied with the requirement of Listing Agreement entered with Delhi, Mumbai & National Stock Exchange, SEBI and other statutory authority during the last 3 years. No penalty has been imposed on the Company by any of the Stock Exchange or SEBI, or any other statutory authority relating to the above.

(c) Disclosure of Accounting Treatment

There is no deviation in the treatments prescribed in any Accounting Standards in preparation of financial statements for the year 2014 2015.

(d) Compliance Certificate of the Auditor

Certificate from the Company's Auditors, M/s. V.K.Dhingra & Co. confirming compliance with conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement, is attached to this Report

(e) Certification from CEO and CFO

The requisite Certification from the Managing Director and Chief Financial Officer required under clause 49 IX of the Listing Agreement has been placed before the Board of Directors of the Company.

Compliance with mandatory requirements and adoption of non-mandatory requirements of clause 49 of the Listing Agreement

The Company has complied with all mandatory requirements prescribed under clause 49 of the Listing Agreement.

The Company has not adopted any non-mandatory requirements of Clause-49 of the listing agreements except for the constitution of the Risk management Committee & Corporate Social Responsibility Committee.

Information in respect of unclaimed dividends due for remittance into Investor Education and Protection Fund (IEPF) is given below:

Under the provisions of the Company Act 1956 and if any applicable provisions of Companies Act, 2013 dividends that remain unclaimed for a period of seven years from the date of declaration are required to be transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government. The unclaimed dividend as on March 31, 2015 is as follows:

Financial Year	Unpaid/Unclaimed dividend as on 31.03.2015	Date of declaration	Date of transfer to IEPF
2007-08	4,60,441.20	15.09.2008	22.10.2015
2008-09	3,82,306.00	22.09.2009	29.10.2016
2009-10	4,26,696.90	20.09.2010	27.10.2017
2010-11	4,83,193.60	19.09.2011	26.10.2018
2011-12	6,57,086.10	30.07.2012	05.09.2019
2012-13	4,31,195.80	29.07.2013	04.09.2020
2013-14	4,65,510.50	28.07.2014	03.09.2021

1. Shareholders are advised by the company well in advance before transferring the unclaimed dividends to IEPF. Members are requested to note that as per the Companies Act, unclaimed dividend once transferred to IEPF will not be refunded.
2. Shareholders holding shares in electronic form are requested to deal only with their Depository Participant in respect of change of address, nomination facility and furnishing bank account number, etc.

#### Request to Investors

Shareholders are requested to follow the general safeguards/procedures as detailed hereunder in order to avoid risks while dealing in the securities of the company.

- i Shareholders are requested to convert their physical holding to demat/electronic form through any of the DPs to avoid any possibility of loss, mutilation etc. of physical share certificates and also to ensure safe and speedy transaction in securities.
- ii. Shareholders holding shares in physical form, should communicate the change of address, if any, directly to the Registrars and Share Transfer Agent of the company.
- iii. It has become mandatory for transferees to furnish a copy of Permanent Account Number for registration of transfer of shares held in physical mode.
- iv. Shareholders holding shares in physical form who have not availed nomination facility and would like to do so are requested to avail the same, by submitting the nomination in Form 2B. The form will be made available on request. Those holding shares in electronic form are advised to contact their DPs.
- v. As required by SEBI, it is advised that the shareholders furnish details of their bank account number and name and address of their bank for incorporating the same in the dividend warrants. This would avoid wrong credits being obtained by unauthorized persons.

#### Reconciliation of Share Capital Audit

A quarterly audit was conducted by a practicing company secretary, reconciling the issued and listed capital of the company with the aggregate of the number of shares held by investors in physical form and in the depositories and the said certificates were submitted to the stock exchanges within the prescribed time limit. As on 31st March 2015 there was no difference between the issued and listed capital and the aggregate of shares held by investors in both physical form and in electronic form with the depositories. 4,69,56,212 Equity Shares Representing 78.28% of the paid up equity capital have been dematerialized as on 31st March 2015.

#### DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR OFFICERS WITH THE COMPANY'S CODE OF CONDUCT:

This is to confirm that the Company has adopted a Code of Conduct for its Board of Directors and Senior Management and the same is available on the Company's website.

I confirm that the Company has in respect of the financial year ended 31<sup>st</sup> March, 2015, received from the Members of the Board and Senior officers of the company a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Officers mean the Company Secretary and employees of the Assistant General Managers level & above as on 31<sup>st</sup> March, 2015.

Place: New Delhi  
Dated: 14<sup>th</sup> May, 2015

SHRADHA SURI  
MANAGING DIRECTOR  
Din No-00176902

## Auditors' Certificate on Corporate Governance

To,  
The Members of  
SUBROS LIMITED

1. We have examined the compliance of conditions of Corporate Governance by SUBROS LIMITED for the year ended 31<sup>st</sup> March, 2015, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.
2. 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.
3. 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 abovementioned Listing Agreements
4. We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Stakeholders Relationship Committee.
5. 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 V.K. DHINGRA & CO.,  
CHARTERED ACCOUNTANTS  
Firm Regn No. 000250N

Place: New Delhi  
Dated: 14<sup>th</sup> May, 2015

(V.K. DHINGRA)  
PARTNER  
Membership No. 14467

## General Shareholder Information

S.No.	Salient Items of Interest	Particulars
I.	AGM Date	27th July, 2015 Monday
II.	AGM Time	11.00 A M
III.	AGM Venue	FICCI GOLDEN JUBILEE AUDITORIUM, TANSEN MARG, NEW DELHI-110001
IV.	Financial Calendar Quarterly Results 30.06.2015 30.09.2015 31.12.2015 31.03.2016	01.04.2015 to 31.03.2016 Board Meetings to be held on or before 27.07.2015 14.11.2015 14.02.2016 30.05.2016
V.	Date of Book Closure	18.07.2015 - 27.07.2015 (Both days inclusive)
VI.	Dividend Payment Date	26.08.2015
VII.	Listing on Stock Exchanges	Delhi Stock Exchange Association Ltd DSE House, 3/1 Asaf Ali Road New Delhi 110001 The Stock Exchange Mumbai Phiroze Jeejeebhoy Towers, Dalal Street. Mumbai 400001 National Stock Exchange of India Ltd., 'Exchange Plaza' Bandra-Kurla Complex Bandra (East), Mumbai-400 051.
VIII.	Stock Code  Demat ISIN No for NSDL /CDSL	5824 - Delhi Stock Exchange 517168 - Mumbai Stock Exchange 3324 - National Stock Exchange INE 287B01021
IX.	Registrar & Share Transfer Agents	M/s. MCS Share Transfer Agent Limited, Srivenkatesh Bhavan, F- 65, Okhla Industrial Area, Phase I, New Delhi 110 020.
X.	Share Transfer System	Shares lodged in physical form are processed and returned, duly transferred, within 14 days normally, except in the cases where litigation is involved. In respect of shares held in dematerialised mode, the transfer takes place instantaneously between the transferor, transferee and the Depository Participant through electronic debit/credit of the accounts involved.
XI.	Dematerialisation of shares & liquidity	As at March 31, 2015 Demated - 18313 Shareholders (30.38% of the Total Shareholders)  Demated -4,69,56,212 Shares (78.28% of the Total Shares).
XII.	Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity.	Not Applicable
XIII.	Plant Location	Noida Plants:- C-51 Phase II, Noida B-188 Phase II, Noida B-198 Phase II, Noida B-216 Phase II Noida A-16, Sec-68, Noida & Manaser Plant: Plot No.395/ 396, sector -8, IMT Manaser (Haryana). Pune Plant : B- 8 & 9, MIDC Indl. Area, Chakan Taleegaon Road, Chakan, Maharastra Sanand Plant: E-1, TML Vendor Park, Sanand (Gujarat) Chennai Plant: A-20/1, SIPCOT Industrial Growth Centre, Oragadam, Chennai, Tamil Nadu
XIV.	Address for correspondence	Regd. Office: LGF, World Trade Centre, Barakhamba Lane, New Delhi 110001.



Market Price Data: High/Low During each Month of 2014 - 15 on B.S.E.

Month	Mumbai Stock Exchange		Volume Nos. of Shares
	High (Rs.)	Low (Rs.)	
April, 2014	29.50	25.55	2,66,095
May, 2014	38.05	27.15	13,17,991
June, 2014	57.60	34.15	28,77,447
July, 2014	53.00	42.40	3,87,366
Aug. 2014	52.00	38.90	6,30,495
Sept. 2014	74.70	47.55	24,84,452
Oct. 2014	76.80	61.00	8,67,785
Nov. 2014	81.40	67.10	11,62,135
Dec. 2014	74.40	61.90	3,43,415
Jan. 2015	78.50	64.50	6,11,787
Feb. 2015	76.10	60.05	5,88,403
March, 2015	64.40	52.10	2,39,689

Market Price Data: High/Low During each Month of 2014 - 15 on N.S.E.

Month	Mumbai Stock Exchange		Volume Nos. of Shares
	High (Rs.)	Low (Rs.)	
April, 2014	29.95	26.60	7,12,768
May, 2014	38.00	27.00	35,16,533
June, 2014	57.75	34.15	82,51,600
July, 2014	53.85	42.00	10,16,917
Aug. 2014	52.00	39.05	15,96,351
Sept. 2014	73.80	48.00	62,03,168
Oct. 2014	76.65	60.60	23,33,700
Nov. 2014	81.50	66.60	36,70,814
Dec. 2014	74.05	61.55	12,91,956
Jan. 2015	78.45	64.00	21,46,711
Feb. 2015	76.20	59.95	20,56,767
March, 2015	64.60	52.05	8,81,212

Distribution of Shareholding as on March 31, 2015

( Face Value Rs. 2/- per share )

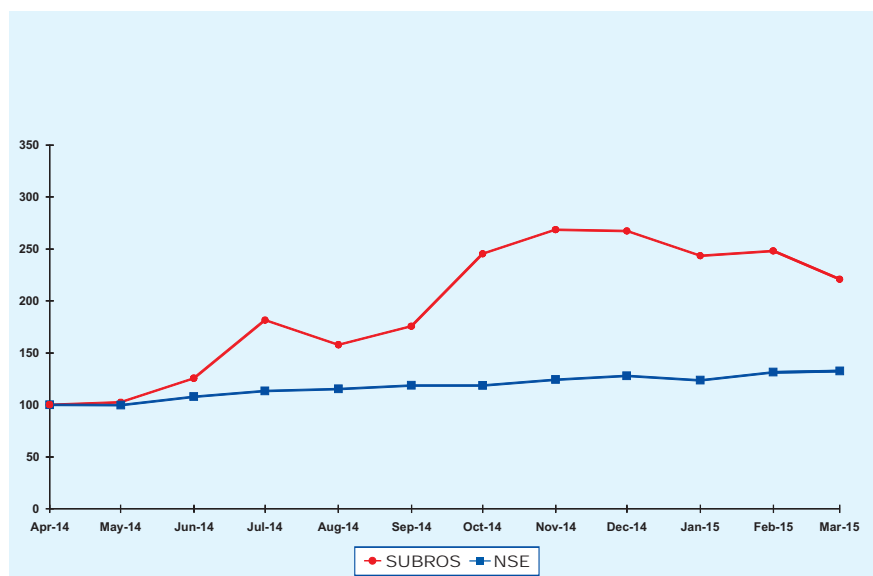
Shareholdings of Nominal Value of Rs.	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholding
0,001 - 0,500	56,322	93.45	20,92,292	3.49
0,501 - 01,000	1,868	3.10	16,22,729	2.71
01,001 - 02,000	1,129	1.87	18,09,073	3.02
02,001 - 03,000	268	0.44	6,96,493	1.16
03,001 - 04,000	160	0.27	5,69,208	0.95
04,001 - 05,000	160	0.27	7,76,113	1.29
05,001- 10,000	188	0.31	14,59,230	2.43
10,001 - 50,000	127	0.21	25,21,109	4.20
50,001 - 1,00,000	13	0.02	9,28,029	1.55
100001 And Above	35	0.06	4,75,14,324	79.20
Total	60,270	100.00	5,99,88,600	100.00

Shareholding Pattern as on March 31, 2015

Type	NSDL (Demat)	CDSL (Demat)	Physical	Total Shares
Promoters	2,40,00,000		—	2,40,00,000
Foreign Collaborators	78,00,000		78,00,000	1,56,00,000
Foreign Institutional Investors	3,500	—	6,000	9,500
Banks, Mutual Funds	7,03,624		—	7,03,624
Insurance Co's	3,34,743	—	—	3,34,743
Non Resident Indian	3,85,496	30,927		4,16,423
Corporate Bodies	15,69,748	4,52,164	—	48,70,772
Trust and Fund	3,000	3,000	28,48,860	6,000
Indian Public	83,03,329	33,72,681	23,71,528	1,40,47,538
TOTAL	4,31,03,440	38,58,772	1,30,26,388	5,99,88,600

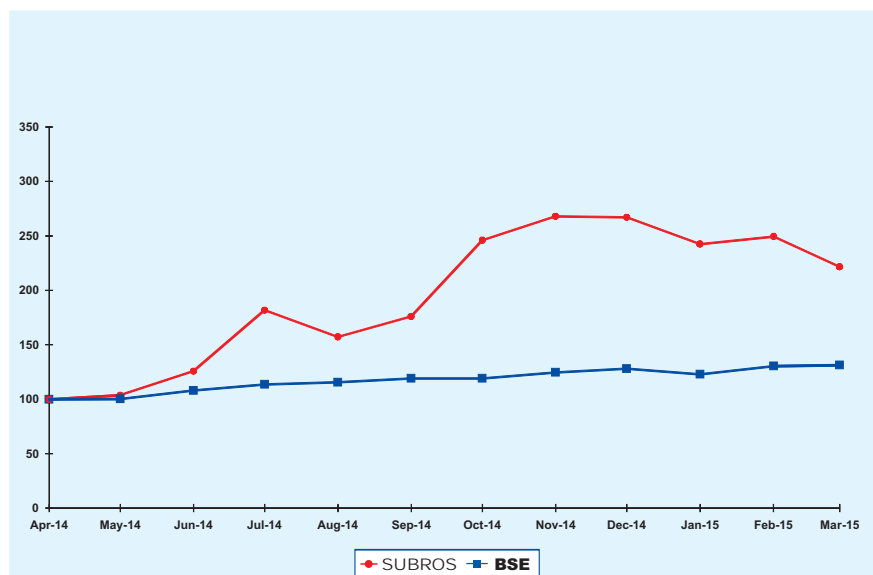
The Percentage of Total Shares (4,69,56,212) Dematerialised is about 78.28%

Share Performance vis -a - vis - NSE Sensex



NOTE :- Both prices are indexed at 100 as on 31st March-2015

Share Performance vis -a - vis - BSE Sensex



NOTE :- Both prices are indexed at 100 as on 31st March-2015

## Independent Auditors' Report

TO THE MEMBERS OF  
SUBROS LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying Standalone financial statements of SUBROS LIMITED, (“the Company”), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether

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

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

#### Opinion

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

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of written representations received from the directors as on 31st March, 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164(2) of the Act.

- (f) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have pending litigations which would impact its financial position. Refer Note 49 (i) to the financial statements.
  - ii. The Company is not required to make any provision, under any law or accounting standards as the company does not have long-term contracts including derivative contracts. Refer Note 49 (ii) to the financial statements
  - iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company. Refer Note 49(iii) to the financial statements.

For V.K. DHINGRA & CO. ,  
CHARTERED ACCOUNTANTS  
Firm Registration No. 000250N

PLACE: NEW DELHI  
DATED: MAY 14, 2015

(V.K. DHINGRA)  
PARTNER  
M. No. 14467

## Annexure to Independent Auditors' Report

REFERRED TO IN PARAGRAPH (1) UNDER THE HEADING OF "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE ON THE ACCOUNTS OF SUBROS LIMITED FOR THE YEAR ENDED 31ST MARCH, 2015.

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
  
(b) As explained to us, physical verification of the major portion of fixed assets was conducted by the management during the year. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on aforesaid verification.
2. (a) In our opinion and according to the information and explanations given to us, physical verification of inventory has been conducted at reasonable intervals by the management.  
  
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
  
(c) On the basis of our examination of the records of inventory and according to the information and explanations given to us, we are of the opinion that the Company is maintaining proper records of inventory. No material discrepancies have been noticed on verification between the physical stocks and the book records.
3. The Company has not granted any secured or unsecured loans to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act 2013. Therefore, clause (iii) of paragraph 3 of the Order is not applicable.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. The Company has not accepted any deposit from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Companies Act 2013 and rules framed there under.
6. We have broadly reviewed the books of account maintained by the Company in respect of manufacture of Automotive Air-conditioning Systems and parts thereof pursuant to the Order made by the Central Government, for maintenance of cost records prescribed under Sub section (1) Section 148 of the Companies Act 2013, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained.

7. (a) According to the information and explanations given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employee's state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, value added tax, cess and any other material statutory dues applicable to it during the year.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employee's state insurance, income tax, wealth tax, sales tax, custom duty, excise duty, service tax, value added tax, cess and any other material statutory dues were in arrears, as at March 31, 2015 for a period of more than six months from the date they become payable.
- (c) According to the information and explanations given to us, details of dues of income tax, wealth tax, sales tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute are given below:

Name of Statute	Nature of Dues	Financial year to which the matter pertains	Amount (Rs. in Lacs)	Forum where dispute is pending
Sales Tax Acts	Sales Tax	1996-97	0.84	Dy. Commissioner (Appeal)
		1997-98	2.70	Dy. Commissioner (Appeal)
		1998-99	6.51	Dy. Commissioner (Appeal)
		1999-00	9.80	Maharashtra Sales Tax Tribunal Mumbai
		2000-01	17.23	Dy. Commissioner (Appeal)
		2001-02	26.50	Dy. Commissioner (Appeal)
		2002-03	5.61	Jt. Commissioner (Appeal)
		2002-03	7.40	Sales Tax Appellate Tribunal (Hydrabad)
		2003-04	9.99	Sales Tax Appellate Tribunal (Hyderabad)
		2004-05	2.54	Sales Tax Appellate Tribunal (Hyderabad)
		2008-09	0.73	Dy. Commissioner (Appeal)
U.P. Tax on Entry of Goods into Local Area Act, 2007	Entry Tax	2011-12	13.41	Supreme Court
Income Tax Act, 1961	Income Tax	2011-12	24.40	Commissioner of Income Tax (Appeal)

- d) In our opinion and according to the information and explanations given to us, the amount required to be transferred to the Investor Education and Protection Fund has been transferred to such fund by the Company with in time.
8. The Company does not have accumulated losses as at 31st March, 2015. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
9. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The Company has neither taken any loan from financial institution nor has issued debentures.
10. In our opinion and according to the information and explanations given to us, the Company has not guaranteed any loan taken by others from banks or financial institutions.
11. In our opinion and according to the information and explanations given to us, the term loans were applied for the purpose for which they were obtained.
12. Based on the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit for the year ended 31st March, 2015.

For V.K. DHINGRA & CO.  
CHARTERED ACCOUNTANTS  
Firm Registration No. 000250N

PLACE: NEW DELHI  
DATED: MAY 14, 2015

(V.K. DHINGRA)  
PARTNER  
M. No. 14467



## Balance Sheet as at 31.03.2015

*(₹ in Lacs)*

PARTICULARS	NOTE NO.	AS AT 31ST MARCH 2015	AS AT 31ST MARCH 2014
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS:</b>			
(A) SHARE CAPITAL	2	1,199.77	1,199.77
(B) RESERVES AND SURPLUS	3	30,514.00	28,987.57
<b>NON-CURRENT LIABILITIES</b>			
(A) LONG-TERM BORROWINGS	4	21,430.68	24,143.51
(B) DEFERRED TAX LIABILITIES (NET)	5	2,700.11	2,696.11
(C) OTHER LONG-TERM LIABILITIES	6	36.58	29.63
(D) LONG-TERM PROVISIONS	7	262.67	245.25
<b>CURRENT LIABILITIES</b>			
(A) SHORT-TERM BORROWINGS	8	11,879.19	9,290.48
(B) TRADE PAYABLES		11,033.22	10,951.44
(C) OTHER CURRENT LIABILITIES	9	17,607.39	14,688.63
(D) SHORT-TERM PROVISIONS	10	602.51	597.44
<b>TOTAL</b>		<u>97,266.12</u>	<u>92,829.83</u>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
<b>(A) FIXED ASSETS</b>			
(I) TANGIBLE ASSETS	11	41,358.24	39,548.83
(II) INTANGIBLE ASSETS	11	12,273.95	8,776.33
(III) CAPITAL WORK-IN-PROGRESS	11	5,145.20	6,853.93
(IV) INTANGIBLE ASSETS UNDER DEVELOPMENT	11	3,701.74	3,437.15
(B) NON-CURRENT INVESTMENTS	12	250.00	250.00
(C) LONG-TERM LOANS AND ADVANCES	13	4,593.08	5,147.41
<b>CURRENT ASSETS</b>			
(A) INVENTORIES	14	17,341.70	17,724.18
(B) TRADE RECEIVABLES	15	7,760.67	6,037.98
(C) CASH AND BANK BALANCES	16	692.13	1,054.65
(D) SHORT-TERM LOANS AND ADVANCES	17	4,121.10	3,979.16
(E) OTHER CURRENT ASSETS	18	28.31	20.21
<b>TOTAL</b>		<u>97,266.12</u>	<u>92,829.83</u>
SIGNIFICANT ACCOUNTING POLICIES THE NOTES FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS	1		

AS PER ATTACHED REPORT OF EVEN DATE

 FOR V. K. DHINGRA & CO.  
Chartered Accountants

For and on behalf of the Board of Directors

 V K DHINGRA  
Partner

 RAMESH SURI  
Chairman

 SHRADHA SURI  
Managing Director

 D M REDDY  
Executive Director

 Place : New Delhi  
Date : 14th May, 2015

 MANOJ K SETHI  
Sr VP (Finance)

 H.K. AGARWAL  
Dy. Company Secretary &  
GM (Finance)

## Statement of Profit and Loss for the Year Ended 31.03.2015

*(₹ in Lacs)*

PARTICULARS	NOTE NO.	FOR THE YEAR ENDED ON 31.03.2015	FOR THE YEAR ENDED ON 31.03.2014
REVENUE FROM OPERATIONS	19	119,715.33	117,105.62
OTHER INCOME	20	103.67	222.55
TOTAL REVENUE		<u>119,819.00</u>	<u>117,328.17</u>
EXPENSES:			
COST OF MATERIALS CONSUMED	21	80,834.95	80,675.95
CHANGES IN INVENTORIES OF FINISHED GOODS & WIP - (INCREASE) / DECREASE	22	575.10	40.66
EMPLOYEE BENEFIT EXPENSE	23	11,597.77	10,527.27
FINANCE COST	24	3,872.49	3,715.61
DEPRECIATION AND AMORTISATION EXPENSE		7,868.28	7,722.83
OTHER EXPENSES	25	13,030.64	12,721.17
TOTAL EXPENSES		<u>117,779.23</u>	<u>115,403.49</u>
PROFIT BEFORE TAX		<u>2039.77</u>	<u>1,924.68</u>
TAX EXPENSE:			
- CURRENT TAX (MAT)		433.55	409.61
- MAT CREDIT ENTITLEMENT		(427.55)	(403.42)
- NET CURRENT TAX		<u>6.00</u>	<u>6.19</u>
- DEFERRED TAX EXPENSE		4.00	(98.00)
- TAX IN RESPECT OF EARLIER YEARS		(2.07)	(9.43)
PROFIT FOR THE YEAR		<u>2,031.84</u>	<u>2,025.92</u>
EARNING PER EQUITY SHARE OF FACE VALUE OF Rs. 2 EACH			
BASIC & DILUTED (Rs.)		3.39	3.38
SIGNIFICANT ACCOUNTING POLICIES THE NOTES FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS	1		

AS PER ATTACHED REPORT OF EVEN DATE

 FOR V. K. DHINGRA & CO.  
Chartered Accountants

For and on behalf of the Board of Directors

 V K DHINGRA  
Partner

 RAMESH SURI  
Chairman

 SHRADHA SURI  
Managing Director

 D M REDDY  
Executive Director

 Place : New Delhi  
Date : 14th May, 2015

 MANOJ K SETHI  
Sr VP (Finance)

 H.K. AGARWAL  
Dy. Company Secretary &  
GM (Finance)

## Statement of Cash Flow for the year ended 31st March 2015

(₹ in Lacs)

PARTICULARS	2014-2015		2013-2014	
I. CASH FLOW FROM OPERATING ACTIVITIES				
A Profit Before Taxation		2,039.77		1,924.68
B Adjustments				
Add:				
i) Depreciation	7,868.28		7,722.83	
ii) Interest & Financial Charges	3,872.49	11,740.77	3,715.61	11,438.44
Less:				
i) Interest Income	72.94		98.32	
ii) Surplus on Assets sold / discarded	0.24	73.18	16.62	114.94
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		13,707.36		13,248.18
Adjustment for:				
i) Trade & Other receivable	(1,821.81)		(315.58)	
ii) Inventories	382.48		1,351.93	
iii) Trade & Other payables	2,375.96	936.63	(4,406.60)	(3,370.25)
CASH GENERATED FROM OPERATIONS		14,643.99		9,877.93
Less:				
Direct Taxes paid (Net)		(439.53)		(450.81)
Add:				
Interest received		64.84		102.17
NET CASH FLOW FROM OPERATING ACTIVITIES		14,269.30		9,529.29
II. CASH FLOW FROM INVESTING ACTIVITIES				
i) Purchase of Fixed Assets/ CWIP		(9,598.39)		(10,943.69)
ii) Sale of Fixed Assets		22.62		65.20
NET CASH USED IN INVESTING ACTIVITIES		(9,575.77)		(10,878.49)

(₹ in Lacs)

PARTICULARS	2014-2015	2013-2014
III. CASH FLOW FROM FINANCING ACTIVITIES		
i) Proceeds of long term secured loans	6,000.00	13,500.00
ii) Repayment of long term loans	(7,974.57)	(6,042.56)
iii) Working Capital Loans from Banks	2,588.71	(1,049.13)
iv) Dividend and Corporate Dividend Tax paid	(491.29)	(488.04)
v) Interest Paid	(4,908.58)	(4,511.32)
NET CASH FROM FINANCING ACTIVITIES	<u>(4,785.73)</u>	<u>1,408.95</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS (I+II+III)	(92.20)	59.75
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR	229.96	170.21
CASH AND CASH EQUIVALENTS AS AT THE CLOSING OF THE YEAR	<u>137.76</u>	<u>229.96</u>

Note: i) Cash Flow Statement is prepared using Indirect Method as prescribed in AS -2.

ii) Figures in brackets represent cash outflows.

iii) Previous years figures have been recast/restated wherever necessary.

#### AS PER ATTACHED REPORT OF EVEN DATE

FOR V. K. DHINGRA & CO.  
Chartered Accountants

For and on behalf of the Board of Directors

V K DHINGRA  
Partner

RAMESH SURI  
Chairman

SHRADHA SURI  
Managing Director

D M REDDY  
Executive Director

Place : New Delhi  
Date : 14th May, 2015

MANOJ K SETHI  
Sr VP (Finance)

H.K. AGARWAL  
Dy. Company Secretary &  
GM (Finance)

## Notes Annexed to and Forming Part of the Balance Sheet as at 31st March, 2015 and Statement of Profit and Loss for the year ended on that date.

### Note 1 - Significant Accounting Policies

i) Basis of Preparation of Financial Statements

The financial statements are prepared under the historical cost convention on accrual basis of accounting in accordance with the generally accepted accounting principles, Accounting Standards notified under the Companies (Accounting standard) Rules, 2014 prescribed by the Central Government of India and relevant presentational requirement of the Companies Act, 2013 (to the extent applicable) and the relevant provisions thereof.

ii) Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. All expenses incidental to the purchase/construction/ installation and commissioning including borrowing costs are added to the cost of the fixed assets. Where any part of the cost of fixed assets is either recovered by way of grant or borne by any other person, the same is deducted from the gross value of relevant fixed assets.

iii) Investments

Investments in subsidiary and joint venture companies are considered as Long Term Investment and are stated at Cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary.

iv) Inventories

Inventories are valued at lower of cost or net realizable value. Cost is arrived on weighted average basis, and is inclusive of taxes and duties paid/ incurred (other than those recovered/recoverable from the Taxing Authorities). Adequate provision is made in respect of non-standard and obsolete items based on management's estimate.

v) Revenue Recognition

- a) Sales are accounted on dispatch of products against orders of customers and stated net of trade discounts, returns and sales-tax.
- b) Income from services is recognized as they are rendered, based on agreements/ arrangements with the concerned parties.
- c) Duty Drawback Income on eligible direct exports and exports through other parties is recognized in the year of export/sale to other parties on the basis of provisional/ estimated tariff rates informed by the appropriate authorities.

vi) Provisions, Contingent Liabilities and Contingent Assets

The company creates a provision when there is present obligation as a result of a past event

that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. 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 of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are neither recognized nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognized in the period in which the change occurs.

vii) Depreciation

- a) Leasehold land is amortized over the period of lease.
- b) Depreciation and Amortisation on following categories of assets are provided on the basis of Useful life of assets as determined through technical evaluation as under:-
  - i. Tangible Assets
    - Plant and Machinery : Not exceeding 20 Year on WDV Method
  - ii. Intangible Assets
    - Technical Knowhow : Not exceeding 10 Years on SLM Method
    - Product Development: Not exceeding 10 Years on SLM Method
    - Softwares : Not exceeding 3 Years on SLM Method
- c) Depreciation on other Tangible Assets is provided on the basis of useful life as prescribed in Schedule II of the Companies Act, 2013 on written down value method.

viii) Intangible Assets

Intangible assets are recognized if they are separately identifiable and the company controls the future economic benefit arising out of them. All other expenses on intangible items are charged to the Statement of Profit & Loss. Intangible assets are stated at cost less accumulated amortization / impairment. Intangible assets include Software Licenses, Technical Know-how, and Product Development Cost etc.

ix) Borrowing Cost

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized till the date on which the asset is ready for its intended use. Qualifying assets are those which take substantial period of time to get ready for its intended use.

Other borrowing costs are recognized as an expense in the period in which these are incurred.

x) Employee Benefits

a) Defined Contribution Plan

The Company makes defined contribution to Provident Fund and Superannuation Scheme, which are recognized in the Statement of Profit and Loss on accrual basis.

The Company's contribution to State Plan, viz. Employees' State Insurance scheme is recognized in the Statement of Profit and Loss on accrual basis.

b) Defined Benefit Plan

The Company's liabilities under Payment of Gratuity Act and compensated absences are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method. Actuarial gain and losses are recognized immediately in the Statement of Profit and Loss as income/expenses. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on Government Bonds.

Gratuity obligation is funded with the Life Insurance Corporation of India through a Gratuity Trust.

c) Short Term Employee Benefits

Amounts paid under Voluntary Retirement and Separation Schemes are charged to the Statement of Profit and Loss in the year of payment.

Other short term employee benefit obligations are measured on an undiscounted basis and charged to the Statement of Profit and Loss on accrual basis.

xi) Research & Development

Revenue expenditure on research and development are charged to the Statement of Profit and Loss in the year in which these are incurred except for certain cost incurred on development of new products e.g. air conditioning systems and related products which are capitalized when it is probable that a development project will be a success. Capital expenditure on research and development are considered as an addition to Fixed Assets.

xii) Foreign Currency Translation

a. Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction.

b. Assets and Liabilities receivable/payable in foreign currencies are translated at the year end exchange rates.

c. Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit and Loss.

d. In case of forward contracts, difference between forward rates and spot rates on the date of transaction is recognized as income or expense over the life of contract. Exchange difference on such contracts. i.e. difference between the exchange rate at the

reporting/settlement date and the exchange rate on the date of inception / the last reporting date, is recognized as income / expenses for the period.

xiii) Taxes on Income

Provision for current tax is made on the basis of estimated taxable income under the relevant laws of respective countries. Minimum Alternate Tax (MAT) credit asset is recognized where there is convincing evidence that the asset can be realized in future. Deferred tax on account of timing differences between taxable income and accounting income is accounted for by applying tax rates and laws enacted or substantially enacted on the balance sheet date.

xiv) Lease asset- Operating lease

Lease assets where risk and rewards incidental to ownership of an assets substantially vests with the lessor are recognized as operating lease.

Lease Payments are recognized as an Expense in Statement of profit & loss on the straight line basis over the Lease term. However the lease rent pertaining to the period up to the date of the commissioning of the assets are capitalized.



**NOTE 2 - SHARE CAPITAL**
**2 (a) AUTHORISED, ISSUED, SUBSCRIBED & PAID UP SHARE CAPITAL**
*(₹ in Lacs)*

PARTICULARS	As at 31st March 2015	As at 31st March 2014
AUTHORISED: 75,000,000 EQUITY SHARES OF RS. 2/- EACH	<u>1,500.00</u>	<u>1,500.00</u>
ISSUED: 5,99,94,300 EQUITY SHARES OF RS. 2/- EACH	<u>1,199.89</u>	<u>1,199.89</u>
SUBSCRIBED AND PAID UP 5,99,88,600 EQUITY SHARES OF RS. 2/- EACH FULLY PAID UP	1,199.77	1,199.77
<b>TOTAL</b>	<u><u>1,199.77</u></u>	<u><u>1,199.77</u></u>

**2 (b) RECONCILIATION OF NUMBER OF SHARES OUTSTANDING**
*(₹ in Lacs)*

PARTICULARS	As at 31st March 2015		As at 31st March 2014	
	(Nos.)		(Nos.)	
SHARES OUTSTANDING AT THE BEGINNING OF THE YEAR	59988600	1199.77	59988600	1199.77
SHARES ISSUED DURING THE YEAR	—	—	—	—
SHARES BOUGHT BACK DURING THE YEAR	—	—	—	—
SHARES OUTSTANDING AT THE END OF THE YEAR	59988600	1199.77	59988600	1199.77

**2 (c) LIST OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES**
*(₹ in Lacs)*

NAME OF SHAREHOLDER	As at 31st March 2015		As at 31st March 2014	
	NO. OF SHARES HELD	% OF HOLDING	NO. OF SHARES HELD	% OF HOLDING
DEEKSHA HOLDINGS LTD	10137760	16.90	10137760	16.90
JYOTSNA HOLDING PVT LTD.	3448000	5.74	3448000	5.74
R.R HOLDINGS PVT LTD	3208000	5.35	3208000	5.35
RAMESH SURI (HUF)	3040000	5.07	3040000	5.07
DENSO CORPORATION	7800000	13.00	7800000	13.00
SUZUKI MOTORS CORPORATION	7800000	13.00	7800000	13.00

2 (d) The Company has only one class of equity shares having a par value of Rs.2 per share. Each shareholder is eligible for one vote per share. The dividend proposed by the Board of Directors is subject to the approval of shareholders, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

2(e) There was no change in Equity during the year.

**NOTE 3 - RESERVES & SURPLUS**
*(₹ in Lacs)*

PARTICULARS	As at 31st March 2015	As at 31st March 2014
CAPITAL RESERVE		
CAPITAL INVESTMENT SUBSIDY	3.57	3.57
PROFIT ON RE-ISSUE OF FORFEITED SHARES	0.08	0.08
	<u>3.65</u>	<u>3.65</u>
GENERAL RESERVE		
OPENING BALANCE	11,220.48	11,017.48
ADD: TRANSFERRED FROM SURPLUS	205.00	203.00
CLOSING BALANCE	<u>11,425.48</u>	<u>11,220.48</u>
SURPLUS		
OPENING BALANCE	17,763.44	16,431.81
ADD: PROFIT FOR THE YEAR	2,031.84	2,025.92
	<u>19,795.28</u>	<u>18,457.73</u>
LESS: APPROPRIATIONS		
PROPOSED DIVIDEND ON EQUITY SHARE*	419.92	419.92
PROVISION FOR TAX ON PROPOSED DIVIDEND	85.49	71.37
TRANSFERRED TO GENERAL RESERVE	205.00	203.00
CLOSING BALANCE	<u>19,084.87</u>	<u>17,763.44</u>
TOTAL	<u>30,514.00</u>	<u>28,987.57</u>

\* Rs. 0.70 Per Equity Share (Previous Year Rs. 0.70 per Equity Share)

**NOTE 4 - LONG - TERM BORROWINGS**
*(₹ in Lacs)*

PARTICULARS	As at 31st March 2015	As at 31st March 2014
SECURED LOANS		
TERMS LOANS:		
FROM BANKS	18,667.47	20522.47
FROM OTHERS	2,763.21	3621.04
TOTAL	<u>21,430.68</u>	<u>24,143.51</u>

## NATURE OF SECURITY AND TERMS OF REPAYMENT FOR LONG TERM SECURED BORROWINGS

NATURE OF SECURITY	TERMS OF REPAYMENT
Term loan amounting to Rs. Nil (March 31, 2014: Rs. 725) is secured by Exclusive first charge on specific equipments.	Repayment in 16 quarterly instalments @ Rs 181.25 lacs each commencing from June 2012. Last instalment in March 2016. Rate of interest SBIBR+1.90% P.A. as at year end. (Previous year SBIBR+1.90%)
Term loan amounting to Rs. 37.50 lacs (March 31, 2014: Rs. 187.50 Lacs) is secured by Exclusive first charge on specific equipments.	Repayment in 16 quarterly instalments @ Rs 37.50 lacs each commencing from August 2012. Last instalment in June 2016. Rate of interest SBIBR+1.90% P.A. as at year end. (SBIBR + 1.90% P.A.)
Term loan amounting to Rs. NIL (March 2014: Rs. 354.03 Lacs) is secured by equitable mortgage on Manesar Land & Bldg., and specific assets. Personal Gaurantee of Chairman of the Company.	Repayment in 16 quarterly instalments (@ Rs 354.00 lacs each) commencing from Aug 2011. Last instalment in May 2015. Rate of interest KBR+1.50% P.A. as at year end. (Previous year KBR+. 1.50% P.A.)
Term loan amounting to NIL (March 31, 2014: Rs. 41.87 Lacs) is secured by Exclusive first charge on specific equipments	Repayment in 16 quarterly instalments (@ Rs 41.87 lacs each) commencing from Aug 2011. Last instalment in May 2015. Rate of interest 12.00% P.A. as at year end. (Previous year 11.40%)
Term loan amounting to Rs. 1395.64 lacs (March 31, 2014: Rs. 2791.25 lacs) is secured by Exclusive first charge on specific equipments	Repayment in 16 quarterly instalments (@ Rs 348.91 lacs each) commencing from June 2014. Last instalment in March 2017. Rate of interest 9.70% P.A. (Previous year 9.70%)
Term loan amounting to Rs. 3521.94 lacs (March 31, 2014: Rs 4877.21 lacs) is Secured by way of first charge on specific machineries & Sub Survient Charge on Moveable Fixed assets.	Repayment in seven Half yearly instalments commencing from September 2015. Last instalment in September 2017. Rate of interest 9.37% P.A. (Previous year 9.37%)
Term loan amounting to Rs. 1875 lacs (March 31, 2014: Rs 3125 lacs) is Secured by way of first charge on specific machineries, equitable mortgage on Pune Land & Bldg., Personal Gaurantee of Chairman of the Company	Repayment in 16 quarterly instalments @ Rs 312.50 lacs each commencing from November 2014. Last instalment in August 2017. Rate of interest 10.40% P.A. (Previous year 10.40%.)
Term loan amounting to Rs. 6000 lacs (March 2014: Rs. 7500 Lacs) is secured by equitable mortgage on Manesar Land & Bldg., Personal Gaurantee of Chairman of the Company.	Repayment in twenty Quarterly equal instalments commencing from June 2015. Last instalment in March 2020. Rate of interest 10.95% P.A. (Previous year 10.95% P.A.)
Term loan amounting to Rs. 1125 lacs (March 2014: Rs. 1875 lacs) is secured by equitable mortgage on Manesar Land & Bldg., Personal Gaurantee of Chairman of the Company.	Repayment in sixteen Quarterly equal instalments commencing from Dec. 2014. Last instalment in September 2017. Rate of interest 11.10% P.A. (Previous year 11.10% P.A.)
Term loan amounting to Rs. 2725.60 lacs (March 31, 2014: Rs 2666.66 Lacs) is Secured by way of first charge on specific machineries.	Repayment in Eighteen Quarterly instalments commencing from October 2015. Last instalment in Feburary 2019. Rate of interest 10.75% P.A. (Previous year 10.75% P.A.)
Term loan amounting to Rs. 4750 lacs (March 2014: Rs. NIL Lacs) is secured by equitable mortgage on Manesar Land & Bldg., Personal Gaurantee of Chairman of the Company.	Repayment in twenty Quarterly equal instalments commencing from March 2016. Last instalment in Dec 2020. Rate of interest 10.95% P.A. (Previous year NA)

**NOTE 5 - DEFERRED TAX LIABILITIES/ (ASSETS) (NET)**

(₹ in Lacs)

PARTICULARS	As at 31st March 2015	As at 31st March 2014
DEFERRED TAX LIABILITY		
DEPRECIATION	2,836.07	2,818.58
TOTAL DEFERRED TAX LIABILITY(A)	<u>2,836.07</u>	<u>2,818.58</u>
DEFERRED TAX ASSETS		
EXPENSES ALLOWABLE ON PAYMENT BASIS (NET)	135.96	122.47
TOTAL DEFERRED TAX ASSETS( B)	<u>135.96</u>	<u>122.47</u>
TOTAL (A-B)	<u><u>2,700.11</u></u>	<u><u>2,696.11</u></u>

**NOTE 6 - OTHER LONG TERM LIABILITIES**

(₹ in Lacs)

PARTICULARS	As at 31st March 2015	As at 31st March 2014
SECURITY DEPOSITS RECEIVED	36.58	29.63
TOTAL	<u><u>36.58</u></u>	<u><u>29.63</u></u>

**NOTE 7 - LONG TERM PROVISIONS**

(₹ in Lacs)

PARTICULARS	As at 31st March 2015	As at 31st March 2014
PROVISION FOR EMPLOYEE BENEFITS		
PROVISION FOR LEAVE ENCASHMENT	219.75	189.68
PROVISION FOR WARRANTY	42.92	55.57
TOTAL	<u><u>262.67</u></u>	<u><u>245.25</u></u>

**NOTE 8 - SHORT-TERM BORROWINGS**
*(₹ in Lacs)*

PARTICULARS	As at 31st March 2015	As at 31st March 2014
SECURED		
FROM BANKS:		
CASH CREDIT ACCOUNT (Secured by First Charge by way of Hypothecation of stocks, receivables, existing Plant & Machinery and Miscellaneous Fixed Assets and equitable mortgage of two factory premises and also by way of personal guarantee of the Chairman of the company.) Rate of Interest ; CB Base Rate + .75%~1.50%	5,368.39	5,975.43
	<u>5,368.39</u>	<u>5,975.43</u>
UNSECURED		
- WORKING CAPITAL LOAN FROM BANK	3,556.55	—
BUYERS CREDIT ARRANGEMENTS FROM BANKS Effective Rate of Interest : 0.40% to 0.68%	2,954.25	3,315.05
[(Against personal guarantee of the Chairman of the Company Rs. 781.76 Lacs (Previous year : Rs. Nil)]	<u>6,510.80</u>	<u>3,315.05</u>
TOTAL	<u>11,879.19</u>	<u>9,290.48</u>

**NOTE 9 - OTHER CURRENT LIABILITIES**
*(₹ in Lacs)*

PARTICULARS	As at 31st March 2015	As at 31st March 2014
CURRENT MATURITIES OF LONG-TERM DEBT	8,657.28	7,919.02
INTEREST ACCRUED BUT NOT DUE ON LOANS	184.92	174.82
UNCLAIMED DIVIDEND	33.06	35.10
DUE TO DIRECTORS	30.63	24.94
STATUTORY DUES	856.36	510.04
ADVANCE FROM CUSTOMERS	1,769.64	153.80
CREDITOR FOR CAPITAL EXPENDITURE	564.87	403.00
OTHER PAYABLES	5,510.63	5,467.91
TOTAL	<u>17,607.39</u>	<u>14,688.63</u>

**NOTE 10 - SHORT TERM PROVISIONS**

(₹ in Lacs)

PARTICULARS	As at 31st March 2015	As at 31st March 2014
PROVISION FOR EMPLOYEE BENEFITS		
PROVISION FOR LEAVE ENCASHMENT	27.60	22.79
OTHER PROVISIONS		
PROPOSED DIVIDEND	419.92	419.92
CORPORATE DIVIDEND TAX	85.49	71.37
PROVISION FOR WARRANTY	69.50	83.36
TOTAL	<u>602.51</u>	<u>597.44</u>

**NOTE 11 - FIXED ASSETS**

(₹ in Lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	COST AS ON 01.04.14	ADDITIONS	SALE/ ADJUSTMENTS	COST AS ON 31.03.2015	DEPRECIATION AS ON 01.04.14	DEPRECIATION FOR THE PERIOD*	SALE/ ADJUSTMENTS	TOTAL DEPRECIATION upto 31.03.2015	AS ON 31.03.2015	AS ON 31.03.2014
<b>TANGIBLE ASSETS</b>										
LAND										
LEASEHOLD	1,471.23	-	-	1,471.23	117.99	14.86	-	132.85	1,338.38	1,353.24
FREEHOLD	718.31	-	-	718.31	-	-	-	-	718.31	718.31
BUILDINGS	11,545.41	255.96	-	11,801.37	4,188.05	773.51	-	4,961.56	6,839.81	7,357.36
PLANT AND MACHINERY	63,301.14	7,775.11	0.08	71,076.17	34,837.82	4,994.91	0.05	39,832.68	31,243.49	28,463.32
FURNITURE AND FIXTURE	937.41	188.85	2.23	1,124.03	639.48	137.98	1.99	775.47	348.56	297.93
VEHICLES	1,110.78	101.00	127.77	1,084.01	710.01	143.86	106.48	747.39	336.62	400.77
OFFICE EQUIPMENTS	2,404.32	208.16	3.50	2,608.98	1,446.42	632.17	2.68	2,075.91	533.07	957.90
TOTAL	81,488.60	8,529.08	133.58	89,884.10	41,939.77	6,697.29	111.20	48,525.86	41,358.24	39,548.83
PREVIOUS YEAR	73,214.98	8,404.82	131.20	81,488.60	36,115.25	5,907.14	82.62	41,939.77	39,548.83	37,099.73
<b>INTANGIBLE ASSETS</b>										
SPECIALISED SOFTWARES	1,447.56	123.59	-	1,571.15	1,286.21	121.00	-	1,407.21	163.94	161.35
TECHNICAL KNOW HOW	4,906.21	1,835.18	-	6,741.39	2,258.56	338.24	-	2,596.80	4,144.59	2,689.70
DEVELOPMENT COST	8,443.54	2,709.84	-	11,153.38	2,476.21	711.75	-	3,187.96	7,965.42	5,925.28
TOTAL	14,797.31	4,668.61	-	19,465.92	6,020.98	1,170.99	-	7,191.97	12,273.95	8,776.33
PREVIOUS YEAR	11,560.46	3,236.85	-	14,797.31	4,201.55	1,819.43	-	6,020.98	8,776.33	7,358.91
GRAND TOTAL	96,285.91	13,197.69	133.58	109,350.02	47,960.75	7,868.28	111.20	55,717.83	53,632.19	48,325.16
PREVIOUS YEAR	84,775.44	11,641.67	131.20	96,285.91	40,316.80	7,726.57	82.62	47,960.75	48,325.16	44,458.64
CAPITAL WORK IN PROGRESS	-	-	-	-	-	-	-	-	5,145.20	6,853.93
INTANGIBLE ASSETS UNDER DEVELOPMENT	-	-	-	-	-	-	-	-	3,701.74	3,437.15

\*Note:- Includes depreciation capitalised Rs.Nil Lacs (Previous Year Rs 3.76 lacs)

**NOTE 12 - NON CURRENT INVESTMENTS**
*(₹ in Lacs)*

P A R T I C U L A R S	As at 31st March 2015		As at 31st March 2014	
	No. of Shares		No. of Shares	
LONG TERM INVESTMENT UNQUOTED TRADE INVESTMENTS (VALUED AT COST)				
<u>INVESTMENT IN SUBSIDIARIES</u>				
THAI SUBROS LTD. FULLY PAID UP EQUITY SHARES OF BAHT 5 EACH	999,300	73.20	999,300	73.20
<u>INVESTMENT IN JOINT VENTURE</u>				
DENSO SUBROS THERMAL ENGG CENTRE INDIA LTD FULLY PAID UP EQUITY SHARES OF Rs. 10 EACH	1,767,999	176.80	1,767,999	176.80
TOTAL		<u>250.00</u>		<u>250.00</u>

**NOTE 13 - LONG TERM LOANS AND ADVANCES**
*(₹ in Lacs)*

P A R T I C U L A R S	As at 31st March 2015	As at 31st March 2014
CAPITAL ADVANCES		
UNSECURED, CONSIDERED GOOD TO RELATED PARTIES (REFER NOTE:- 40)	5.75	27.58
TO OTHERS	535.56	1,460.83
SECURITY DEPOSITS		
UNSECURED, CONSIDERED GOOD TO RELATED PARTIES (REFER NOTE:- 40)	246.52	246.52
TO OTHERS	529.78	535.50
ADVANCE TAX (NET)		
UNSECURED, CONSIDERED GOOD	136.71	126.78
MAT CREDIT RECOVERABLE		
UNSECURED, CONSIDERED GOOD	3,091.66	2,665.98
LOANS AND ADVANCES TO EMPLOYEE		
UNSECURED, CONSIDERED GOOD	47.10	84.22
TOTAL	<u>4,593.08</u>	<u>5,147.41</u>

**NOTE 14 - INVENTORIES** (Valued at lower of cost or net realisable value)

*(₹ in Lacs)*

PARTICULARS	As at 31st March 2015	As at 31st March 2014
A. RAW MATERIAL & SPARES		
- IN HAND	13,119.25	12,211.09
- IN TRANSIT	<u>127.38</u>	<u>883.29</u>
	<u>13,246.63</u>	<u>13,094.38</u>
B. WORK IN PROGRESS	1330.48	1,908.05
C. FINISHED GOODS	319.46	316.30
D. STORES	2,445.13	2,405.45
TOTAL	<u><u>17,341.70</u></u>	<u><u>17,724.18</u></u>

**NOTE 15 - TRADE RECEIVABLES**
*(₹ in Lacs)*

PARTICULARS	As at 31st March 2015	As at 31st March 2014
UNSECURED, CONSIDERED GOOD OUTSTANDING FOR A PERIOD EXCEEDING SIX MONTHS FROM THE DATE THEY ARE DUE FOR PAYMENT	74.90	114.07
OTHERS	<u>7,685.77</u>	<u>5,923.91</u>
TOTAL	<u><u>7,760.67</u></u>	<u><u>6,037.98</u></u>

Trade Receivable stated above include Debts due from related parties Rs.38.24 Lacs

(Previous year Rs.51.41 Lacs) (Refer Note No.-40)

**NOTE 16 - CASH AND BANK BALANCES**
*(₹ in Lacs)*

PARTICULARS	As at 31st March 2015	As at 31st March 2014
CASH AND CASH EQUIVALENTS		
BALANCE WITH BANKS - IN CURRENT A/C	116.46	214.46
CASH IN HAND	<u>21.30</u>	<u>15.50</u>
	<u>137.76</u>	<u>229.96</u>
OTHER BANK BALANCES		
- IN MARGIN MONEY A/C*	521.31	789.59
- IN UNPAID DIVIDEND A/C	<u>33.06</u>	<u>35.10</u>
	<u>554.37</u>	<u>824.69</u>
TOTAL	<u><u>692.13</u></u>	<u><u>1,054.65</u></u>

\* Margin Money include Fixed Deposits of Rs.44.86 Lac (Previous year Rs.128 Lac) with maturity of more than 12 months



**NOTE 17 - SHORT TERM LOANS AND ADVANCES**

(₹ in Lacs)

PARTICULARS	As at 31st March 2015	As at 31st March 2014
ADVANCES TO RELATED PARTIES		
UNSECURED, CONSIDERED GOOD (Refer Note No-40)	136.32	155.15
ADVANCES TO OTHER PARTIES	3,904.97	3716.46
UNSECURED, CONSIDERED GOOD		
LOAN TO EMPLOYEES		
SECURED, CONSIDERED GOOD	—	15.14
UNSECURED, CONSIDERED GOOD	79.81	92.41
TOTAL	<u>4,121.10</u>	<u>3979.16</u>

**NOTE 18 - OTHER CURRENT ASSETS**

(₹ in Lacs)

PARTICULARS	As at 31st March 2015	As at 31st March 2014
INTEREST ACCRUED ON DEPOSITS WITH BANK	28.31	20.21
TOTAL	<u>28.31</u>	<u>20.21</u>

**NOTE 19 - REVENUE FROM OPERATIONS**

(₹ in Lacs)

PARTICULARS	For the year ended 31st March 2015	For the year ended 31st March 2014
SALE OF PRODUCTS	133,299.87	131,368.84
LESS: EXCISE DUTY	14,039.71	15,031.69
NET SALES	<u>119,260.16</u>	<u>116,337.15</u>
OTHER OPERATING INCOME		
SALE OF SERVICES	124.93	274.26
EXPORT INCENTIVES	—	22.00
SALE OF SCRAP	62.99	50.78
INDUSTRIAL PROMOTION SUBSIDY (Refer Note No-42)	267.25	421.43
TOTAL	<u>119,715.33</u>	<u>117,105.62</u>

**NOTE 20 - OTHER INCOME**
*(₹ in Lacs)*

PARTICULARS	For the year ended 31st March 2015	For the year ended 31st March 2014
INTEREST ON :		
A) FIXED DEPOSITS WITH BANKS	72.68	67.39
B) OTHERS	0.26	30.94
PROFIT ON SALE OF FIXED ASSETS	0.24	16.62
GAIN FROM EXCHANGE RATE DIFFERENCE(NET)	5.79	—
MISCELLANEOUS INCOME	24.70	107.60
TOTAL	<u>103.67</u>	<u>222.55</u>

**NOTE 21 - COST OF MATERIAL CONSUMED**
*(₹ in Lacs)*

PARTICULARS	For the year ended 31st March 2015		For the year ended 31st March 2014	
RAW MATERIAL & COMPONENTS				
OPENING STOCK	13,094.38		14,553.36	
PURCHASE	<u>80,987.20</u>	94,081.58	<u>79,216.97</u>	93,770.33
LESS:- CLOSING STOCK		13,246.63		13,094.38
TOTAL		<u>80,834.95</u>		<u>80,675.95</u>

Additional informations are given in Notes:- 30 and 31

**NOTE 22 - CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRES**
*(₹ in Lacs)*

PARTICULARS	For the year ended 31st March 2015	For the year ended 31st March 2014
FINISHED GOODS		
CLOSING STOCK	319.46	316.30
LESS:- OPENING STOCK	<u>316.30</u>	<u>410.42</u>
	<u>3.16</u>	<u>(94.12)</u>
WORK-IN-PROGRESS		
CLOSING STOCK	1,330.48	1,908.05
LESS:- OPENING STOCK	<u>1,908.05</u>	<u>1,870.20</u>
	<u>(577.57)</u>	<u>37.85</u>
DECREASE (INCREASE) IN EXCISE DUTY ON FINISHED GOODS	<u>(0.69)</u>	<u>15.61</u>
TOTAL	<u>(575.10)</u>	<u>(40.66)</u>

**NOTE 23 - EMPLOYEE BENEFIT EXPENSES**
*(₹ in Lacs)*

PARTICULARS	For the year ended 31st March 2015	For the year ended 31st March 2014
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES :		
- SALARIES, WAGES, BONUS ETC	9,345.47	8,327.95
- CONTRIBUTION TO PROVIDENT & OTHER FUNDS	512.77	584.53
- STAFF WELFARE EXPENSES	1,312.51	1,194.18
- DIRECTOR REMUNARATION	427.02	420.61
TOTAL	<u>11,597.77</u>	<u>10,527.27</u>

**NOTE 24 - FINANCE COST**
*(₹ in Lacs)*

PARTICULARS	For the year ended 31st March 2015	For the year ended 31st March 2014
INTEREST PAID TO BANK	3,523.97	3,257.35
INTEREST PAID TO OTHERS	348.52	458.26
TOTAL	<u>3,872.49</u>	<u>3,715.61</u>

**NOTE 25 - OTHER EXPENSES**
*(₹ in Lacs)*

PARTICULARS	For the year ended 31st March 2015	For the year ended 31st March 2014
STORE CONSUMED (Refer Note No-31)	2,630.17	2,556.41
POWER & FUEL	2,104.33	2,040.88
REPAIRS AND MAINTENANCE		
-BUILDING	43.90	43.74
-PLANT & MACHINERY	1,110.72	985.43
-OTHERS	180.62	178.35
RENT	311.21	269.57
INSURANCE	209.64	153.81
RATES AND TAXES	94.15	88.34
VEHICLE RUNNING AND MAINTENANCE	220.57	249.70
TRAVELLING AND CONVEYANCE	408.66	408.28
LEGAL AND PROFESSIONAL CHARGES	291.92	328.79
AUDIT FEES	17.50	16.00
ROYALTY	1,107.24	1,062.01
SELLING & DISTRIBUTION EXPENSES	1,602.43	1,871.79
LOSS FROM EXCHANGE RATE DIFFERENCE(NET)	—	82.02
REBATE & DISCOUNT	1,039.63	924.17
DIRECTOR'S SITTING FEES	40.50	10.70
MISCELLANEOUS EXPENSES	1,617.45	1,451.18
TOTAL	<u>13,030.64</u>	<u>12,721.17</u>

## 26. Contingent Liabilities Not Provided For in respect of :

- a) Net Outstanding commitments against Letter of Credits established by the Company: Rs.3,966.33 Lacs (Previous Year Rs.4,916.86 Lacs)
- b) Guarantees given by banks on behalf of the Company: Rs.463.74 Lacs (Previous Year: Rs. 736.29 Lacs)
- c) Claims against the company not acknowledged as debt :-

(₹ in Lacs)

Nature of Claim	As at 31.03.15	As at 31.03.14
Disputed Sales Tax Demands	139.36	139.36
Disputed Income Tax Demands	24.40	—
Other claims	83.16	77.25

- d) As advised to the company, no effect has been given to MAT Recoverable on account of certain disallowances in Income Tax Assessment for earlier year as the company would get full relief in appeal filed against the assessment order

27. Estimated value of contracts on capital account remaining to be executed and not provided for (net of advances) Rs. 2,052.62 Lacs. (Previous Year: Rs. 1,787.17 Lacs).

28. In the opinion of Board, the value on realization of current assets, loans and advances in the ordinary course of business shall not be less than the amount at which they are stated in the balance sheet and provision for all known liabilities has been made and contingent liabilities disclosed properly.

## 29. Sales of Products and Stocks

PARTICULARS	Current Year Value (₹ in Lacs)	Previous Year Value (₹ in Lacs)
Opening Stock		
- Automotive Airconditioning Systems	-	-
- Fan Motor Assembly (Ventilators)	5.04	9.99
- Others Components of A.C. System	311.26	400.43
Sales (including samples)		
- Automotive Airconditioning Systems	116,595.12	117,369.35
- Fan Motor Assembly (Ventilators)	4,651.33	4,041.30
- Others Components of A.C. System	12,053.42	9,958.19
Closing Stock (Inclusive of Excise Duty)		
- Automotive Airconditioning Systems	-	-
- Fan Motor Assembly (Ventilators)	5.48	5.04
- Others Components of A.C. System	313.98	311.26

**30. Raw Materials/Components consumed during Production:**

PARTICULARS	Current Year	Previous Year
	Value (₹ in Lacs)	Value (₹ in Lacs)
Raw Materials & Components of Automotive Air conditioning Systems*	80,834.95	80,675.95

\* Including Raw Materials/Components consumed for production of Fan Motor Assembly. It is not practicable to furnish quantitative information of individual components resume in view of the considerable no. of items.

**31. Value of Imported and Indigenous Raw Materials/ Components and Stores and Spares consumed and percentage of each to the total consumption:**

PARTICULARS	Current Year		Previous Year	
	%	Value (₹ in Lacs)	%	Value (₹ in Lacs)
Raw Materials/Components				
- Imported	53	42,455.90	54	43,786.11
- Indigenous	47	38,379.04	46	36,889.84
<b>Total</b>	<b>100</b>	<b>80,834.95</b>	<b>100</b>	<b>80,675.95</b>
Stores and Spares				
- Imported	19%	505.27	18	460.16
- Indigenous	81%	2,124.90	82	2,096.25
<b>Total</b>	<b>100%</b>	<b>2,630.17</b>	<b>100</b>	<b>2,556.41</b>

**32. CIF Value of Imports**

PARTICULARS	Current Year (₹ in Lacs)	Previous Year (₹ in Lacs)
a) Raw Materials/Components	41,044.02	38,990.59
b) Stores & Consumables	442.01	435.63
c) Plant & Machinery	2,108.35	2,539.01

## 33. Expenditure in Foreign Currency

PARTICULARS	Current Year (₹ in Lacs)	Previous Year (₹ in Lacs)
a) Fees for Technical Services/Technical Know How	1,088.29	489.23
b) Interest	318.33	521.92
c) Travelling	85.12	62.96
d) Royalty	1,107.24	1,062.01
e) Salary	—	113.37
f) Repair of Plant & Machinery (CIF Value)	285.31	237.42
g) Dividend		
No. of Non-Resident Shareholders	2	2
No. of Shares of Rs. 2/- each	15600000	15600000
Amount Remitted	109.20	109.20
g) Others	20.82	36.70

## 34. Earnings in Foreign Currency

FOB Value of Exports	6.82	102.95
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## 35. Amount paid/payable to Auditors

PARTICULARS	Current Year (₹ in Lacs)	Previous Year (₹ in Lacs)
a) Audit Fees	17.50	16.00
b) Tax Audit Fees	1.85	1.66
c) Fees for Income Tax Matters	10.18	9.25
a) Fee for Limited Review	3.68	3.45
b) Other Services	3.70	3.64
f) Reimbursement of expenses	1.06	0.71

36. There were no reportable lease arrangements as defined in Accounting Standard-19

37. Disclosure of provisions in terms of Accounting Standard-29 on "Provisions, Contingent Liabilities and Contingent Assets"

Provision for warranty expenses

PARTICULARS	Current Year (₹ in Lacs)	Previous Year (₹ in Lacs)
Provision at the beginning of the year	138.93	121.93
Add: Provisions made during the year	56.86	115.94
	195.79	237.87
Less: Amount utilised during the year	83.36	98.94
Balance at the end of the year	112.43	138.93

This provision is expected to be utilized for settlement of warranty claims within a period of 2 years.

38. The company has identified that there is no material impairment of assets and as such no provision is required in terms of Accounting Standard-28 on "Impairment of assets".

#### 39. Segment Reporting

The Company's business activity falls within a single primary business segment i.e., Automotive Air conditioning Systems and parts thereof. Export sales constitute an insignificant portion of the total business of the company. Hence, there is no geographical segment as well. Therefore, the disclosure requirements of Accounting Standard 17 on 'Segment Reporting' are not applicable.

#### 40. Related Party Disclosures

In terms of Accounting Standard 18 on "Related party Disclosures", the particulars of transactions with related parties are given as under:

- a) Name of related parties and description of relationship (as certified by the management & relied upon by the auditors):-
  - i. Key Management Personnel
    - Mr. Ramesh Suri, Chairman
    - Ms. Shradha Suri, Managing Director (Daughter of Mr. Ramesh Suri)
    - Mr. D. M. Reddy, Executive Director
  - ii. Relatives of Key Management Personnel
    - Mrs. Ritu Suri (Wife of Mr. Ramesh Suri)
    - Ms. Lohitha Reddy (Daughter of Mr. D. M. Reddy)
    - Ms. Likhitha Reddy (Daughter of Mr. D. M. Reddy)
  - iii. Subsidiary Company
    - Thai Subros Ltd., Thailand
  - iv. Joint Venture Company
    - Denso Subros Thermal Engineering Centre India Ltd. (DSEC)
  - v. Entities over which Key Management Personnel or their relatives are able to exercise significant influence:
    - SHS Transport (P) Ltd.
    - Rohan Motors Limited
    - Hemkunt Service Station (P) Ltd.
    - Tempo Automobiles (P) Ltd.
    - M/s. Ramesh Suri (HUF)
    - Prima Telecom Ltd.
    - Prima Infratech (P) Ltd.
    - Fibcom India Ltd.

b) Transactions during the year and closing balances of Related Parties are summarised as under:

(₹ in Lacs)

Particulars	Subsidiary Company Thai Subros Ltd.		Joint Venture Company DSEC		Key Management Personnel		Relatives of Key Management Personnel		Entities over which Key Management Personnel or their relatives are able to exercise significant influence	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Detail of Transaction										
- Purchase of materials	19.10	-	-	-	-	-	-	-	32.05	28.16
- Sale of goods	-	96.43	-	-	-	-	-	-	64.75	15.43
- Purchase of fixed assets	25.78	-	661.94	686.90	-	-	-	-	62.70	262.46
- Sale of Fixed Assets	-	-	-	-	-	-	-	-	1.77	6.50
- Receiving of Service	-	-	-	-	-	-	-	-	751.06	741.74
- Rent/Licence Agreements	-	-	-	-	33.54	30.90	26.10	24.93	293.55	107.35
- Directors' Remuneration*					427.02	420.61				
- Rental Income	-	-	21.37	19.24	-	-	-	-	-	-
- Reimbursement of expenses received	-	-	15.65	12.62	-	-	-	-	5.48	9.57
- Salary and Other Amenities*	-	-	-	-	-	-	-	3.15	-	-
- Security Deposits/Advance rent given	-	-	-	-	-	1.50	-	2.25	-	3.35
Closing Balances										
- Amount payable	44.88	-	157.38	41.49	30.63	24.94	-	-	2.12	2.89
- Amount Receivable	-	45.44	-	-	-	-	-	-	180.31	188.70
- Security Deposit (Rent)	-	-	-	-	7.50	7.50	13.55	13.55	225.47	225.47

\* Exclusive of Contributions to Group Gratuity fund, Provident Fund and Superannuation Fund.



## c) Disclosure in respect of material transactions with related parties:-

(₹ in Lacs)

Particulars	Current year	Previous year
Purchase of Materials		
- Prima Telecom Ltd.	32.05	27.92
Sale of Goods		
- Rohan Motors Ltd.	16.79	10.95
- Tempo Automobiles (P) Ltd.	45.52	-
- Prima Telecom Ltd.	2.44	4.37
Purchase of Fixed Assets		
- Rohan Motors Ltd.	16.78	—
- Prima Telecom Ltd.	7.69	9.00
- Fibcom India Ltd.	38.24	233.49
Sale of Fixed Assets		
- Rohan Motors Ltd.	—	6.50
- Prima Telecom Ltd.	1.77	—
Receiving of Services		
- SHS Transport (P) Ltd.	699.36	665.91
Reimbursement (Received)		
- Prima Telecom Ltd.	3.60	6.60
- Fibcom India Ltd.	1.88	2.97
Rent/Licence Agreement		
- Rohan Motors Ltd.	15.31	15.31
- Ms. Shradha Suri	33.54	30.90
- Mr Ramesh Suri (HUF)	19.67	18.40
- Mrs. Ritu Suri	26.10	24.93
- Prima Infratech Pvt Ltd.	248.34	62.09
Directors Remuneration/Sitting Fee		
- Mr. Ramesh Suri	69.73	58.50
- Ms. Shradha Suri	182.83	180.95
- Mr. D.M.Reddy	174.46	181.16
Salary and Other Amenities		
- Ms. Lohitha Reddy	-	1.57
- Ms. Likhitha Reddy	-	1.58

41. Monthly remuneration has been paid during the year to the Managing Director as minimum remuneration as approved by the Shareholders, but eventually the same has exceeded the limits prescribed u/s 197 read with Schedule V of the Companies Act, 2013 by a small amount of Rs. 55.36 Lacs (Previous Year of Rs. 61.15 Lacs). The Company is in the process on filing an application to get the waiver from Central Government.

42. Industrial Promotion Subsidy received/receivable under Packaged Scheme of Incentives, 2007 is accounted for on the basis of approval received from the Government of Maharashtra.

#### 43. Research and Development Expenses

- a) The company has two Inhouse R & D Centres, approved by the Department of Scientific and Industrial Research, Ministry of Science & Technology, Govt. of India. The detail of expenditure /income incurred/earned during the year by the said R&D Centres is as under :-

(₹ in Lacs)

Particulars	Financial Year					
	2014-2015		2013-2014		2012-2013	
	Noida	Pune	Noida	Pune	Noida	Pune
Capital Expenses	137.18	—	298.52	—	21.56	—
Revenue Expenses	1,929.17	109.83	1,925.48	130.02	1,854.61	79.99
Total	2,066.35	109.83	2,224.00	130.02	1,876.17	79.99

- b) Provision for taxation has been made after taking into account the benefit available on expenditure incurred on R & D Centers. Such expenditure are subject to approval of appropriate authorities.

#### 44. Earning per Share

In accordance with Accounting Standard - 20 on 'Earning per Share' issued by the Institute of Chartered Accountants of India, the Earning per Share has been computed as under:

Particulars	2014-15	2013-2014
a) Net profit after Tax (Rs. In lacs)	Rs. 2,031.84	Rs. 2,025.90
b) Number of Equity shares* (Nos)	59988600	59988600
c) Nominal value per Equity share	Rs. 2.00	Rs. 2.00
d) Earning per Share (Basic & Diluted)	Rs. 3.39	Rs. 3.38

#### 45. Foreign Exchange Differences

- a) The company has entered into foreign exchange forward contracts to partly hedge its risks associated with the foreign currency fluctuations relating to firm commitments.

b) Forward Exchange Contracts entered into by the company outstanding at the year end:-

Particulars	Current Year		Previous Year	
	No. of Contracts	Amount	No. of Contracts	Amount
Forward Contracts against Imports				
- In US Dollars (Million)	25	11.94	30	14.92
- In Japanese Yen (Million)	6	369.00	1	55.18
- In Japanese Yen/US \$ ( Millions)	14	1,092.09	24	1,480.50
- Equivalent (Rs. in Lacs)		9,195		10,105.85

c) The year end foreign currency exposures that have not been specifically hedged by a derivative instrument or otherwise are given below:

Particulars	Value (₹ in Lacs)		Foreign currency in Million	
	31.03.15	31.03.14	31.03.15	31.03.14
Creditors & Buyer's Credit (Net)	62.45	1,046.78	JPY 11.98	JPY 176.97
	151.14	150.76	-	-
Debtors	-	80.16	Euro 0.23	Euro 0.18
			USD 0.0	USD 0.135

d) Difference between forward rates and Spot rates to be recognized in Subsequent years Rs.191.15 Lacs  
(Previous Year Rs.155.63 Lacs)

46. Following Construction/Development Period Expenses (other than Borrowing Cost) incurred on making Dies & Tools and Building and developing New product/ Technology have been capitalized or clubbed with Capital Work in-Progress, as the case may be :- (₹ in Lacs)

Particulars	Current Year (₹ in Lacs)	Previous Year (₹ in Lacs)
Salaries, wages and other amenities to staff	1,752.52	1,546.99
Power & Fuel	306.00	299.54
Overheads	736.66	726.20
Rent	271.98	38.39
Repair and Maintenance	71.47	43.49
Total	3,138.63	2,654.62

47. Borrowing cost amounting to Rs. 1046.18 lacs (Previous Year: 831.38 lacs) has been capitalized with the cost of fixed assets as per Accounting Standard 16.

## 48. Employees Benefits

As per Accounting Standard 15 “Employee Benefits”, the required disclosures of Employee Benefits to the extent applicable to the company are given below:

## Defined Contribution Plan

Contribution to Defined Contribution Plan, recognized as expense for the year are as under:

Particulars	Amount (₹ in Lacs)	
	31.03.15	31.03.14
Employer’s Contribution to Provident Fund	349.33	335.61
Employer’s Contribution to Superannuation Fund	23.29	84.23
Employer’s Contribution to Employees State Insurance Scheme	77.54	72.53

## Defined Benefit Plan

The employees' gratuity fund scheme managed by a Trust is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.

## D) Reconciliation of opening and closing balances of Defined Benefit obligation

(₹ in Lacs)

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
	31.03.15	31.03.14	31.03.15	31.03.14
Defined Benefit obligation at beginning of the year	698.42	583.95	212.47	232.87
Current Service Cost	84.50	77.43	45.30	42.55
Interest Cost	61.11	46.72	18.59	18.63
Actuarial (gain)/loss	(15.53)	28.44	30.57	(33.54)
Benefits paid	(44.60)	(38.12)	(59.58)	(48.04)
Defined Benefit obligation at year end	783.90	698.42	247.35	212.47

## II. Reconciliation of opening and closing balances of fair value of plan assets in respect of gratuity :

(₹ in Lacs)

Particulars	Gratuity (Funded)	
	31.03.15	31.03.14
Fair value of plan assets at beginning of the year	746.55	679.04
Expected return on plan assets	67.19	60.09
Actuarial (Loss)/gain	0.28	0.34
Employer contribution	14.90	7.29
Benefits paid/Withdrawn	-	(0.21)
Fair value of plan assets at year end	828.92	746.55

## III. Reconciliation of fair value of assets and obligations

(₹ in Lacs)

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
	31.03.15	31.03.14	31.03.15	31.03.14
Fair value of plan assets	828.92	746.55	-	Nil
Present value of obligation	783.90	698.42	247.35	212.47
Amount recognized in Balance Sheet	(45.02)	(48.13)	247.35	212.47

## IV. Expense recognized during the year

(Under the head "Employee Benefit Expenses - Refer Note '23')

(₹ in Lacs)

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
	31.03.15	31.03.14	31.03.15	31.03.14
Current Service Cost	84.50	77.43	45.30	42.55
Interest Cost	61.11	46.72	18.59	18.63
Expected return on plan assets	(67.19)	(60.09)	-	-
Actuarial (Gain)/Loss	(15.82)	28.10	30.57	(33.54)
Total	62.61	92.16	94.46	27.64

## V. Investment Details - Gratuity

	% Invested
Insurer Managed Fund	100%

## VI. Actuarial assumptions

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
	31.03.15	31.03.14	31.03.15	31.03.14
Mortality Table (LIC)	1994-96	1994-96	1994-96	1994-96
Discount rate (per annum)	7.75%	8.75%	7.75%	8.75%
Expected rate of return on plan assets (per annum)	9.00%	8.85%	N.A.	NA
Rate of escalation in salary (per annum)	5.50%	6.50%	5.50%	6.50%

The estimates of rate of escalation in salary as considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in employment market. The above information is certified by the actuary.

The expected rate of return on plan assets is determined considering the LIC's policy for plan assets management.

49. i. The Company does not have pending litigations which would impact its Financial Position.  
 ii. The Company does not have any Long term Contracts including derivative contracts which require any provision for Forceable Losses.  
 iii. The Company has deposited an amount of Rs 6.51 Lacs during the year in Investor Education and Protection Fund. Further, no amount is pending for deposition in Investor Education and Protection Fund.
50. Pursuant to the enactment of the Companies Act 2013, the company has applied the estimated useful lives as specified in schedule II, except in respect of certain assets as disclosed in Accounting Policy on Depreciation. Accordingly unamortised carrying value is being depreciated/ amortised over the revised/remaining useful lives w.e.f. 01st April 2014. This has resulted into depreciation and amortisation expenses for the Year ended 31st March, 2015 being lower by Rs. 483.58 lacs.
51. As informed there was no supplier who was registered under “The Micro, Small and Medium Enterprises (Development) Act, 2006”.
52. Balance confirmations have not been received from some of the parties showing debit/credit balances.
53. Previous year figures have been regrouped /rearranged wherever considered necessary.

AS PER ATTACHED REPORT OF EVEN DATE

FOR V. K. DHINGRA & CO. For and on behalf of the Board of Directors  
 Chartered Accountants

V K DHINGRA Partner	RAMESH SURI Chairman	SHRADHA SURI Managing Director	D M REDDY Executive Director
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Place : New Delhi Date : 14th May, 2015	MANOJ K SETHI Sr VP (Finance)	H.K. AGARWAL Dy. Company Secretary & GM (Finance)
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## Form AOC-I

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

## Part "A": Subsidiaries

Sl. No.	(Information in respect of each subsidiary to be presented with amounts in Rs )	Name 1
1	Name of the subsidiary	THAI SUBROS LIMITED
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	No
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in	THB (Thai Baht) Exc Rate Closing as on 31/03/2015 1 THB= Rs1.92
4	Share capital (Paid Up Share Capital)	5,000,000.00
5	Reserves & surplus	(119,477.10)
6	Total assets	5,103,850.50
7	Total Liabilities	5,103,850.50
8	Investments	—
9	Turnover	6,306,875.62
10	Profit before taxation	(1,485,710.42)
11	Provision for taxation	—
12	Profit after taxation	(1,485,710.42)
13	Proposed Dividend	—
14	% of shareholding	100%

## Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Sl. No.	Name of Associates /Joint Ventures	Denso Subros Thermal Engineering Limited
1.	Latest audited Balance Sheet Date	31/3/2014
2.	Shares of Associate/Joint Ventures held by the company on the year end	
	No.	1767999
	Amount of Investment in Associates/Joint Venture	17680000
	Extend of Holding %	26%
3.	Description of how there is significant influence	Joint Venture (26%)
4.	Reason why the associate/joint venture is not consolidated	Consolidated
5.	Networth attributable to Shareholding as per latest audited Balance Sheet	Rs 51868000
6.	Profit / (Loss) for the year	
	i. Considered in Consolidation	Rs.83.38 lacs (26%)
	i. Not Considered in Consolidation	—

Notes: The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations NA
- Names of subsidiaries which have been liquidated or sold during the year. NA

For and on behalf of the Board of Directors

RAMESH SURI  
Chairman

SHRADHA SURI  
Managing Director

D M REDDY  
Executive Director

MANOJ K SETHI  
Sr VP (Finance)

H.K. AGARWAL  
Dy. Company Secretary &  
GM (Finance)

## Directors' Report - Thai Subros Limited

To  
The Members

Your Directors are pleased to present the Seventh annual report of the company together with the audited accounts for the year ended 31st March, 2015.

### FINANCIAL RESULTS

During the year, the company has gross revenue of THB 64 lac as against THB 95 lac during the previous year. The company has reported loss before tax of THB 14.86 lac as against loss of THB 16.27 lac during the previous year.

The Directors do not recommend the payment of dividend for the year under review.

### FUTURE PROSPECTS

The operations of the company has been reduced drastically due to lower off take by customer. Therefore it has been decided to consolidate the operations with the parents company. Company has also transferred their inventory and assets to the parent company. However Company is exploring other options to increase the business operations in coming period based on business revival in Thailand for our domain.

### DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for the preparation of financial statement. For preparing those financial statements,

- the Directors have selected suitable accounting policy and then applied them consistently and made judgements and estimates that are reasonable and prudent.
- they are also responsible for safeguarding the assets of the company and hence taken the reasonable steps for preventing and detecting fraud and other irregularities.
- the Directors had prepared the annual accounts on a going concern basis.

### AUDITORS

M/s. Chatchawat Auditing & Tax Co. Ltd., is the auditor of the company and being recommended for re-appointment for the next financial year. Notes to accounts referred to in the Auditors report are self explanatory.



## ACKNOWLEDGEMENT

The Directors wish to convey their appreciation to all the employees of the company for their collective contribution to the company's performance.

Your Directors also acknowledge the co-operation and support extended by Company's Bank, Siam Commercial Bank, Thailand.

Your Directors also take this opportunity to convey their thanks to the Company's valued customer, particularly Tata Motors (Thailand) Limited for the trust and confidence reposed by them in the Company.

Your Directors also like to convey their thanks to the shareholders, suppliers, and all the other business associates for the continuous support given by them to the company and the confidence reposed in the management.

For and on behalf of Board of Directors

21st April, 2015

( Ramesh Suri )  
CHAIRMAN

## Independent Auditor's Report - Thai Subros Limited

To the Shareholders of Thai Subros Limited

I have audited the accompanying financial statements of Thai Subros Limited which comprise the statement of financial position as at 31 March 2015, the statements of income and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Thai Financial Reporting Standard for Non-Publicly Accountable Entities, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I 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 disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position as at 31 March 2015, and the financial performance for the year then ended of Thai Subros Limited in accordance with the Thai Financial Reporting Standard for Non-Publicly Accountable Entities.

(Mr. Chatchawat Setthee)

C.P.A. Registration No. 5535

240/4 Ayodhya Tower, 11<sup>th</sup> Floor, Soi Ratchadapisek 18, Ratchapisek Rd.,

Huaykwang, Bangkok 10320. Thailand

21 April 2015

## Thai Subros Limited – Balance Sheet

AS AT MARCH 31, 2015 AND 2014

### ASSETS

Particulars	Note	(Baht)	
		2015	2014
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	2,618,503.15	846,351.26
Trade and other receivables	5	2,451,425.90	1,450,549.58
Inventories	6	-	4,177,259.40
<b>TOTAL CURRENT ASSETS</b>		<b>5,069,929.05</b>	<b>6,474,160.24</b>
<b>NON - CURRENT ASSETS</b>			
Machinery and equipment	7	9,670.02	2,264,846.66
Intangible assets	8	24,251.43	27,751.41
Other non - current assets		-	481,350.00
<b>TOTAL NON - CURRENT ASSETS</b>		<b>33,921.45</b>	<b>2,773,948.07</b>
<b>TOTAL ASSETS</b>		<b>5,103,850.50</b>	<b>9,248,108.31</b>

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

### LIABILITIES AND SHAREHOLDERS' EQUITY

Particulars		(Baht)	
		2015	2014
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	200,883.71	2,832,613.33
<b>TOTAL CURRENT LIABILITIES</b>		<b>200,883.71</b>	<b>2,832,613.33</b>
<b>NON - CURRENT LIABILITIES</b>			
Employee benefit obligations	10	22,443.89	49,261.66
<b>TOTAL NON - CURRENT LIABILITIES</b>		<b>22,443.89</b>	<b>49,261.66</b>
<b>TOTAL LIABILITIES</b>		<b>223,327.60</b>	<b>2,881,874.99</b>
<b>SHAREHOLDERS' EQUITY</b>			
<b>Share capital</b>			
<b>Authorized share capital</b>			
1,000,000 ordinary shares of par Baht 5 each		5,000,000.00	5,000,000.00
<b>Paid - up share capital</b>			
1,000,000 ordinary shares of par Baht 5 each		5,000,000.00	5,000,000.00
Retained earnings (Deficits)		(119,477.10)	1,366,233.32
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>4,880,522.90</b>	<b>6,366,233.32</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>5,103,850.50</b>	<b>9,248,108.31</b>

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

## Thai Subros Limited – Statement of Income

FOR THE YEARS ENDED MARCH 31, 2015 AND 2014

Particulars	(Baht)	
	2015	2014
<b>REVENUES</b>		
Sales	6,306,875.62	9,382,233.60
Gain on exchange rate	77,393.44	—
Other income	27,132.64	77,230.05
Total Revenues	<u>6,411,401.70</u>	<u>9,459,463.65</u>
<b>EXPENSES</b>		
Cost of sales	5,420,262.75	8,348,862.17
Selling expenses	128,142.90	118,694.00
Administrative expenses	1,541,818.89	2,462,233.65
Loss on exchange rate	—	156,999.19
Loss on disposal assets	334,701.44	—
Loss on deactivate assets	472,186.14	—
Total Expenses	<u>7,897,112.12</u>	<u>11,086,789.01</u>
NET PROFIT ( LOSS ) FOR THE YEARS	<u>(1,485,710.42)</u>	<u>(1,627,325.36)</u>

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

## Thai Subros Limited – Statement of Changes in Shareholders' Equity

FOR THE YEARS ENDED MARCH 31, 2015 AND 2014

(Unit : Baht)

Particulars	Note	Paid-up share capital	Retained Earnings (Deficits)	Total
Balance as at March 31, 2013		5,000,000.00	2,993,558.68	7,993,558.68
Net Profit (Loss) for the year 2014		—	(1,627,325.36)	(1,627,325.36)
Balance as at March 31, 2014		<u>5,000,000.00</u>	<u>1,366,233.32</u>	<u>6,366,233.32</u>
Net Profit (Loss) for the year 2015		—	(1,485,710.42)	(1,485,710.42)
Balance as at March 31, 2015		<u>5,000,000.00</u>	<u>(119,477.10)</u>	<u>4,880,522.90</u>

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

## Thai Subros Limited – Statement of Cash Flows

FOR THE YEARS ENDED MARCH 31, 2015 AND 2014

Particulars	(Baht)	
	2015	2014
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit (loss) before income tax	(1,485,710.42)	(1,627,325.36)
Adjustment to reconcile profit (loss) to net cash		
Depreciation	149,298.36	433,154.09
Amortization	3,499.98	3,499.98
Unrealized (gain) loss on exchange rate	(52,081.30)	(2,739.09)
Operating assets decrease (increase)		
Trade and other accounts receivable	(948,795.02)	3,468,540.41
Inventories	4,177,259.40	365,720.20
Other non - current assets	481,350.00	—
Operating liabilities increase (decrease)		
Trade and other accounts payable	(2,631,729.62)	(3,834,280.55)
Employee benefits obligations	(26,817.77)	15,097.04
Net cash from (used in) operating activities	<u>(333,726.39)</u>	<u>(1,178,333.28)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Machinery and equipment	2,105,878.28	(96,965.23)
Net cash (used in) investing activities	<u>2,105,878.28</u>	<u>(96,965.23)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Payment of long-term loans from directors and related companies	-	-
Cash received from increased share capital	-	-
Net cash from (used in) investing activities	<u>-</u>	<u>-</u>
<b>NET INCREASED (DECREASED) IN CASH AND CASH EQUIVALENTS</b>	1,772,151.89	(1,275,298.51)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>846,351.26</u>	<u>2,121,649.77</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<u><u>2,618,503.15</u></u>	<u><u>846,351.26</u></u>

*The accompanying notes are an integral part of these financial statements.*

## Thai Subros Limited – Detailed Statements of Cost of Sales

FOR THE YEARS ENDED MARCH 31, 2015 AND 2014

Particulars	(Baht)	
	2015	2014
Beginning raw materials	3,113,482.57	3,571,077.84
Add Purchases of raw materials	1,408,694.50	5,682,881.22
Import duty	179,636.00	177,278.90
Import clearances	33,164.86	177,413.01
Total cost of raw materials	<u>4,734,977.93</u>	<u>9,608,650.97</u>
Less Ending raw materials	—	(3,113,482.57)
Raw materials consumed	<u>4,734,977.93</u>	<u>6,495,168.40</u>
Add Manufacturing Expenses :		
Salary - Factory	—	38,500.00
Social security - Factory	—	1,540.00
Factory supply	5,925.00	17,497.00
Spare part & small tools	—	18,560.00
Warehouse rental - Factory	156,251.61	421,200.00
Service - Factory	234,377.42	631,800.00
Property Tax	19,531.45	52,650.00
Electricity and water - Factory	12,929.23	34,597.26
Depreciation - Leasehold Improvement	5,219.19	14,141.96
Depreciation - Machinery & Equipment	115,177.39	352,853.89
Depreciation - Electric System	4,982.08	13,741.60
Total Manufacturing Expenses	<u>554,393.37</u>	<u>1,597,081.71</u>
Total Cost of Manufacturing	<u>5,289,371.30</u>	<u>8,092,250.11</u>
Add Beginning finished goods	130,891.45	387,503.51
Cost of goods available for sales	<u>5,420,262.75</u>	<u>8,479,753.62</u>
Less Ending finished goods	—	(130,891.45)
Total Cost of Sales	<u><u>5,420,262.75</u></u>	<u><u>8,348,862.17</u></u>

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

## Thai Subros Limited – Detailed Statements Of Selling Expenses

FOR THE YEARS ENDED MARCH 31, 2015 AND 2014

Particulars	(Baht)	
	2015	2014
Entertainment	2,622.00	12,209.00
Freight	40,200.00	66,300.00
Export clearances	85,320.90	18,435.00
Packing charges	—	21,750.00
Total Selling Expenses	<u>128,142.90</u>	<u>118,694.00</u>

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

## Thai Subros Limited – Detailed Statements of Administrative Expenses

FOR THE YEARS ENDED MARCH 31, 2015 AND 2014

Particulars	(Baht)	
	2015	2014
Salary & other allowances	947,759.52	1,700,535.00
Severance pay	149,010.00	-
Bonus	18,421.00	-
Staff welfare	66,571.96	97,471.77
Social security	20,632.00	33,369.00
Workmen compensation	4,700.00	14,626.00
Telephone & communication	13,564.50	28,743.06
Internet charges	3,363.00	6,726.00
Travelling expenses	46,411.00	69,447.00
Motor vehicle expenses	1,267.65	853.01
Audit fee	45,000.00	45,000.00
Professional & consultant fee	138,535.00	215,684.00
Bank charges	1,680.00	9,425.00
Other services	11,900.00	44,675.00
Legal fee	6,610.00	13,719.00
Insurance - Office	6,363.37	25,639.28
Stationery & printing	74.77	11,357.21
Postage & courier	5,677.00	12,552.24
Office supply	3,821.46	3,925.18
Miscellaneous expenses	561.37	337.09
Depreciation and amortisation	27,419.68	55,916.62
Unclaimable input vat	699.69	73.15
Non-deductible expenses	21,775.92	57,062.00
Employee benefits	—	15,097.04
Total Administrative Expenses	<u>1,541,818.89</u>	<u>2,462,233.65</u>

## Thai Subros Limited – Notes of financial statements as 31st March, 2015 and 2014

### 1. GENERAL INFORMATION

- Registration : The Company was registered as a limited company on July 21, 2008.  
Registration No. 0-1155-51007-18-8
- Located : No. 88/23, Moo 15, Tambol Bangsaothong, Amphur Bangsaothong,  
Samutprakarn.
- Type of business: Importing and exporting of parts and equipment to be used for car air  
conditioner, and all types of vehicles parts and equipment.

### 2. BASIS FOR FINANCIAL STATEMENTS PREPARATION

The financial statements have been prepared in accordance with financial reporting standard applicable to non - publicly accountable entities as issued by the Federation of Accounting Professions and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies. The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Revenues recognition

##### Sales

Sales of goods are recognized when significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax and discounts.

##### Service income

Service income is recognized when services rendered according to the percentage of completion.

##### Interest income

Interest income is recognized on an accrual basis based on the effective rate.

#### 3.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank deposits, and highly liquid short-term investment with an original maturity of 3 months or less, and not subject to withdrawal restriction.

#### 3.3 Account receivable

Account receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debtor aging.



### 3.4 Inventories

The Company values its inventories at cost (FIFO method) or net receivable value whichever are lower.

### 3.5 Machinery and equipment

Machinery and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any). Depreciation for all assets are calculated on the straight-line basis over the estimated useful lives as follows:

Assets	Number of Years
Leasehold improvements	3
Machinery and Equipment	10
Office Furniture	5
Office Equipment	5
Electric System	10

### 3.6 Operating Leases

Lease of assets where a significant portion of the risks and rewards of ownership are retained by the lesser are classified as operating leases. Payments made under operating leases are recognized as expenses over the period of the lease.

### 3.7 Foreign Currency Transactions

Transactions in foreign currencies throughout the year are recorded in Baht at rates prevailing at the dates of transactions. Assets and liabilities nominated in foreign currencies at the statement of financial position date are converted to Baht at the rates prevailing at that date. Gains or losses from the translation are credited or charged to current operations.

### 3.8 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and allowance for loss on impairment (if any). Intangible assets are amortised as expenses in the income statements on a straight-line basis over the economic useful life. The amortisation of computer software are expensed over the period 10 years.

### 3.9 Provisions

Provisions are recognized when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The employee benefits obligations for severance payment as imposed by the labor law are calculated based on amount of employees salaries at the report date, working period and employee turnover.

### 3.10 Corporate Income Tax

Corporate Income tax is provided for in the accounts based on the taxable profits determined in accordance with tax legislation.

## 3.11 Use of accounting estimates

Preparation of financial statements in conformity with financial reporting principles for NPAEs requires the Company to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent assets and liabilities. Actual result may differ from those estimates.

## 4. CASH AND CASH EQUIVALENTS

	(Baht)
	2015
	2014
Cash	-
Cash in Banks - Current Account	2,618,503.15
Total	2,618,503.15

## 5. TRADE AND OTHER RECEIVABLES

	(Baht)
	2015
	2014
Trade accounts receivable	2,278,066.52
Other receivables	
- Prepaid expenses	2,625.00
- A/R-Revenue Department	102,434.19
- Input vat	-
- Deferred input vat	8,800.47
- Prepaid corporate income tax	59,499.72
Total	2,451,425.90

## 6. INVENTORIES

	(Baht)
	2015
	2014
Inventory in transit	-
Raw materials	-
Finished goods	-
Total	-

## 7. MACHINERY AND EQUIPMENT

	(Baht)			As at March 31, 2015
	As at April 1, 2014	Addition	Deduction	
Cost :				
Leasehold improvement	282,840.00	-	(282,840.00)	-
Machinery and equipment	3,528,545.06	-	(3,528,545.06)	-
Office furniture	116,948.88	-	(116,948.88)	-
Office equipment	137,013.49	-	(103,802.93)	33,210.56
Vehicles	78,504.67	-	(78,504.67)	-
Electric system	137,416.64	-	(137,416.64)	-
Total	<u>4,281,268.74</u>	<u>-</u>	<u>(4,248,058.18)</u>	<u>33,210.56</u>
Accumulated Depreciation :				
Leasehold improvement	30,955.44	5,219.19	(36,174.63)	-
Machinery and equipment	1,786,546.93	115,177.39	(1,901,724.32)	-
Office furniture	53,364.04	7,168.43	(60,532.47)	-
Office equipment	101,653.88	8,922.32	(87,035.66)	23,540.54
Vehicles	10,668.02	7,828.95	(18,496.97)	-
Electric system	33,233.77	4,982.08	(38,215.85)	-
Total	<u>2,016,422.08</u>	<u>149,298.36</u>	<u>(2,142,179.90)</u>	<u>23,540.54</u>
Net	<u>2,264,846.66</u>			<u>9,670.02</u>
Depreciation (included in statements of income)				
Year 2015				149,298.36
Year 2014				433,154.09

## 8. INTANGIBLE ASSETS

	(Baht)	
	2015	2014
Computer Software	35,000.00	35,000.00
Less Accumulated amortization	(10,748.57)	(7,248.59)
Intangible assets - net	<u>24,251.43</u>	<u>27,751.41</u>

## 9. TRADE AND OTHER PAYABLES

	(Baht)	
	2015	2014
Trade accounts payable	-	2,599,951.64
Other payable - Accrued expenses	179,546.47	149,552.32
- A/P-Revenue Department	1,503.06	3,430.96
- Withholding tax remittable	1,142.28	6,401.31
- Accrued social security	1,500.00	6,508.00
- Others	17,191.90	66,769.10
Total	<u>200,883.71</u>	<u>2,832,613.33</u>

#### 10. EMPLOYEE BENEFIT OBLIGATIONS

The Company has changed the estimate of provisions as follows.

	<u>2015</u>	<u>(Baht)</u> <u>2014</u>
Employee benefit obligations at beginning of year	49,261.66	34,164.62
Increase	-	15,097.04
(Decrease)	(26,817.77)	-
Employee benefit obligations at end of year	<u>22,443.89</u>	<u>49,261.66</u>

The provisions represent the Company's obligations payable to its employees when they reach a retirement age. They are determined based on the employee's age, length of employment services and other information.

#### 11. RECLASSIFICATION OF ACCOUNTS

Certain accounts in the financial statements for the year ended March 31, 2014 have been reclassified to conform with the presentation of accounts in the financial statements for the year ended March 31, 2015 without any effect on profit (loss) or shareholders' equity as previously reported.

#### 12. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorized for issue by the authorized directors of the Company

## Independent **Auditors' Report - Consolidated**

TO THE MEMBERS OF  
SUBROS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of SUBROS LIMITED (hereinafter referred to as “the Holding Company”) and its subsidiary (the Holding Company and its subsidiary together referred as “the Group”) and its associate company, comprising of the Consolidated Balance Sheet as at March 31, 2015, the Consolidated Statements of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred as “the consolidated financial statement”).

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

While conducting the audit we have taken into account the provisions of the Act, the accounting and auditing standards and matter which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a

true and fair view in order to design audit procedures that are appropriate in the circumstances but not for purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

#### Opinion

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

#### Other Matters

- a) We did not audit the financial statements of the subsidiary company incorporated outside India whose financial statements reflect total assets of Rs 97.99 lacs. as at 31st March, 2015 and total revenues of Rs. 120.77 lacs and net cash flows amounting to Rs. 34.64 lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose report has been furnished to us by the Management and our opinion on the consolidated financial statements, insofar as it relates to the amounts and disclosures included in respect of the subsidiary and our report of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary is based solely on the report of the other auditor.
- b) The consolidated financial statements also include the Group's share of net loss of Rs. 3.69 lacs for the year ended 31st March, 2015, as considered in the consolidated financial statements, in respect of the associate (Joint Venture Company), whose financial statements/ financial information have not been audited by us. These financial statements/financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the associate company, and our report in terms of sub-sections (3) and (11) of section 143 of the Act, in so far as it relates to the aforesaid associate company, is based solely on such unaudited financial statements/financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/financial information are not material to the Group.

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

#### Report on Other Legal and Regulatory Requirements

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

The financial statements/financial information of the associate company incorporated in India are unaudited. Therefore, comments of the auditors in terms of sub-section (11) of section 143 of the Act are not available and hence not considered in the Annexure.

2. As required by section 143 (3) of the Companies Act, 1956, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Company so far as it appears from our examination of those books and the reports of the other auditors.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and Consolidated Cash Flow Statement dealt with by this Report are in agreement with relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of written representations received from the directors of the Holding Company as on 31st March, 2015 and taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company and its associate company incorporated in India is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the other matters to be included in the Auditor's report in accordance with the Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanation given to us:
    - i. There were no pending litigations which would impact the consolidated financial position of the Group and its associate company. Refer Note 39 (a) to the consolidated financial statements.
    - ii. The Group and its associate company do not have any material foreseeable losses on long-term contracts including derivative contracts. Refer Note 39 (b) to the consolidated financial statements.
    - iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Group and its associate company. Refer Note No 39 (c) to the consolidated financial statements.

For V.K. DHINGRA & CO. ,  
CHARTERED ACCOUNTANTS  
Firm Registration No. 000250N

PLACE: NEW DELHI  
DATED: May 14, 2015

(V.K. DHINGRA)  
PARTNER  
M. No. 14467

## Annexure to Independent Auditors' Report

REFERRED TO IN PARAGRAPH (1) UNDER THE HEADING OF "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE ON THE CONSOLIDATED ACCOUNTS OF SUBROS LIMITED FOR THE YEAR ENDED 31ST MARCH, 2015

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1. (a) The Holding company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
  
(b) As explained to us, physical verification of the major portion of fixed assets was conducted by the management of Holding Company during the year. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Holding Company and the nature of its assets. No material discrepancies were noticed on aforesaid verification.
2. (a) In our opinion and according to the information and explanations given to us, physical verification of inventory has been conducted at reasonable intervals by the management of Holding Company.  
  
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the Management of Holding Company are reasonable and adequate in relation to the size of the Holding Company and the nature of its business.  
  
(c) On the basis of our examination of the records of inventory and according to the information and explanations given to us, we are of the opinion that the Holding Company is maintaining proper records of inventory. No material discrepancies have been noticed on verification between the physical stocks and the book records.
3. The Holding Company has not granted any secured or unsecured loans to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act 2013 clause (iii) of paragraph 3 of the Order is not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Holding Company and the nature of its business with regard to purchase of inventory and fixed assets and for sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. The Holding Company has not accepted any deposit from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Companies Act 2013 and rules framed there under.
6. We have broadly reviewed the books of account maintained by the Holding Company in respect of manufacture of Automotive Air-conditioning Systems and parts thereof pursuant to the Order made by the Central Government, for maintenance of cost records prescribed



under Sub section (1) Section 148 of the Companies Act 2013, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained.

7. (a) According to the information and explanations given to us, the Holding Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it during the year.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employee's state insurance, income tax, wealth tax, sales tax, custom duty, excise duty, service tax, value added tax, cess and any other material statutory dues were in arrears, as at March 31, 2015 for a period of more than six months from the date they become payable.
- (c) According to the information and explanations given to us, details of dues of income tax, wealth tax, sales tax, service tax, customs duty, excise duty, value added tax cess and other material statutory dues which have not been deposited on account of any dispute are given below:

Name of Statute	Nature of Dues	Financial year to which the matter pertains	Amount (Rs. in Lacs)	Forum where dispute is pending
Sales Tax Acts	Sales Tax	1996-97	0.84	Dy. Commissioner (Appeal)
		1997-98	2.70	Dy. Commissioner (Appeal)
		1998-99	6.51	Dy. Commissioner (Appeal)
		1999-00	9.80	Maharashtra Sales Tax Tribunal Mumbai
		2000-01	17.23	Dy. Commissioner (Appeal)
		2001-02	26.50	Dy. Commissioner (Appeal)
		2002-03	5.61	Jt. Commissioner (Appeal)
		2002-03	7.40	Sales Tax Appellate Tribunal (Hyderabad)
		2003-04	9.99	Sales Tax Appellate Tribunal (Hyderabad)
		2004-05	2.54	Sales Tax Appellate Tribunal (Hyderabad)
		2008-09	0.73	Dy. Commissioner (Appeal)
U.P. Tax on Entry of Goods into Local Area Act, 2007	Entry Tax	2011-12	13.41	Supreme Court
Income Tax Act, 1961	Income Tax	2011-12	24.40	Commissioner of Income Tax (Appeal)

- (d) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company.
8. The Group and its associate company do not have accumulated losses as at 31st March, 2015. The Group has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
9. In our opinion and according to the information and explanations given to us, the Group and its associate company has not defaulted in repayment of dues to banks. The Group and its associate company has neither taken any loan from financial institution nor has issued debentures.
10. In our opinion and according to the information and explanations given to us, the Holding Company has not guaranteed any loan taken by others from banks or financial institutions.
11. In our opinion and according to the information and explanations given to us, the term loans were applied for the purpose for which they were obtained.
12. Based on the audit procedures performed and information and explanations given by the management of Holding Company, we report that no fraud on or by the Holding Company has been noticed or reported during the course of our audit for the year ended 31st March, 2015.

For V.K. DHINGRA & CO.,  
CHARTERED ACCOUNTANTS  
Firm Registration No. 000250N

PLACE: NEW DELHI  
DATED: MAY 14, 2015

(V.K. DHINGRA)  
PARTNER  
M. No. 14467

## Consolidated Balance Sheet as at 31st March 2015

*(₹ in Lacs)*

PARTICULARS	NOTE NO.	AS AT 31ST MARCH 2015	AS AT 31ST MARCH 2014
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS:</b>			
(A) SHARE CAPITAL	2	1,199.77	1,199.77
(B) RESERVES AND SURPLUS	3	30,489.50	28,976.16
<b>NON-CURRENT LIABILITIES</b>			
(A) LONG-TERM BORROWINGS	4	21,430.68	24,143.52
(B) DEFERRED TAX LIABILITIES (NET)	5	2,700.11	2,696.90
(C) OTHER LONG-TERM LIABILITIES	6	36.58	29.63
(D) LONG-TERM PROVISIONS	7	262.67	297.40
<b>CURRENT LIABILITIES</b>			
(A) SHORT-TERM BORROWINGS	8	11,901.29	9,290.48
(B) TRADE PAYABLES		11,045.46	10,981.63
(C) OTHER CURRENT LIABILITIES	9	17,639.02	14,705.24
(D) SHORT-TERM PROVISIONS	10	602.51	597.44
<b>TOTAL</b>		<u>97,307.59</u>	<u>92,918.17</u>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
<b>(A) FIXED ASSETS</b>			
(I) TANGIBLE ASSETS	11	41,371.58	39,608.52
(II) INTANGIBLE ASSETS	11	12,286.92	8,795.82
(III) CAPITAL WORK-IN-PROGRESS	11	5,145.20	6,853.93
(IV) INTANGIBLE ASSETS UNDER DEVELOPMENT	11	3,701.74	3,437.15
(B) LONG-TERM LOANS AND ADVANCES	12	4,686.74	5,210.66
<b>CURRENT ASSETS</b>			
(A) INVENTORIES	13	17,341.70	17,784.12
(B) TRADE RECEIVABLES	14	7,872.40	6,099.46
(C) CASH AND BANK BALANCES	15	750.20	1,103.06
(D) SHORT-TERM LOANS AND ADVANCES	16	4,122.80	4,005.24
(E) OTHER CURRENT ASSETS	17	28.31	20.21
<b>TOTAL</b>		<u>97,307.59</u>	<u>92,918.17</u>
SIGNIFICANT ACCOUNTING POLICIES THE NOTES FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS	1		

AS PER ATTACHED REPORT OF EVEN DATE

 FOR V. K. DHINGRA & CO.  
Chartered Accountants

For and on behalf of the Board of Directors

 V K DHINGRA  
Partner

 RAMESH SURI  
Chairman

 SHRADHA SURI  
Managing Director

 D M REDDY  
Executive Director

 Place : New Delhi  
Date : 14th May, 2015

 MANOJ K SETHI  
Sr VP (Finance)

 H.K. AGARWAL  
Dy. Company Secretary &  
GM (Finance)

## Consolidated Statement of Profit and Loss for the Year Ended 31st March 2015

(₹ in Lacs)

P A R T I C U L A R S	NOTE NO.	FOR THE YEAR ENDED ON 31.03.2015	FOR THE YEAR ENDED ON 31.03.2014
REVENUE FROM OPERATIONS	18	120,197.79	117,619.60
OTHER INCOME	19	104.89	222.88
TOTAL REVENUE		<u>120,302.68</u>	<u>117,842.48</u>
EXPENSES:			
COST OF MATERIALS CONSUMED	20	80,908.16	80,707.47
CHANGES IN INVENTORIES OF FINISHED GOODS & WIP - (INCREASE) / DECREASE	21	575.10	45.42
EMPLOYEE BENEFIT EXPENSE	22	11,869.76	10,795.27
FINANCE COST	23	3,872.72	3,717.28
DEPRECIATION AND AMORTISATION EXPENSE		7,886.08	7,748.90
OTHER EXPENSES	24	13,181.54	12,850.85
TOTAL EXPENSES		<u>118,293.36</u>	<u>115,865.19</u>
PROFIT BEFORE TAX		2,009.32	1,977.29
TAX EXPENSE:			
-CURRENT TAX (MAT)		433.55	416.42
-MAT CREDIT ENTITLEMENT		(427.55)	(410.23)
-NET CURRENT TAX		<u>6.00</u>	<u>6.19</u>
-DEFERRED TAX EXPENSE		4.00	(98.50)
-TAX IN RESPECT OF EARLIER YEARS		(2.07)	(9.43)
PROFIT FOR THE YEAR		<u>2,001.39</u>	<u>2,079.03</u>
EARNING PER EQUITY SHARE OF FACE VALUE OF Rs. 2 EACH			
BASIC & DILUTED (Rs.)		3.34	3.47
SIGNIFICANT ACCOUNTING POLICIES THE NOTES FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS	1		

AS PER ATTACHED REPORT OF EVEN DATE

FOR V. K. DHINGRA & CO.  
Chartered Accountants

For and on behalf of the Board of Directors

V K DHINGRA  
Partner

RAMESH SURI  
Chairman

SHRADHA SURI  
Managing Director

D M REDDY  
Executive Director

Place : New Delhi  
Date : 14th May, 2015

MANOJ K SETHI  
Sr VP (Finance)

H.K. AGARWAL  
Dy. Company Secretary &  
GM (Finance)

## Consolidated Statement of Cash Flow for the Year Ended 31st March 2015

(₹ in Lacs)

PARTICULARS	2014-2015		2013-2014	
I. CASH FLOW FROM OPERATING ACTIVITIES				
A Profit Before Taxation		2,009.32		1,977.29
B Adjustments		—		—
Add:				
i) Depreciation	7,886.08		7,748.90	
ii) Loss on Assets Sold / Discarded	12.64			
iii) Interest & Financial Charges	3,872.72	11,771.44	3,717.28	11,466.18
Less:				
i) Interest Income	72.94		98.33	
ii) Surplus on Assets sold / discarded	—	72.94	16.94	115.27
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		13,707.82		13,328.20
Adjustment for:				
i) Trade & Other receivable	(1,927.56)		(376.98)	
ii) Inventories	442.42		1,376.13	
iii) Trade & Other payables	2,178.26	693.12	(4,407.98)	(3,408.83)
CASH GENERATED FROM OPERATIONS		14,400.94		9,919.37
Less:				
Direct Taxes paid (Net)		(390.04)		(460.02)
Add:				
Interest received		64.84		102.19
Effect of Exchange Fluctuation on Consolidation		17.36		(9.26)
NET CASH FLOW FROM OPERATING ACTIVITIES		14,093.10		9,552.28
II. CASH FLOW FROM INVESTING ACTIVITIES				
i) Purchase of Fixed Assets/ CWIP		(9,450.08)		(10,953.23)
ii) Sale of Fixed Assets		51.30		65.55
NET CASH USED IN INVESTING ACTIVITIES		(9,398.78)		(10,887.68)

(₹ in Lacs)

PARTICULARS	2014-2015		2013-2014	
III. CASH FLOW FROM FINANCING ACTIVITIES				
i) Proceeds of long term secured loans		6,000.00		13,499.99
ii) Repayment of long term loans		(7,974.57)		(6,042.50)
iii) Working Capital Loans from Banks		2,610.81		(1,069.93)
iv) Dividend and Corporate Dividend Tax paid		(491.29)		(488.04)
v) Interest Paid		(4,908.80)		(4,512.99)
NET CASH FROM FINANCING ACTIVITIES		<u>(4,763.85)</u>		<u>1,386.53</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS (I+II+III)		(69.53)		51.13
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR		265.36		214.23
CASH AND CASH EQUIVALENTS AS AT THE CLOSING OF THE YEAR		<u>195.83</u>		<u>265.36</u>

Note: i) Cash Flow Statement is prepared using Indirect Method as prescribed in AS -2.

ii) Figures in brackets represent cash outflows.

iii) Previous years figures have been recast/restated wherever necessary.

AS PER ATTACHED REPORT OF EVEN DATE

FOR V. K. DHINGRA & CO.  
Chartered Accountants

For and on behalf of the Board of Directors

V K DHINGRA  
Partner

RAMESH SURI  
Chairman

SHRADHA SURI  
Managing Director

D M REDDY  
Executive Director

Place : New Delhi  
Date : 14th May, 2015

MANOJ K SETHI  
Sr VP (Finance)

H.K. AGARWAL  
Dy. Company Secretary &  
GM (Finance)

## Notes Annexed to and Forming Part of the Consolidated Balance Sheet as at 31st March, 2015 and Consolidated Statement of Profit and Loss for the year ended on that date.

### NOTE 1 — SIGNIFICANT ACCOUNTING POLICIES

i) Basis of Preparation of Financial Statements

The consolidated financial statements of Subros Limited, its subsidiary and its joint venture (“the Group”) are prepared under the historical cost convention on accrual basis of accounting in accordance with the generally accepted accounting principles, Accounting Standards notified under the Companies (Accounting standard) Rules, 2014 prescribed by the Central Government of India and relevant presentational requirement of the Companies Act, 2013 (to the extent applicable) and the relevant provisions thereof.

ii) Principles of Consolidation

The financial statements of the subsidiary company used in the consolidation are drawn up to the same reporting date as of the Company.

The financial statement subsidiary company has been combined on a line-by-line basis by adding together like items of Assets, liabilities, income and expenses. Inter-company balances and transactions and unrealized profits or losses have been fully eliminated, as per Accounting Standard - 21 on 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India.

The financial statement of Joint Venture company has been consolidated on proportionate consolidation method as prescribed in Accounting Standard 27 on 'Financial Reporting of Interest in Joint Ventures' on a line-by-line basis by adding together like items of Assets, liabilities, income and expenses to the extent of company's holding (26%) in Joint Venture Company.

Accounting policies between Group companies are generally consistent and in case of inconsistency, the same has been adequately disclosed.

iii) Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. All expenses incidental to the purchase/construction/ installation and commissioning including borrowing costs are added to the cost of the fixed assets. Where any part of the cost of fixed assets is either recovered by way of grant or borne by any other person, the same is deducted from the gross value of relevant fixed assets.

iv) Inventories

Inventories are valued at lower of cost or net realizable value. Cost is arrived on weighted average basis, except in case of inventory of subsidiary company which is arrived at on FIFO basis, and is inclusive of taxes and duties paid/incurred (other than those recovered/recoverable from the Taxing Authorities). Adequate provision is made in respect of non-standard and obsolete items based on management's estimate.

- v) Revenue Recognition
- a) Sales are accounted on dispatch of products against orders of customers and stated net of trade discounts, returns and sales-tax.
  - b) Income from services is recognized as they are rendered, based on agreements/arrangements with the concerned parties.
  - c) Duty Drawback Income on eligible direct exports and exports through other parties is recognized in the year of export/sale to other parties on the basis of provisional/ estimated tariff rates informed by the appropriate authorities.

vi) Provisions, Contingent Liabilities and Contingent Assets

The Group creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. 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 of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are neither recognized nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognized in the period in which the change occurs.

vii) Depreciation

- a) Leasehold land is amortized over the period of lease.
- b) Depreciation and Amortisation on following categories of assets are provided on the basis of Useful life of assets as determined through technical evaluation as under :-
  - a. Tangible Assets
    - i. Plant and Machinery : Not exceeding 20 Year on WDV Method
  - b. Intangible Assets
    - i. Technical Knowhow : Not exceeding 10 Years on SLM Method
    - ii. Product Development : Not exceeding 10 Years on SLM Method
    - iii. Softwares : Not exceeding 3 Years on SLM Method
- c) Depreciation on other Tangible Assets is provided on the basis of useful life as prescribed in Schedule II of the Companies Act, 2013 on written down value method.
- d) In respect of fixed assets owned by the subsidiary company and Joint Venture, depreciation is charged on straight line basis over the estimated useful life as follows:



Assets	Number of years	
	Subsidiary Co.	Joint Venture
Machinery & Equipments	10	5
Office Furniture	5	5
Office Equipments	5	5
Electric Systems	10	5
Lease Hold improvement	3	-
Software's	10	5
Vehicles	-	5

viii) Intangible Assets

Intangible assets are recognized if they are separately identifiable and the company controls the future economic benefit arising out of them. All other expenses on intangible items are charged to the Statement of Profit & Loss. Intangible assets are stated at cost less accumulated amortization / impairment. Intangible assets include Software Licenses', Technical Know-how, and Product Development Cost etc.

ix) Borrowing Cost

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized till the date on which the asset is ready for its intended use. Qualifying assets are those which take substantial period of time to get ready for its intended use.

Other borrowing costs are recognized as an expense in the period in which these are incurred.

x) Employee Benefits

a) Defined Contribution Plan

The Company makes defined contribution to Provident Fund and Superannuation Scheme, which are recognized in the Statement of Profit and Loss on accrual basis.

The Company's contribution to State Plan, viz. Employees' State Insurance scheme is recognized in the Statement of Profit and Loss on accrual basis.

b) Defined Benefit Plan

The Company's liabilities under Payment of Gratuity Act and compensated absences are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method. Actuarial gain and losses are recognized immediately in the Statement of Profit and Loss as income/expenses. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on Government Bonds.

Gratuity obligation is funded with the Life Insurance Corporation of India through a Gratuity Trust.

c) Short Term Employee Benefits

Amounts paid under Voluntary Retirement and Separation Schemes are charged to the Statement of Profit and Loss in the year of payment.

Other short term employee benefit obligations are measured on an undiscounted basis and charged to the Statement of Profit and Loss on accrual basis.

xi) Research & Development

Revenue expenditure on research and development are charged to the Statement of Profit and Loss in the year in which these are incurred except for certain cost incurred on development of new products e.g. air conditioning systems and related products which are capitalized when it is probable that a development project will be a success. Capital expenditure on research and development are considered as an addition to Fixed Assets.

xii) Foreign Currency Translation

a. Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction.

b. Assets and Liabilities receivable/payable in foreign currencies are translated at the year end exchange rates.

c. Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit and Loss.

d. In case of forward contracts, difference between forward rates and spot rates on the date of transaction is recognized as income or expense over the life of contract. Exchange difference on such contracts. i.e. difference between the exchange rate at the reporting/settlement date and the exchange rate on the date of inception / the last reporting date, is recognized as income / expenses for the period.

e. For the purpose of consolidation, income and expenses are translated at average rate and the assets and liabilities are stated at closing rate. The net impact of such changes is accumulated under Foreign Currency Translation Reserve.

xiii) Taxes on Income

Provision for current tax is made on the basis of estimated taxable income under the relevant laws of respective countries. Minimum Alternate Tax (MAT) credit asset is recognized where there is convincing evidence that the asset can be realized in future. Deferred tax on account of timing differences between taxable income and accounting income is accounted for by applying tax rates and laws enacted or substantially enacted on the balance sheet date.

xiv) Lease asset- Operating lease

Lease assets where risk and awards incidental to ownership of an assets substantially vests with the lessor are recognized as operating lease.

Lease Payments are recognized as an Expense in Statement of profit & loss on the straight line basis over the Lease term. However the lease rent pertaining to the period up to the date of the commissioning of the assets are capitalized.

**NOTE 2 - SHARE CAPITAL**

## 2 (a) AUTHORISED, ISSUED, SUBSCRIBED &amp; PAID UP SHARE CAPITAL

(₹ in Lacs)

PARTICULARS	As at 31st March 2015	As at 31st March 2014
AUTHORISED: 75,000,000 EQUITY SHARES OF RS. 2/- EACH	1,500.00	1,500.00
ISSUED: 5,99,94,300 EQUITY SHARES OF RS. 2/- EACH	1,199.89	1,199.89
SUBSCRIBED AND PAID UP 5,99,88,600 EQUITY SHARES OF RS. 2/- EACH FULLY PAID UP	1,199.77	1,199.77
<b>TOTAL</b>	<b>1,199.77</b>	<b>1,199.77</b>

## 2 (b) RECONCILIATION OF NUMBER OF SHARES OUTSTANDING

(₹ in Lacs)

PARTICULARS	As at 31st March 2015		As at 31st March 2014	
	Nos.		Nos.	
SHARES OUTSTANDING AT THE BEGINNING OF THE YEAR	59988600	1,199.77	59988600	1,199.77
SHARES ISSUED DURING THE YEAR	—	—	—	—
SHARES BOUGHT BACK DURING THE YEAR	—	—	—	—
SHARES OUTSTANDING AT THE END OF THE YEAR	59988600	1,199.77	59988600	1,199.77

## 2 (c) LIST OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES

(₹ in Lacs)

NAME OF SHAREHOLDER	As at 31st March 2015		As at 31st March 2014	
	NO. OF SHARES HELD	% OF HOLDING	NO. OF SHARES HELD	% OF HOLDING
DEEKSHA HOLDINGS LTD	10137760	16.90	10137760	16.90
JYOTSNA HOLDING PVT LTD.	3448000	5.74	3448000	5.74
R.R HOLDINGS PVT LTD	3208000	5.35	3208000	5.35
RAMESH SURI (HUF)	3040000	5.07	3040000	5.07
DENSO CORPORATION	7800000	13.00	7800000	13.00
SUZUKI MOTORS CORPORATION	7800000	13.00	7800000	13.00

2 (d) The Company has only one class of equity shares having a par value of Rs.2 per share. Each shareholder is eligible for one vote per share. The dividend proposed by the Board of Directors is subject to the approval of shareholders, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

2 (e) There was no change in Equity during the year.

**NOTE 3 - RESERVES & SURPLUS**

(₹ in Lacs)

PARTICULARS	As at 31st March 2015	As at 31st March 2014
CAPITAL RESERVE		
CAPITAL INVESTMENT SUBSIDY	3.57	3.57
PROFIT ON RE-ISSUE OF FORFEITED SHARES	0.08	0.08
	<u>3.65</u>	<u>3.65</u>
GENERAL RESERVE		
OPENING BALANCE	11,220.48	11,017.48
ADD: TRANSFERRED FROM SURPLUS	205.00	203.00
CLOSING BALANCE	<u>11,425.48</u>	<u>11,220.48</u>
SURPLUS		
OPENING BALANCE	17,741.12	16,356.38
ADD: PROFIT FOR THE YEAR	2,001.39	2,079.03
	<u>19,742.51</u>	<u>18,435.41</u>
LESS: APPROPRIATIONS		
PROPOSED DIVIDEND ON EQUITY SHARE*	419.92	419.92
PROVISION FOR TAX ON PROPOSED DIVIDEND	85.49	71.37
TRANSFERRED TO GENERAL RESERVE	205.00	203.00
CLOSING BALANCE	<u>19,032.10</u>	<u>17,741.12</u>
FOREIGN CURRENCY TRANSLATION RESERVE		
OPENING BALANCE	10.91	20.17
ADD/LESS:- DURING THE YEAR	17.36	(9.26)
CLOSING BALANCE	<u>28.27</u>	<u>10.91</u>
TOTAL	<u>30,489.50</u>	<u>28,976.16</u>

\*Rs.0.70 Per Equity Share(Previous Year Rs. 0.70 per Equity Share)

**NOTE 4 - LONG -TERM BORROWINGS**

(₹ in Lacs)

PARTICULARS	As at 31st March 2015	As at 31st March 2014
SECURED LOANS		
TERMS LOANS:		
FROM BANKS	18,667.47	20,522.48
FROM OTHERS	2,763.21	3,621.04
TOTAL	<u>21,430.68</u>	<u>24,143.52</u>

## NATURE OF SECURITY AND TERMS OF REPAYMENT FOR LONG TERM SECURED BORROWINGS

NATURE OF SECURITY	TERMS OF REPAYMENT
Term loan amounting to Rs. Nil (March 31, 2014: Rs. 725) is secured by Exclusive first charge on specific equipments.	Repayment in 16 quarterly instalments @ Rs 181.25 lacs each commencing from June 2012. Last instalment in March 2016. Rate of interest SBIBR+1.90% P.A. as at year end. (Previous year SBIBR+1.90%)
Term loan amounting to Rs. 37.50 lacs (March 31, 2014: Rs. 187.50 Lacs) is secured by Exclusive first charge on specific equipments.	Repayment in 16 quarterly instalments @ Rs 37.50 lacs each commencing from August 2012. Last instalment in June 2016. Rate of interest SBIBR+1.90% P.A. as at year end. (SBIBR + 1.90% P.A.)
Term loan amounting to Rs. NIL (March 2014: Rs. 354.03 Lacs) is secured by equitable mortgage on Manesar Land & Bldg., and specific assets. Personal Gaurantee of Chairman of the Company.	Repayment in 16 quarterly instalments (@ Rs 354.00 lacs each) commencing from Aug 2011. Last instalment in May 2015. Rate of interest KBR+1.50% P.A. as at year end. (Previous year KBR+. 1.50% P.A.)
Term loan amounting to NIL (March 31, 2014: Rs. 41.87 Lacs) is secured by Exclusive first charge on specific equipments	Repayment in 16 quarterly instalments (@ Rs 41.87 lacs each) commencing from Aug 2011. Last instalment in May 2015. Rate of interest 12.00% P.A. as at year end. (Previous year 11.40%)
Term loan amounting to Rs. 1395.64 lacs (March 31, 2014: Rs. 2791.25 lacs) is secured by Exclusive first charge on specific equipments	Repayment in 16 quarterly instalments (@ Rs 348.91 lacs each) commencing from June 2014. Last instalment in March 2017. Rate of interest 9.70% P.A. (Previous year 9.70%)
Term loan amounting to Rs. 3521.94 lacs (March 31, 2014: Rs 4877.21 lacs) is Secured by way of first charge on specific machineries & Sub Survient Charge on Moveable Fixed assets.	Repayment in seven Half yearly instalments commencing from September 2015. Last instalment in September 2017. Rate of interest 9.37% P.A. (Previous year 9.37%)
Term loan amounting to Rs. 1875 lacs (March 31, 2014: Rs 3125 lacs) is Secured by way of first charge on specific machineries, equitable mortgage on Pune Land & Bldg., Personal Gaurantee of Chairman of the Company	Repayment in 16 quarterly instalments @ Rs 312.50 lacs each commencing from November 2014. Last instalment in August 2017. Rate of interest 10.40% P.A. (Previous year 10.40%.)
Term loan amounting to Rs. 6000 lacs (March 2014: Rs. 7500 Lacs) is secured by equitable mortgage on Manesar Land & Bldg., Personal Gaurantee of Chairman of the Company.	Repayment in twenty Quarterly equal instalments commencing from June 2015. Last instalment in March 2020. Rate of interest 10.95% P.A. (Previous year 10.95% P.A.)
Term loan amounting to Rs. 1125 lacs (March 2014: Rs. 1875 lacs) is secured by equitable mortgage on Manesar Land & Bldg., Personal Gaurantee of Chairman of the Company.	Repayment in sixteen Quarterly equal instalments commencing from Dec. 2014. Last instalment in September 2017. Rate of interest 11.10% P.A. (Previous year 11.10% P.A.)
Term loan amounting to Rs. 2725.60 lacs (March 31, 2014: Rs 2666.66 Lacs) is Secured by way of first charge on specific machineries.	Repayment in Eighteen Quarterly instalments commencing from October 2015. Last instalment in February 2019. Rate of interest 10.75% P.A. (Previous year 10.75% P.A.)
Term loan amounting to Rs. 4750 lacs (March 2014: Rs. NIL Lacs) is secured by equitable mortgage on Manesar Land & Bldg., Personal Gaurantee of Chairman of the Company.	Repayment in twenty Quarterly equal instalments commencing from March 2016. Last instalment in Dec 2020. Rate of interest 10.95% P.A. (Previous year NA)

**NOTE 5 - DEFERRED TAX LIABILITIES/ (ASSETS) (NET)**

(₹ in Lacs)

PARTICULARS	As at 31st March 2015	As at 31st March 2014
DEFERRED TAX LIABILITY		
DEPRECIATION	2,836.07	2,819.37
TOTAL DEFERRED TAX LIABILITY(A)	<u>2,836.07</u>	<u>2,819.37</u>
DEFERRED TAX ASSETS		
EXPENSES ALLOWABLE ON PAYMENT BASIS (NET)	135.96	122.47
TOTAL DEFERRED TAX ASSETS(B)	<u>135.96</u>	<u>122.47</u>
TOTAL (A-B)	<u><u>2,700.11</u></u>	<u><u>2,696.90</u></u>

**NOTE 6 - OTHER LONG TERM LIABILITIES**

(₹ in Lacs)

PARTICULARS	As at 31st March 2015	As at 31st March 2014
SECURITY DEPOSITS RECEIVED	36.58	29.63
TOTAL	<u><u>36.58</u></u>	<u><u>29.63</u></u>

**NOTE 7 - LONG TERM PROVISIONS**

(₹ in Lacs)

PARTICULARS	As at 31st March 2015	As at 31st March 2014
PROVISION FOR EMPLOYEE BENEFITS		
PROVISION FOR LEAVE ENCASHMENT	219.75	241.83
PROVISION FOR WARRANTY	42.92	55.57
TOTAL	<u><u>262.67</u></u>	<u><u>297.40</u></u>

**NOTE 8 - SHORT-TERM BORROWINGS**
*(₹ in Lacs)*

PARTICULARS	As at 31st March 2015	As at 31st March 2014
SECURED		
FROM BANKS:		
CASH CREDIT ACCOUNT (Secured by First Charge by way of Hypothecation of stocks, receivables, existing Plant & Machinery and Miscellaneous Fixed Assets and equitable mortgage of two factory premises and also by way of personal guarantee of the Chairman of the company.) Rate of Interest ; CB Base Rate + .75%~1.50%	5,368.39	5,975.43
	<u>5,368.39</u>	<u>5,975.43</u>
UNSECURED		
- WORKING CAPITAL LOAN FROM BANK	3,578.65	—
BUYERS CREDIT ARRANGEMENTS FROM BANKS Effective Rate of Interest : 0.40% to 0.68% {(Against personal guarantee of the Chairman of the Company Rs. 781.76 Lacs (Previous year : Rs. Nil)}	2,954.25	3,315.05
	<u>6,532.90</u>	<u>3,315.05</u>
TOTAL	<u>11,901.29</u>	<u>9,290.48</u>

**NOTE 9 - OTHER CURRENT LIABILITIES**
*(₹ in Lacs)*

PARTICULARS	As at 31st March 2015	As at 31st March 2014
CURRENT MATURITIES OF LONG-TERM DEBT	8,657.28	7,919.02
INTEREST ACCRUED BUT NOT DUE ON LOANS	184.92	174.82
UNCLAIMED DIVIDEND	33.06	35.10
DUE TO DIRECTORS	30.63	24.94
STATUTORY DUES	856.41	518.99
ADVANCE FROM CUSTOMERS	1,769.64	153.80
CREDITOR FOR CAPITAL EXPENDITURE	719.37	403.00
OTHER PAYABLES	5,387.71	5,475.57
TOTAL	<u>17,639.02</u>	<u>14,705.24</u>

**NOTE 10 - SHORT TERM PROVISIONS**

(₹ in Lacs)

PARTICULARS	As at 31st March 2015	As at 31st March 2014
PROVISION FOR EMPLOYEE BENEFITS		
PROVISION FOR LEAVE ENCASHMENT	27.60	22.79
OTHER PROVISIONS		
PROPOSED DIVIDEND	419.92	419.92
CORPORATE DIVIDEND TAX	85.49	71.37
PROVISION FOR WARRANTY	69.50	83.36
<b>TOTAL</b>	<b>602.51</b>	<b>597.44</b>

**NOTE 11 - FIXED ASSETS**

(₹ in Lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	COST AS ON 01.04.14	ADDITIONS	SALE/ ADJUSTMENTS	COST AS ON 31.03.2015	DEPRECIATION AS ON 01.04.14	DEPRECIATION FOR THE PERIOD*	SALE/ ADJUSTMENTS	TOTAL DEPRECIATION upto 31.03.2015	AS ON 31.03.2015	AS ON 31.03.2014
<b>TANGIBLE ASSETS</b>										
LAND- LEASEHOLD	1,476.47	-	5.23	1,471.24	118.31	14.95	0.67	132.59	1,338.65	1,358.16
FREEHOLD	718.31	-	-	718.31	0.26	-	-	0.26	718.05	718.05
BUILDINGS	11,545.41	255.96	-	11,801.37	4,188.05	773.51	-	4,961.56	6,839.81	7,357.36
PLANT AND MACHINERY	63,382.14	7,776.03	65.26	71,092.91	34,878.60	4,999.24	35.18	39,842.66	31,250.25	28,503.54
FURNITURE AND FIXTURE	941.12	188.85	4.39	1,125.58	641.77	138.24	3.11	776.90	348.68	299.35
VEHICLES	1,132.28	101.00	129.22	1,104.06	719.56	147.63	106.82	760.37	343.69	412.72
OFFICE EQUIPMENTS	2,419.91	208.89	8.39	2,620.41	1,460.57	632.82	5.43	2,087.96	532.45	959.34
<b>TOTAL</b>	<b>81,615.64</b>	<b>8,530.73</b>	<b>212.49</b>	<b>89,933.88</b>	<b>42,007.12</b>	<b>6,706.39</b>	<b>151.21</b>	<b>48,562.30</b>	<b>41,371.58</b>	<b>39,608.52</b>
PREVIOUS YEAR	73,337.00	8,410.65	132.01	81,615.64	36,165.30	5,925.22	83.40	42,007.12	39,608.52	37,171.70
<b>INTANGIBLE ASSETS</b>										
SPECIALISED SOFTWARES	1,488.11	128.40	4.58	1,611.93	1,307.25	129.70	1.93	1,435.02	176.91	180.86
TECHNICAL KNOW HOW	4,906.22	1,835.20	-	6,741.42	2,258.57	338.24	-	2,596.81	4,144.61	2,689.70
DEVELOPMENT COST	8,443.53	2,709.84	-	11,153.37	2,476.22	711.75	-	3,187.97	7,965.40	5,925.26
<b>TOTAL</b>	<b>14,837.86</b>	<b>4,673.44</b>	<b>4.58</b>	<b>19,506.72</b>	<b>6,042.04</b>	<b>1,179.69</b>	<b>1.93</b>	<b>7,219.80</b>	<b>12,286.92</b>	<b>8,795.82</b>
PREVIOUS YEAR	11,597.29	3,240.57	-	14,837.86	4,214.71	1,827.33	-	6,042.04	8,795.82	7,382.58
<b>GRAND TOTAL</b>	<b>96,453.50</b>	<b>13,204.17</b>	<b>217.07</b>	<b>109,440.60</b>	<b>48,049.16</b>	<b>7,886.08</b>	<b>153.14</b>	<b>55,782.10</b>	<b>53,658.50</b>	<b>48,404.34</b>
PREVIOUS YEAR	84,934.29	11,651.22	132.01	96,453.50	40,380.01	7,752.55	83.40	48,049.16	48,404.34	44,554.28
CAPITAL WORK IN PROGRESS	-	-	-	-	-	-	-	-	5,145.20	6,853.93
INTANGIBLE ASSETS UNDER DEVELOPMENT	-	-	-	-	-	-	-	-	3,701.74	3,437.15

\* Note:- Includes depreciation capitalised Rs.Nil Lacs (Previous Year Rs 3.76 lacs)



**NOTE 12 - LONG TERM LOANS AND ADVANCES**

(₹ in Lacs)

PARTICULARS	As at 31st March 2015	As at 31st March 2014
CAPITAL ADVANCES		
UNSECURED, CONSIDERED GOOD		
TO RELATED PARTIES (REFER NOTE:- 33)	5.75	27.58
TO OTHERS	535.54	1,460.83
SECURITY DEPOSITS		
UNSECURED, CONSIDERED GOOD		
TO RELATED PARTIES (REFER NOTE:- 33)	246.52	246.52
TO OTHERS	622.30	548.12
ADVANCE TAX (NET)		
UNSECURED, CONSIDERED GOOD	137.85	170.60
MAT CREDIT RECOVERABLE		
UNSECURED, CONSIDERED GOOD	3,091.66	2,672.79
LOANS AND ADVANCES TO EMPLOYEE		
UNSECURED, CONSIDERED GOOD	47.12	84.22
TOTAL	<u>4,686.74</u>	<u>5,210.66</u>

**NOTE 13 - INVENTORIES** (Valued at lower of Cost or Net Realisable Value)

(₹ in Lacs)

PARTICULARS	As at 31st March 2015	As at 31st March 2014
A. RAW MATERIAL & SPARES		
- IN HAND	13,119.25	12,268.61
- IN TRANSIT	<u>127.38</u>	<u>883.29</u>
	13,246.63	13,151.90
B. WORK IN PROGRESS	1,330.48	1,908.05
C. FINISHED GOODS	319.46	318.72
D. STORES	<u>2,445.13</u>	<u>2,405.45</u>
TOTAL	<u>17,341.70</u>	<u>17,784.12</u>

**NOTE 14 - TRADE RECEIVABLES**

(₹ in Lacs)

PARTICULARS	As at 31st March 2015	As at 31st March 2014
UNSECURED, CONSIDERED GOOD OUTSTANDING FOR A PERIOD EXCEEDING SIX MONTHS FROM THE DATE THEY ARE DUE FOR PAYMENT	74.90	114.07
OTHERS	7,797.50	5,985.39
TOTAL	<u>7,872.40</u>	<u>6,099.46</u>

Trade Receivable stated above include Debts due from related parties Rs.38.24 Lacs  
(Previous year Rs.5.97 Lacs) (Refer Note No.-33)

**NOTE 15 - CASH AND BANK BALANCES**

(₹ in Lacs)

PARTICULARS	As at 31st March 2015	As at 31st March 2014
CASH AND CASH EQUIVALENTS		
BALANCE WITH BANKS - IN CURRENT A/C	166.73	249.45
CASH IN HAND	29.10	15.92
	<u>195.83</u>	<u>265.37</u>
OTHER BANK BALANCES		
- IN MARGIN MONEY A/C*	521.31	802.59
- IN UNPAID DIVIDEND A/C	33.06	35.10
	<u>554.37</u>	<u>837.69</u>
TOTAL	<u>750.20</u>	<u>1,103.06</u>

\* Margin Money include Fixed Deposits of Rs.44.86 Lac (Previous year Rs.128 Lac) with maturity of more than 12 months

**NOTE 16 - SHORT TERM LOANS AND ADVANCES**

(₹ in Lacs)

PARTICULARS	As at 31st March 2015	As at 31st March 2014
ADVANCES TO RELATED PARTIES		
UNSECURED, CONSIDERED GOOD (Refer Note No-33)	136.32	155.15
ADVANCES TO OTHER PARTIES	3,906.69	3,742.54
UNSECURED, CONSIDERED GOOD		
LOAN TO EMPLOYEES		
SECURED, CONSIDERED GOOD	—	15.14
UNSECURED, CONSIDERED GOOD	79.79	92.41
TOTAL	<u>4,122.80</u>	<u>4,005.24</u>

**NOTE 17 - OTHER CURRENT ASSETS**
*(₹ in Lacs)*

PARTICULARS	As at 31st March 2015	As at 31st March 2014
INTEREST ACCRUED ON BANK DEPOSITS WITH BANK	28.31	20.21
TOTAL	<u>28.31</u>	<u>20.21</u>

**NOTE 18 - REVENUE FROM OPERATIONS**
*(₹ in Lacs)*

PARTICULARS	For the year ended 31st March 2015	For the year ended 31st March 2014
SALE OF PRODUCTS	133,400.80	131,880.97
LESS: EXCISE DUTY	14,039.71	15,031.69
NET SALES	119,361.09	116,849.28
OTHER OPERATING INCOME		
SALE OF SERVICES	505.32	275.69
EXPORT INCENTIVES	—	22.00
SALE OF SCRAP	64.12	51.20
INDUSTRIAL PROMOTION SUBSIDY (Refer Note No.34)	267.26	421.43
TOTAL	<u>120,197.79</u>	<u>117,619.60</u>

**NOTE 19 - OTHER INCOME**
*(₹ in Lacs)*

PARTICULARS	For the year ended 31st March 2015	For the year ended 31st March 2014
INTEREST ON :		
A) FIXED DEPOSITS WITH BANKS	72.68	67.39
B) OTHERS	0.26	30.95
PROFIT ON SALE OF FIXED ASSETS	—	16.94
GAIN FROM EXCHANGE RATE DIFFERENCE(NET)	7.25	—
MISCELLANEOUS INCOME	24.70	107.60
TOTAL	<u>104.89</u>	<u>222.88</u>

**NOTE 20 - COST OF MATERIAL CONSUMED**
*(₹ in Lacs)*

PARTICULARS	For the year ended 31st March 2015		For the year ended 31st March 2014	
RAW MATERIAL & COMPONENTS				
OPENING STOCK	13,151.91		14,630.35	
PURCHASE	<u>81,002.88</u>	94,154.79	<u>79,229.03</u>	93,859.38
LESS:- CLOSING STOCK		13,246.63		13,151.91
TOTAL		<u>80,908.16</u>		<u>80,707.47</u>

**NOTE 21 - CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRES**

(₹ in Lacs)

PARTICULARS	For the year ended 31st March 2015	For the year ended 31st March 2014
FINISHED GOODS		
CLOSING STOCK	319.46	318.72
LESS:- OPENING STOCK	318.72	417.60
	<u>0.74</u>	<u>(98.88)</u>
WORK-IN-PROGRESS		
CLOSING STOCK	1,330.48	1,908.05
LESS:- OPENING STOCK	1,908.05	1,870.20
	<u>(577.57)</u>	<u>37.85</u>
DECREASE (INCREASE) IN EXCISE DUTY ON FINISHED GOODS	1.73	15.61
TOTAL	<u>(575.10)</u>	<u>(45.42)</u>

**NOTE 22 - EMPLOYEE BENEFIT EXPENSES**

(₹ in Lacs)

PARTICULARS	For the year ended 31st March 2015	For the year ended 31st March 2014
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES :		
- SALARIES, WAGES, BONUS ETC	9,615.82	8,576.07
- CONTRIBUTION TO PROVIDENT & OTHER FUNDS	512.77	597.64
- STAFF WELFARE EXPENSES	1,314.15	1,198.25
- DIRECTOR REMUNERATION	427.02	423.31
TOTAL	<u>11,869.76</u>	<u>10,795.27</u>

**NOTE 23 - FINANCE COST**

(₹ in Lacs)

PARTICULARS	For the year ended 31st March 2015	For the year ended 31st March 2014
INTEREST PAID TO BANK	3,524.20	3,259.02
INTEREST PAID TO OTHERS	348.52	458.26
TOTAL	<u>3,872.72</u>	<u>3,717.28</u>

**NOTE 24 - OTHER EXPENSES**

(₹ in Lacs)

PARTICULARS	For the year ended 31st March 2015	For the year ended 31st March 2014
STORE CONSUMED (Refer Note No-31)	2,630.28	2,557.63
POWER & FUEL	2,108.45	2,044.18
REPAIRS AND MAINTENANCE		
-BUILDING	43.90	43.74
-PLANT & MACHINERY	1,110.72	985.43
-OTHERS	182.95	201.77
RENT	329.77	303.30
INSURANCE	209.76	154.28
RATES AND TAXES	94.52	88.89
VEHICLE RUNNING AND MAINTENANCE	231.01	258.67
TRAVELLING AND CONVEYANCE	409.54	417.70
LEGAL AND PROFESSIONAL CHARGES	315.24	344.10
AUDIT FEES	18.35	18.63
ROYALTY	1,107.24	1,062.01
SELLING & DISTRIBUTION EXPENSES	1,604.79	1,873.85
LOSS FROM EXCHANGE RATE DIFFERENCE(NET)	—	80.64
REBATE & DISCOUNT	1,039.63	924.17
LOSS ON SALE OF FIXED ASSETS	12.64	—
DIRECTOR'S SITTING FEES	40.50	10.70
MISCELLANEOUS EXPENSES *	1,692.25	1,481.16
TOTAL	<u>13,181.54</u>	<u>12,850.85</u>

\* Includes Rs. 57.32 Lacs (PY : Rs nil) spent on Corporate Social Responsibility (CSR) activities.

## 25. Particulars of subsidiary/Joint Venture Company

## (a) Subsidiary company

Name of the Company	Country of Incorporation	Percentage of voting power as at March 31, 2015	Percentage of voting power as at March 31, 2014
Thai Subros Limited	Thailand	100%	100%

## (b) Joint venture company

Name of the Company	Country of Incorporation	Percentage of voting power as at March 31, 2015	Percentage of voting power as at March 31, 2014
Denso Subros Thermal Engineering Centre India Ltd	India	26%	26%

## 26. Contingent Liabilities Not Provided For in respect of :

- Net Outstanding commitments against Letter of Credits established by the Company: Rs.3966.33 Lacs (Previous Year Rs.4,916.86 Lacs)
- Guarantees given by banks on behalf of the Company: Rs.463.74 Lacs (Previous Year: Rs. 736.29 Lacs)
- Claims against the company not acknowledged as debt :-

(₹ in Lacs)

Nature of claim	As at 31.03.15	As at 31.03.14
Disputed Sales Tax Demands	139.36	139.36
Disputed Income Tax Demands	24.40	—
Other claims	83.16	77.25

- As advised to the Group, no effect has been given to MAT Recoverable on account of certain disallowances in Income Tax Assessment for earlier year as the Group would get full relief in appeal filed against the assessment order

## 27. Estimated value of contracts on capital account remaining to be executed and not provided for (net of advances) Rs 2,052.62 Lacs (Previous Year: Rs. 1,787.17 Lacs).

## 28. In the opinion of Board, the value on realization of current assets, loans and advances in the ordinary course of business shall not be less than the amount at which they are stated in the balance sheet and provision for all known liabilities has been made and contingent liabilities disclosed properly.

29. There were no reportable lease arrangements as defined in Accounting Standard-19
30. Disclosure of provisions in terms of Accounting Standard-29 on “ Provisions, Contingent Liabilities and Contingent Assets”

Provision for Warranty Expenses

Description	Current Year (₹ in Lacs)	Previous Year (₹ in Lacs)
Provision at the beginning of the year	138.93	121.93
Add: Provisions made during the year	<u>56.86</u>	<u>115.94</u>
	195.79	237.87
Less: Amount utilised during the year	<u>83.36</u>	<u>98.94</u>
Balance at the end of the year	<u><u>112.43</u></u>	<u><u>138.93</u></u>

This provision is expected to be utilized for settlement of warranty claims within a period of 2 years.

31. The Group has identified that there is no material impairment of assets and as such no provision is required in terms of Accounting Standard-28 on “Impairment of assets”.
32. Segment Reporting

The Group's business activity falls within a single primary business segment i.e., Automotive Air conditioning Systems and parts thereof. Export sales constitute an insignificant portion of the total business of the Group. Hence, there is no geographical segment as well. Therefore, the disclosure requirements of Accounting Standard 17 on 'Segment Reporting' are not applicable.

33. Related Party Disclosures

In terms of Accounting Standard 18 on “Related party Disclosures”, the particulars of transactions with related parties are given as under:

- a) Name of related parties and description of relationship (as certified by the management & relied upon by the auditors):-
- i. Key Management Personnel
    - Mr. Ramesh Suri, Chairman
    - Ms. Shradha Suri, Managing Director  
(Daughter of Mr. Ramesh Suri)
    - Mr. D. M. Reddy, Executive Director
  - ii. Relatives of Key Management Personnel
    - Mrs. Ritu Suri (Wife of Mr. Ramesh Suri)
    - Ms. Lohitha Reddy (Daughter of Mr. D. M. Reddy)
    - Ms. Likhitha Reddy (Daughter of Mr. D. M. Reddy)
  - iii. Joint Venture Company
    - Denso Subros Thermal Engineering Centre India Ltd. (DSEC)

- vi. Entities over which Key Management Personnel or their relatives are able to exercise significant influence:
- SHS Transport (P) Ltd.
  - Rohan Motors Limited
  - Hemkunt Service Station (P) Ltd.
  - Tempo Automobiles (P) Ltd.
  - M/s. Ramesh Suri (HUF)
  - Prima Telecom Ltd.
  - Prima Infratech (P) Ltd.
  - Fibcom India Ltd.

- b) Transactions during the year and closing balances of Related Parties are summarised as under:

(₹ in Lacs)

Particulars	Joint Venture Company DSEC		Key Management Personnel		Relatives of Key Management Personnel		Entities over which Key Management Personnel or their relatives are able to exercise significant influence	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Detail of Transaction								
- Purchase of materials	-	-	-	-	-	-	32.05	28.16
- Sale of goods	-	-	-	-	-	-	64.75	15.43
- Purchase of fixed assets	661.94	686.90	-	-	-	-	62.70	262.46
- Sale of Fixed Assets	-	-	-	-	-	-	1.77	6.50
- Receiving of Service	-	-	-	-	-	-	751.06	741.74
- Rent/Licence Agreements	-	-	33.54	30.90	26.10	24.93	293.55	107.35
- Directors' Remuneration*			427.02	420.61				
- Rental Income	21.37	19.24	-	-	-	-	-	-
- Reimbursement of expenses received	15.65	12.62	-	-	-	-	5.48	9.57
- Salary and Other Amenities*	-	-	-	-	-	3.15	-	-
- Security Deposits/Advance rent given	-	-	-	1.50	-	2.25	-	3.35
Closing Balances								
- Amount payable	157.38	41.49	30.63	24.94	-	-	2.12	2.89
- Amount Receivable	-	-	-	-	-	-	180.31	188.70
- Security Deposit (Rent)	-	-	7.50	7.50	13.55	13.55	225.47	225.47

\* Exclusive of Contributions to Group Gratuity fund, Provident Fund and Superannuation Fund.



## c) Disclosure in respect of material transactions with related parties:-

(₹ in Lacs)

Particulars	Current year	Previous year
Purchase of Materials		
- Prima Telecom Ltd.	32.05	27.92
Sale of Goods		
- Rohan Motors Ltd.	16.79	10.95
- Tempo Automobiles (P) Ltd.	45.52	—
- Prima Telecom Ltd.	2.44	4.37
Purchase of Fixed Assets		
- Rohan Motors Ltd.	16.78	—
- Prima Telecom Ltd.	7.69	9.00
- Fibcom India Ltd.	38.24	233.49
Sale of Fixed Assets		
- Rohan Motors Ltd.	—	6.50
- Prima Telecom Ltd.	1.77	—
Receiving of Services		
- SHS Transport (P) Ltd.	699.36	665.91
Reimbursement (Received)		
- Prima Telecom Ltd.	3.60	6.60
- Fibcom India Ltd.	1.88	2.97
Rent/Licence Agreement		
- Rohan Motors Ltd.	15.31	15.31
- Ms. Shradha Suri	33.54	30.90
- Mr Ramesh Suri (HUF)	19.67	18.40
- Mrs. Ritu Suri	26.10	24.93
- Prima Infratech Pvt Ltd.	248.34	62.09
Directors Remuneration/Sitting Fee		
- Mr. Ramesh Suri	69.73	58.50
- Ms. Shradha Suri	182.83	180.95
- Mr. D.M.Reddy	174.46	181.16
Salary and Other Amenities		
- Ms. Lohitha Reddy	—	1.57
- Ms. Likhitha Reddy	—	1.58

34. Industrial Promotion Subsidy received/receivable under Packaged Scheme of Incentives, 2007 is accounted for on the basis of approval received from the Government of Maharashtra.

35. Earning per Share

In accordance with Accounting Standard - 20 on 'Earning per Share' issued by the Institute of Chartered Accountants of India, the Earning per Share has been computed as under:

Particulars	2014-15	2013-2014
a) Net profit after Tax(Rs. In lacs)	Rs. 2,001.38	Rs. 2,079.03
b) Number of Equity shares*(Nos)	59988600	59988600
c) Nominal value per Equity share	Rs. 2.00	Rs. 2.00
d) Earning per Share (Basic & Diluted)	Rs. 3.34	Rs. 3.47

\* There were no potential equity shares.

36. Foreign Exchange Differences

a) The Group has entered into foreign exchange forward contracts to partly hedge its risks associated with the foreign currency fluctuations relating to firm commitments.

b) Forward Exchange Contracts entered into by the company outstanding at the year end:

Particulars	Current Year		Previous Year	
	No. of Contracts	Amount	No. of Contracts	Amount
Forward Contracts against Imports				
- In US Dollars (Million)	25	11.94	30	14.92
- In Japanese Yen (Million)	6	369.00	1	55.18
- In Japanese Yen/US \$ ( Millions)	14	1,092.09	24	1,480.50
- Equivalent (Rs. in Lacs)		9,195		10,105.85

c) The year end foreign currency exposures that have not been specifically hedged by a derivative instrument or otherwise are given below:

Particulars	Value (₹ in Lacs)		Foreign currency in Million	
	31.03.15	31.03.14	31.03.15	31.03.14
Creditors & Buyer's Credit (Net)	62.45	1,046.78	JPY 11.98	JPY 176.97
	151.14	150.76	-	-
Debtors	-	34.72	Euro 0.23	Euro 0.18
			USD 0.0	USD 0.059

d) Difference between forward rates and Spot rates to be recognized in Subsequent years Rs.191.15Lacs  
(Previous Year Rs.155.63Lacs)

37. Following Construction/Development Period Expenses (other than Borrowing Cost) incurred on making Dies & Tools and Building and developing New product/ Technology have been capitalized or clubbed with Capital Work in-Progress, as the case may be :-

Particulars	Current Year (₹ in Lacs)	Previous Year (₹ in Lacs)
Salaries, wages and other amenities to staff	1,752.52	1,546.99
Power & Fuel	306.00	299.54
Overheads	736.66	726.20
Rent	271.98	38.39
Repair and Maintenance	71.47	43.49
<b>TOTAL</b>	<b>3,138.63</b>	<b>2,654.62</b>

38. Employees Benefits

As per Accounting Standard 15 "Employee Benefits", the required disclosures of Employee Benefits to the extent applicable to the company are given below:

Defined Contribution Plan

Contribution to Defined Contribution Plan, recognized as expense for the year are as under:

Particulars	Amount (₹ in Lacs)	
	31.03.15	31.03.14
Employer's Contribution to Provident Fund	358.22	339.25
Employer's Contribution to Superannuation Fund	27.43	87.83
Employer's Contribution to Employees State Insurance Scheme	77.54	77.82

Defined Benefit Plan

The employees' gratuity fund scheme managed by a Trust is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.

**I. Reconciliation of opening and closing balances of Defined Benefit obligation**
*(₹ in Lacs)*

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
	31.03.15	31.03.14	31.03.15	31.03.14
Defined Benefit obligation at beginning of the year	698.42	583.95	212.47	232.87
Current Service Cost	84.50	77.43	45.30	42.55
Interest Cost	61.11	46.72	18.59	18.63
Actuarial (gain)/loss	(15.53)	28.44	30.57	(33.54)
Benefits paid	(44.60)	(38.12)	(59.58)	(48.04)
Defined Benefit obligation at year end	783.90	698.42	247.35	212.47

**II. Reconciliation of opening and closing balances of fair value of plan assets in respect of gratuity :**
*(₹ in Lacs)*

Particulars	Gratuity (Funded)	
	31.03.15	31.03.14
Fair value of plan assets at beginning of the year	746.55	679.04
Expected return on plan assets	67.19	60.09
Actuarial (Loss)/gain	0.28	0.34
Employer contribution	14.90	7.29
Benefits paid/Withdrawn	—	(0.21)
Fair value of plan assets at year end	828.92	746.55

**III. Reconciliation of fair value of assets and obligations**
*(₹ in Lacs)*

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
	31.03.15	31.03.14	31.03.15	31.03.14
Fair value of plan assets	828.92	746.55	-	-
Present value of obligation	783.90	698.42	247.35	212.47
Amount recognized in Balance Sheet	(45.02)	(48.13)	247.35	212.47

## IV. Expense recognized during the year

(Under the head "Employee Benefit Expenses - Refer Note '23')

(₹ in Lacs)

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
	31.03.15	31.03.14	31.03.15	31.03.14
Current Service Cost	84.50	77.43	45.30	42.55
Interest Cost	61.11	46.72	18.59	18.63
Expected return on plan assets	(67.19)	(60.09)	-	-
Actuarial (Gain)/Loss	(15.82)	28.10	30.57	(33.54)
Total	62.61	92.16	94.46	27.64

## V. Investment Details Gratuity

	% Invested
Insurer Managed Fund	100%

## VI. Actuarial assumptions

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
	31.03.15	31.03.14	31.03.15	31.03.14
Mortality Table (LIC)	1994-96	1994-96	1994-96	1994-96
Discount rate (per annum)	7.75%	8.75%	7.75%	8.75%
Expected rate of return on plan assets (per annum)	9.00%	8.85%	N.A.	NA
Rate of escalation in salary (per annum)	5.50%	6.50%	5.50%	6.50%

The estimates of rate of escalation in salary as considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in employment market. The above information is certified by the actuary.

The expected rate of return on plan assets is determined considering the LIC's policy for plan assets management.

- 39 a. The Company does not have pending litigations which would impact its Financial Position.
- b. The Company does not have any Long term Contracts including derivative contracts which require any provision for Forceable Losses.
- c. The Company has deposited an amount of Rs 6.51 Lacs during the year in Investor Education and Protection Fund. Further, no amount is pending for deposition in Investor Education and Protection Fund.

40. Pursuant to the enactment of the Companies Act 2013, the company has applied the estimated useful lives as specified in schedule II, except in respect of certain assets as disclosed in Accounting Policy on Depreciation. Accordingly unamortised carrying value is being depreciated/ amortised over the revised/remaining useful lives w.e.f. 01st April 2014. This has resulted into depreciation and amortisation expenses for the Year ended 31st March, 2015 being lower by Rs. 483.58 lacs.
41. As informed there was no supplier who was registered under “The Micro, Small and Medium Enterprises (Development) Act, 2006”.
42. Balance confirmations have not been received from some of the parties showing debit/credit balances.
43. Previous year figures have been regrouped /rearranged wherever considered necessary.

AS PER ATTACHED REPORT OF EVEN DATE

FOR V. K. DHINGRA & CO. For and on behalf of the Board of Directors  
Chartered Accountants

V K DHINGRA	RAMESH SURI	SHRADHA SURI	D M REDDY
Partner	Chairman	Managing Director	Executive Director

Place : New Delhi	MANOJ K SETHI	H.K. AGARWAL
Date : 14th May, 2015	Sr VP (Finance)	Dy. Company Secretary & GM (Finance)

# Our Presence

## Plants & Offices

### Head Office

Subros Limited  
LGF, World Trade Centre,  
Barakhamba Lane  
New Delhi - 110001  
Tel.: +91-011-23414946-49  
Fax: +91-011-23414945  
Email: dmukharjee@subros.com

### Noida Plant

B-188, Noida Phase - II  
Distt: Gautam Budh Nagar  
Noida - 201 304 (U.P.)  
Tel.: +91-0120-2562226, 2460135  
Fax: +91-0120-2562783, 2562227  
Email: jose@subros.com

### R&D Centre

C-51, Phase-II, Noida-201304  
Distt: Gautam Budh Nagar (U.P.)  
Tel.: +91 - 120 - 2562226, 2460135  
Fax: +91 - 120 - 2562029

### PDC Plant

B -216, Phase-II, Noida-201304  
Distt: Gautam Budh Nagar (U.P.)  
Tel.: +91 - 120 - 2562226, 2460135  
Fax: +91 - 120 - 2567578

### Manesar Plant

Plot No. 395-396, Sector-8, Phase-III  
IMT Manesar, Gurgaon 122 050  
Tel.: +91 - 124 - 2291764  
Fax: +91 - 124 - 2291836

### Pune Plant

B-8 & 9, MIDC-Chakan Ind. Area  
Chakan-Telegaon Road,  
Chakan, Pune 410 501  
Tel.: +91 - 2135 663131  
Fax: +91 - 2135 663140

### Sanand Plant

Sanand- E-1, TML Vendor Park, Sanand  
Ahmedabad

### Chennai Plant

A-20/1 SIPCOT Industrial Growth Centre,  
Oragadam, Chennai.  
Tel.: +91-044-27107565

### Subros Tool Engineering Centre

A-16, Sector- 68 Noida-201304  
Distt: Gautam Budh Nagar (U.P.)

[www.subros.com](http://www.subros.com)



Noida Die Casting Plant



Subros Tool Engineering Centre



Noida Central Plant



Noida R&D Centre



Manesar Plant



Sanand Plant



Pune Plant



Chennai Plant



 Plants

 Regional Offices



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[www.subros.com](http://www.subros.com)



## NOTICE OF ANNUAL GENERAL MEETING

### NOTICE

NOTICE IS HEREBY GIVEN THAT THE THIRTIETH ANNUAL GENERAL MEETING OF SUBROS LIMITED will be held at FICCI GOLDEN JUBILEE AUDITORIUM, TANSEN MARG, NEW DELHI 110 001 on Monday, the 27th July, 2015 at 11.00 A.M. to transact the following business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt
  - (a) the audited financial Statements of the Company for financial year ended 31st March, 2015, the Reports of the Board of Directors and Auditors thereon; and
  - (b) the audited consolidated financial Statements of the Company for financial year ended 31st March, 2015.
2. To declare dividend for the financial year ended 31<sup>st</sup> March, 2015.
3. To appoint a director in place of Mr. Kenichi Ayukawa (DIN:02262755), who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint auditors and fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification, the following Resolution as a Ordinary Resolution:  
"RESOLVED THAT pursuant to the provisions of Section 139 and 142 of the Companies Act, 2013 and other applicable provisions, if any, and the Companies (Audit & Auditors) Rules 2014 (including any statutory modifications or re-enactment thereof for the time being in force), M/s V.K Dhingra & Co., Chartered Accountants (Firm's Registration No. 000250N), be and is hereby re-appointed Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the Thirty Second Annual General Meeting of the Company to be held in year 2017 (subject to ratification of their appointment at every Annual General Meeting) at such remuneration as shall be fixed by the Board of Directors of the Company "

#### SPECIAL BUSINESS:

##### 5. RE-APPOINTMENT OF MR. DEVIREDDY MADHUSUDHANA REDDY AS EXECUTIVE DIRECTOR.

To consider and if, thought fit to pass with or without modification(s), the following resolution as a Special Resolution:-

"RESOLVED THAT pursuant to the provisions of Section 196, 197, 200 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof for the time being in force) and subject to the approval of Central Government, if necessary, and such other approval, permissions and sanction and subject to such conditions and modifications, as may be prescribed or imposed by any of the authorities in granting such approvals, permissions and sanction as may be necessary. The Company hereby approves the re-appointment of Mr. Devireddy Madhusudhana Reddy as Executive Director (Din-00899127) of the Company for a period of 3 years w.e.f 01<sup>st</sup> April 2015, not liable to retire by rotation, on the following terms and conditions:

##### A) SALARY

Basic Salary of Rs.6,61,507/- (Rs Six lacs Sixty one Thousand Five Hundred Seven) per month w.e.f 01/04/2015 for the period of appointment.

Special Allowances:- 50% (Fifty percent) of the basic salary.

Superannuation Allowance : - Rs 90,205/- per month (Fixed)

##### B) COMMISSION

Commission as may be determined by the Nomination and remuneration committee based on his annual performance review not exceeding 1% of the net annual profit of the company pursuant to the provisions of the section 198 of the Companies Act 2013.

##### C) PERQUISITES

- a) Company Accommodation or House Rent Allowance:- The value of this perquisite shall be restricted to an amount equivalent to 50% of the basic salary per month.
- b) Medical Reimbursement:- up to a limit of one month basic salary per annum
- c) Leave Travel Concession: - up to a limit of one and half month basic salary per annum.
- d) Provision for use of chauffeur driven Company Car for official duties.
- e) Company Contribution to Provident Fund @ 12% of Basic salary.
- f) Gratuity Payable will not exceed half a month's basic salary for each completed year of service.
- g) Encashment of leave as per Policy.
- h) Perquisites such as club fees, telephones (including at residence), provision of car (personal use) and other benefits, amenities as per company policy in force from time to time.

The aforesaid fixed remuneration (salary & perquisites) shall be payable to Mr Devireddy Madhusudhana Reddy, Executive Director, as the minimum remuneration in the event of loss and /or in-adequacy of profits in any of the financial year during his tenure.

"RESOLVED FURTHER THAT Mr Hemant K Agarwal, Dy. Company secretary (ACS 14823) be and is, hereby authorized to take such steps and actions as may be considered necessary for the purpose of giving effect and implementation of the aforesaid resolution. "

**6. TO APPROVE CONTINUATION OF MR. RAMESH SURI AS CHAIRMAN**

To consider and if, thought fit to pass with or without modification(s), the following resolution as a Special Resolution:-

"RESOLVED that the pursuant to sections 196, 197 and 203 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014 read with Schedule V Part I(c), approval of the Company be and is hereby accorded for the Continuation of Mr. Ramesh Suri (DIN:00176488), Chairman of the Company as per terms and conditions specified in the resolution to be passed by the members at this 30th Annual General Meeting of the company although he has attained the age of seventy years and shall be entitled to the remuneration as passed in above stated resolution."

"RESOLVED FURTHER THAT Mr Hemant Kumar Agarwal [Membership No. ACS 14823] Dy. Company Secretary of the Company be and is hereby authorized to do all such acts and things as may be considered necessary and expedient in relation thereto and to file necessary form(s)/return(s), if any with the Registrar of Companies and other Statutory authorities."

**7 RE-APPOINTMENT OF MR. RAMESH SURI AS CHAIRMAN**

To consider and if, thought fit to pass with or without modification(s), the following resolution as a Special Resolution:-

"RESOLVED THAT pursuant to the provisions of Section 196, 197, 200 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof for the time being in force) and subject to the approval of Central Government, if necessary, and such other approval, permissions and sanction and subject to such conditions and modifications, as may be prescribed or imposed by any of the authorities in granting such approvals, permissions and sanction as may be necessary, The Company hereby approves the re-appointment of Mr. Ramesh Suri, as Chairman of the Company for a period of 3 years w.e.f 16<sup>th</sup> September, 2015 on the following terms and conditions:

- i) **Salary** : Rs.2,50,000/- (Rupees Two lacs Fifty Thousands) per month
- ii) **Commission** : 1% (One percent) of the net profits of the Company for each financial year or part thereof computed in the manner laid down under Section 198 of the Companies Act, 2013 not exceeding overall ceiling on remuneration laid down in Section 197 read with Schedule V of the Companies Act, 2013.

**iii) Perquisites :**

**Housing:**

- a) The expenditure incurred by the company on hiring accommodation for the Chairman will be subject to 60% of salary.
- b) Where the Company does not provide accommodation for the Chairman, House Rent Allowance may be paid by the company subject to ceiling laid down in Clause (i)(a) above;
- c) Where accommodation in the company owned house is provided, the Chairman shall pay to the company by way of rent @ 10% of salary.

**Explanation:**

The expenditure incurred by the company on Gas, Electricity, water and furniture shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of 10% of the salary .

**Medical Reimbursement:**

All medical expenses incurred by the Chairman for self and his members of family.

**Leave Travel Concession:**

First class return Air fare with boarding & lodging for self and family once a year where leave may be spent in home country or abroad.

**Personal Accident Insurance:**

Premium not to exceed Rs.4000/- per annum.

**Club Fees:**

Fees of clubs, subject to a ceiling of two clubs. This will not include admission and life membership fees.

For the purpose of this part 'Family' means spouse and the dependent children.

Total value of perquisite will be restricted to an amount equal to the annual Salary.

"RESOLVED FURTHER THAT the aforesaid remuneration shall be payable to Mr Ramesh Suri, Chairman, as the minimum remuneration in the event of loss and/or in-adequacy of profits in any of the financial year during the aforesaid period."

"RESOLVED FURTHER THAT Mr Hemant K Agarwal, Dy. Company Secretary (ACS 14823) be and is, hereby authorized to take such steps and actions as may be considered necessary for the purpose of giving effect and implementation of the aforesaid resolution. "

**8 TO RATIFY AND APPROVE THE REMUNERATION OF THE COST AUDITOR FOR THE FINANCIAL YEAR ENDING MARCH 31<sup>ST</sup>, 2016**

To consider and if thought fit, to pass with or without modification, if any, the following resolution as an Ordinary Resolution:-

**"RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Companies (Audit & Auditors) Rules 2014 (including any statutory modifications or re-enactment thereof for the time being in force), the Cost Auditor appointed by the Board of Directors of the Company, to conduct the audit of the Cost Records of the Company for the Financial year ending on 31<sup>st</sup> March, 2016 be paid the remuneration as set out in the statement annexed to the notice convening this meeting."

**"RESOLVED FURTHER THAT** Mr. Ramesh Suri [Din No.00176488] Chairman of the Company and/or Mr Hemant K. Agarwal [Membership No. ACS 14823] Dy. Company Secretary of the Company be and are hereby severally authorized to do all such acts and things as may be considered necessary and expedient in relation thereto and to file necessary form(s)/return(s), if any with the Registrar of Companies and other Statutory authorities."

**9. TO APPROVE THE MATERIAL RELATED CONTRACTS /ARRANGEMENTS/ TRANSACTIONS WITH MARUTI SUZUKI INDIA LIMITED (MSIL).**

To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of revised clause 49-VI of the Listing Agreement (effective from 1st October, 2014) the approval of the Company be and is hereby accorded to enter into Contracts/Arrangements/Transactions with Maruti Suzuki India Limited, a related party as defined under section 2(76) of the Companies Act, 2013 and clause 49-VII(B)(2) of the Listing Agreement related to sale, purchase, transfer or receipt of products, goods, materials or services, for an estimated amount of up to Rs 1500 crores (Rs Fifteen Hundred Crores only) every financial year on such terms and conditions as may be mutually agreed upon between the Company and MSIL."

**"RESOLVED FURTHER THAT** the approval of the Company be and is hereby accorded for the Transactions entered by the Company with the Maruti Suzuki India Limited(MSIL) during financial year 2014-15 which amount to Rs. 1106.54 Cr."

**"RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorized to decide upon the nature and value of the products, goods materials or services to be transacted with MSIL within the aforesaid limits."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby also authorized to do all such acts, matters, deeds and things as may be necessary to give effect to the above resolution."

**10. TO APPROVE THE MATERIAL RELATED CONTRACTS/ ARRANGEMENTS/ TRANSACTIONS WITH GLOBAL AUTOTECH LIMITED(GAL),**

To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of revised clause 49-VI of the Listing Agreement (effective from 1st October, 2014) the approval of the Company be and is hereby accorded to enter into Contracts/Arrangements/ Transactions with Global Autotech Limited, a related party as defined under section 2(76) of the Companies Act, 2013 and clause 49-VII(B)(2) of the Listing Agreement related to sale, purchase, transfer or receipt of products, goods, materials or services, for an estimated amount of upto Rs 150 crores (Rs One Hundred Fifty Crores only) on every financial year on such terms and conditions as may be mutually agreed upon between the Company and GAL."

**"RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorized to decide upon the nature and value of the products, goods materials or services to be transacted with GAL within the aforesaid limits."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby also authorized to do all such acts, matters, deeds and things as may be necessary to give effect to the above resolution."

By Order of the Board

Hemant Kumar Agarwal  
Dy. Company Secretary  
M.No. ACS14823

Place: New Delhi

Dated: 14th May,2015

**Registered office:**

Lower Ground Floor, World Trade Centre

Barakhamba Lane, New Delhi 110 001, India.

CIN-L74899DL1985PLC020134

E-mail: hemant.agarwal@subros.com

## IMPORTANT NOTES:

1. The Register of Members and the Share Transfer books of the Company will remain closed from Saturday, 18<sup>th</sup> July, 2015 to Monday, 27<sup>th</sup> July, 2015 (both days inclusive) for Annual closing and determining the entitlement of the shareholders to the dividend for 2014-15.
2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
3. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting.
  - (i) **Corporate members intending to send their authorized representatives to attend the meeting are requested to send the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.**
  - (ii) **In case of joint shareholder attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.**
4. Information required under Clause 49 of the Listing Agreement (relating to Corporate Governance) with respect to the Directors retiring by rotation and, being eligible, seeking re-appointment is given in the Corporate Governance Report annexed to this Annual Report.
5. Final dividend of Rs 0.70 per share has been recommended by the Board of Directors for the year ended 31st March, 2015 and subject to the approval of the shareholders at the ensuing Annual General Meeting, is proposed to be paid.
6. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members. Members holding shares in physical form and desirous of either registering bank particulars or changing bank particulars already registered against their respective folios for payment of dividend are requested to write to the Company.
7. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
8. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
9. Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
10. Electronic copy of the Annual Report for 2015 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2014-15 is being sent in the permitted mode.
11. Electronic copy of the Notice of the 30th Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 30th Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
12. Members may also note that the Annual Report for 2014-15 will also be available on the Company's website for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in New Delhi for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost.

### 13. Voting through electronic means

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote at the 30th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM (“remote e-voting”) will be provided by National Securities Depository Limited (NSDL).

- A. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- B. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- C. The remote e-voting period commences on 24<sup>th</sup> July, 2015 (09:00 am) and ends on 26<sup>th</sup> July, 2015 (05:00 pm). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 20<sup>th</sup> July, 2015, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

The procedure and instructions for members for remote e-voting are as under:

1. **In case of Members receiving e-mail from NSDL (For those members whose e-mail addresses are registered with Company/Depositories):**
    - a. Open e-mail and open PDF file viz. “SUBROS-remote E-Voting.pdf” with your client ID or Folio No. as password containing your user ID and password for remote e-voting. Please note that the password is an initial password.
    - b. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>.
    - c. Click on Shareholder-Login.
    - d. Put user ID and password as initial password noted in step (i) above. Click Login.
    - e. Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
    - f. Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
    - g. Select “EVEN” of “Subros Limited”.
    - h. Now you are ready for remote e-voting as Cast Vote page opens.
    - i. Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm” when prompted.
    - j. Upon confirmation, the message “Vote cast successfully” will be displayed.
    - k. Once you have voted on the resolution, you will not be allowed to modify your vote.
    - l. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [info@csrsm.com](mailto:info@csrsm.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
  2. **In case of Members receiving Physical copy of Notice of 30<sup>th</sup> Annual General Meeting (for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy)**
    - a. Initial password is provided at the bottom of the Attendance Slip for the 30<sup>th</sup> AGM
    - b. Please follow all steps from Sl. No. (b) to Sl. No. (l) above, to cast vote.
- D. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.
  - E. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
  - F. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
  - G. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 20th July, 2015.
  - H. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 20th July, 2015, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or RTA, MCS Share Transfer Agent Limited.  
However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/Password” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no: 1800-222-990.
  - I. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
  - J. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

- K. Shri. Ravi Sharma, Practicing Company Secretary (Membership No. FCS-4468 & CP No. 3666), Partner, M/s. RSM & Co., Company Secretaries has been appointed for as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- L. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of “Ballot Paper” for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- M. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer’s report of the total votes cast in favor or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company [www.subros.com](http://www.subros.com) and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing and communicated to the BSE Limited
14. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 5.00 pm.) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.
15. Shareholders of the Company are informed that pursuant to the provisions of Section 205A(5) and 205 C of the Companies Act, 1956 (Corresponding Section 124(5) of the Companies Act, 2013, yet to be notified) the amount of dividend which remains unpaid/unclaimed for a period of 7 years would be transferred to the ‘Investor Education & Protection Fund’ constituted by the Central Govt. Shareholders who have not encashed their dividend warrant(s) for the years from 2007-08 to 2013-14 are requested to make claim with the Company immediately as no claim shall lie against the Fund or the Company in respect of individual amount once credited to the said Fund. Dividend for the year 2006-07 has been transferred to the IEPF.
- A. Members who have not yet encashed their dividend warrant(s) for the financial year ended 31.03.2008 onwards, are requested to claim the amount forthwith from the Company.
16. In terms of Section 72 of the Companies Act, 2013, the shareholders of the Company may nominate a person on whom the shares held by him/them shall vest in the event of his/their death. Shareholders desirous of availing this facility may submit nomination in SH-13.
17. As a part of “Green initiative in the Corporate Governance”, The Ministry of Corporate Affairs vide its circular nos. 17/2011 and 1/2011 dated 21.04.2011 and 29.04.2011, respectively, has permitted the companies to serve the documents, namely, Notice of General Meeting, Balance Sheet, Statement of Profit & Loss, Auditors’ Report, Directors’ report, etc., to the members through e-mail. The shareholders holding shares in physical form are requested to register their e-mail address with the Registrar & Share Transfer Agents by sending duly signed request letter quoting their folio no., name and address. In case of shares held in Demat form, the shareholders may register their e-mail addresses with their DPs (Depository Participants).
18. Non-Resident Indian Members are requested to inform MCS share transfer agent limited, immediately of:
- (a) Change in their residential status on return to India for permanent settlement.
- (b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
19. For security reasons, brief cases, transistors, bag, tiffin, boxes, cameras, eatables etc, will not be allowed to be taken inside the meeting hall.

## **EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

### **Item No. 5**

Mr. Devireddy Madhusudhana Reddy was appointed as Executive Director of the company with effect from 01st April, 2012 for a period of 3 years. During his tenure as Executive Director, the company has made significant progress in building up a strong Technical base with establishment of facilities like R&D Centre, Tool Room, In-house manufacturing Infrastructure for cost optimization / Import substitution, and strengthening its Manufacturing, IT and Business Management areas including planning, process and operations.

The present term of Mr. Devireddy Madhusudhana Reddy as Executive Directors expires on 31st March, 2015. The Board of Directors in its meeting held on 24th, March, 2015 re-appointed Mr. Devireddy Madhusudhana Reddy as Executive Director of the Company for a period of 3 years w.e.f 01st April, 2015 on the terms and conditions and payment of remuneration as recommended by Nomination and Remuneration Committee as set out in the resolution which is in accordance with Schedule V of the Companies Act, 2013 as amended by the Central Government from time to time.

Mr. Devireddy Madhusudhana Reddy holds Directorship in the following companies:

01	Prima Telecom Limited	Director
02	Sudha Infrastructure Private Limited	Director
03	Fibcom India Limited	Director
04	Thinkwell Management Consulting Private Limited	Director
05	Prima Infratech Private Limited	Director

Your Directors recommend his appointment for a further period of 3 years as Executive Director.

The Information as required in term of Companies Act, 2013 is appended herein below:-

**I) Nature of the Industry:** The Company is a part of Indian Auto Ancillary Components Manufacturing Industry and is engaged in the business of manufacturing Automotive Airconditioning systems for its various customers viz. Maruti Suzuki India Limited, Tata Motors Limited, Mahindra & Mahindra Ltd & Force Motors Ltd etc. at its plants located in Noida, Manesar, Pune, Sanand & Chennai. The Auto Ancillary Industry is a high technology industry with continuous advancement of technology.

The Company has Technological advantage over its competitors due to Technical Collaborations with Denso Corporation, Japan, the world leader in Automotive Airconditioning systems.

**Date of Commercial Production:** The Company commenced its commercial production on 1<sup>st</sup> October, 1985.

**Financial Performance:** The financial performance of the company (audited) during last five years is as under:

(Rs in Crores)

Financial Parameters	Year ended 31 <sup>st</sup> March, 2010	Year ended 31 <sup>st</sup> March, 2011	Year ended 31 <sup>st</sup> March, 2012	Year ended 31 <sup>st</sup> March, 2013	Year ended 31 <sup>st</sup> March, 2014
Gross Turnover	983.83	1203.11	1234.79	1434.99	1313.68
Net Profit after Tax as per P&L Account	28.09	28.54	48.40	20.56	20.26
Amount of Dividend paid (Excluding Tax)	4.19	4.79	6.60	4.19	4.19
Rate of Dividend paid	70 Paisa (35%)	80 Paisa (40%)	110 Paisa (55%)	70 Paisa (35%)	70 Paisa (35%)

**Financial performance based on given indicators:**

The Company sales are showing increasing trend except the Financial Year 2013-14 due to decline in auto industry by 5%, overall poor economic outlook, currency volatility. However, the company is able to sustain its margins through cost reduction in material cost by import substitution and cost optimization initiative.

**Export performance and net foreign exchange:**

The exports done by the company, during the previous five (5) years, are as under:

**Rs in Lacs**

I) For the year ended 31.3.2010	325.29
II) For the year ended 31.3.2011	752.45
III) For the year ended 31.3.2012	371.56
IV) For the year ended 31.3.2013	406.23
V) For the year ended 31.3.2014	102.95

**Foreign investment or collaboration if any:**

The company has entered into a Joint Venture Agreement with Denso Corporation, Japan, and Suzuki Motor Corporation, Japan, for the manufacture of Automotive Airconditioning Systems in the year 1985, the company had allotted 13% stake to Denso Corporation Japan & 13% stake to Suzuki Motor Corporation Japan, in the Equity Share Capital of the Company.

During the period company set up new plant at Chennai to cater the business of south based customers.

## II. INFORMATION ABOUT THE APPOINTEE

### (1) Background Details:

The appointee is a Bachelor in Technology (Mechanical Engineering) from Indian Institute of Technology, Madras and Post Graduate Diploma in Industrial Engineering (equivalent to M.Tech) from NITIE, Mumbai. He has experience of over three decades in Air-conditioning, Consumer durables and Automotive Components Industries in areas of Management of Technology, Manufacturing resource development, Projects, R&D, IT, Plant Operations, Supply Chain, Quality Assurance, HR, Finance and Marketing.

- (2) **Past Remuneration:** Mr. Devireddy Madhusudhana Reddy has drawn the following remuneration before proposed resolution in the remuneration from Subros Limited as:-
- |                       |                |
|-----------------------|----------------|
| (a) Basic Salary:     | Rs.6,01,370/-  |
| (b) Accommodation/HRA | Rs.,3,00,685/- |
| (c) Special Allowance | Rs. 3,00,685/- |
- (d) Perquisites:
- Medical reimbursement upto limit of One month basic salary per annum.
  - Leave travel concession family holiday at actual for two week in a year or upto a limit of one and half month basic salary per month
  - Chauffeur driven company car for use on company's business.
  - Company's contribution to Provident Fund and Superannuation Fund.
  - Gratuity not exceeding half a month's salary for such completed year of service.
  - Encashment of leave as per company's policy.
- (e) Commission:- 0.75% of the net profit of the company calculated pursuant to the provisions of the Companies Act 1956.
- (3) **Job profile and his suitability:** The appointee will be Executive Director of the company and is responsible for the management of the whole of affairs of the company as assigned to him from time to time. Keeping in view of this experience, knowledge and tenure with the company, he is best suited for the position.
- (4) **Remuneration proposed:** The details of the remuneration proposed is mentioned in the resolution
- (5) **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:**  
The appointee is a B.Tech (Mechanical Engineering) from IIT, Madras and PGDIE from NITIE, Mumbai. He has experience of over three decades in leadership roles the Air-conditioning, Automotive Components and Consumer durables Industry covering all Techno-commercial and Business areas. The present job responsibilities of the appointee are to manage the affairs of the company and achieve long term business goals thro' Technology Management and Business excellence. Accordingly, keeping in view the present scenario of high pay package being offered by MNC / Class 'A' Indian Corporate(s) the proposed remuneration package of the appointee matches with the company of the same size in the concerned industry.
- (6) **Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any:**  
Except to the extent of his employment with the Company Mr. Devireddy Madhusudhana Reddy does not have any pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel.

### III. OTHER INFORMATION

- (1) **Reasons of loss or inadequate profits:** Company had made a huge investment in building up the capacity in anticipation of growth in industry by 10% CAGR since 2011 but industry had not grown in such proportion in last three years. It has resulted in higher depreciation and Finance cost impacting the profits of the company. The business gestation period is also very long 3-5years from start of investment to start of business. Hence, the business arising from these past investments from the Financial Year 2015-16 and hence should lead to better results from FY: 2015-16 onwards.
- (2) **Steps taken or proposed to be taken for improvement** – Realisation of business from investments already made. Diversification of the customer base for improving revenues and cost optimization projects.
- (3) **Expected increase in productivity and profits in measurable terms:** – The company expects to increase turn over and profits in line with investments already made.

The Board recommends the resolution set forth in item No.5 for the approval of the members.

None of the Directors / Key Managerial personnel (KMP) of the Company is directly or indirectly concerned or interested in the resolution except Mr. Devireddy Madhusudhana Reddy.

#### Item No. 6

Mr. Ramesh Suri, (DIN: 00176488) Chairman of the Company has attained the age of 70 years. As per the requirement of the Schedule V Part I (c) of the Companies Act, 2013, your directors in their meeting held on 14.05.2015 have approved his continuation as Chairman and recommended the above resolution for approval of the Shareholders as a Special Resolution.

Mr. Ramesh Suri possesses high business acumen. The Company has achieved a phenomenal growth under his leadership. It is strongly believed that his continuation as Chairman will immensely benefit the company considering future plans to move to next level. He had vast experience of 50 years in automotive sector and mentor to the company.

The Board recommends the resolution set forth in item No.6 for the approval of the members.

None of the Directors or Key Managerial personnel (KMP) except Mr Ramesh Suri, Chairman himself, Ms. Shradha Suri, Managing Director of the company, being relative are concerned or interested in the resolution

#### Item No.7

The present term of Mr. Ramesh Suri as Chairman of the Company expires on 15<sup>th</sup> September, 2015. The Board of Directors in its meeting held on 14<sup>th</sup> May, 2015 reappointed Mr. Ramesh Suri as Chairman of the Company for a further period of 3 years w.e.f. 16<sup>th</sup> September, 2015 on the same terms and conditions and remuneration set out in the resolution which are in accordance with Schedule V of the Companies Act, 2013 as amended by the Central Government.



He holds Directorship in the following companies including Public or private Companies.

1. Bharat Hotels Limited	Director
2. Sona Koyo Steering Systems Limited.	Director
3. Rohan Motors Limited	Director
4. Prima Telecom Limited	Director
5. Apollo Zipper India Limited	Director
7. Global Autotech Limited	Director
8. Deeksha Holding Limited.	Director
9. Mercantile capitals and Financial Services Private Limited	Director
10. Hemkunt Service station Private Limited	Director
11. Tempo Automobiles Pvt. Limited	Director
12. Jyotsna Holdings Private Limited	Director
13. Chelmsford Club Limited.	Director
14. Tempo Finance (North) Private Limited	Director
15. SHS Transport Private Limited	Director
16. RR Holding Private Limited	Director
17. Anbros Motors Private Limited	Director

Mr. Ramesh Suri possesses high business acumen. Company is extremely fortunate to have Mr. Ramesh Suri as its Chairman. Under his able stewardship, Company has achieved remarkable growth over the years. He is a great perfectionist & enthusiastic entrepreneur and managed to pass his zeal, enthusiasm and positive attitude to his senior management team which in turn results long term sustainability for the Company in the years ahead.

The Information as required in term of Companies Act, 2013 is appended herein below:-

**I) Nature of the Industry:** The Company is a part of Indian Auto Ancillary Components Manufacturing Industry and is engaged in the business of manufacturing Automotive Airconditioning systems for its various customers viz. Maruti Suzuki India Limited, Tata Motors Limited, Mahindra & Mahindra Ltd & Force Motors Ltd etc. at its plants located in Noida, Manesar, Pune, Sanand & Chennai. The Auto Ancillary Industry is a high technology industry with continuous advancement of technology.

The Company has Technological advantage over its competitors due to Technical Collaborations with Denso Corporation, Japan, the world leader in Automotive Airconditioning systems.

**Date of Commercial Production:** The Company commenced its commercial production on 1<sup>st</sup> October, 1985.

**Financial Performance:** The financial performance of the company (audited) during last five years is as under:

(Rs in Crores)

Financial Parameters	Year ended 31 <sup>st</sup> March, 2010	Year ended 31 <sup>st</sup> March, 2011	Year ended 31 <sup>st</sup> March, 2012	Year ended 31 <sup>st</sup> March, 2013	Year ended 31 <sup>st</sup> March, 2014
Gross Turnover	983.83	1203.11	1234.79	1434.99	1313.68
Net Profit after Tax as per P&L Account	28.09	28.54	48.40	20.56	20.26
Amount of Dividend paid (Excluding Tax)	4.19	4.79	6.60	4.19	4.19
Rate of Dividend paid	70 Paise (35%)	80 Paise (40%)	110 Paise (55%)	70 Paise (35%)	70 Paise (35%)

**Financial performance based on given indicators:**

The Company sales are showing increasing trend except the Financial Year 2013-14 due to decline in auto industry by 5%, overall poor economic outlook, currency volatility. However, the company is able to sustain its margins through cost reduction in material cost by import substitution and cost optimization initiative.

**Export performance and net foreign exchange:**

The exports done by the company, during the previous five (5) years, are as under:

**Rs in Lacs**

I) For the year ended 31.3.2010	325.29
II) For the year ended 31.3.2011	752.45
III) For the year ended 31.3.2012	371.56
IV) For the year ended 31.3.2013	406.23
V) For the year ended 31.3.2014	102.95

**Foreign investment or collaboration if any:**

The company has entered into a Joint Venture Agreement with Denso Corporation, Japan, and Suzuki Motor Corporation, Japan, for the manufacture of Automotive Airconditioning Systems in the year 1985, the company had allotted 13% stake to Denso Corporation Japan & 13% stake to Suzuki Motor Corporation Japan, in the Equity Share Capital of the Company.

During the period company set up new plant at Chennai to cater the business of south based customers.

**II. INFORMATION ABOUT THE APPOINTEE**

- (1) **Background Details:** The appointee is a Bachelor of Science from Punjab University. He has vast experience of 50 years in automotive Industry & mentor of the Company. Mr. Ramesh Suri is an eminent industrialist, widely respected for his business acumen, forward thinking and sound corporate Governance. He is also well known for his philanthropic and educational initiatives. He has been recognised by member of Congress USA for his outstanding and invaluable service to the Community and they also awarded a Certificate of Congressional Recognition to him.
- (2) **Past Remuneration:** Mr. Ramesh Suri, has drawn the following remuneration before proposed resolution in the remuneration from Subros Limited as:-
- i) **Salary** : Rs.2,50,000/- (Rupees Two lacs Fifty Thousands) per month
  - ii) **Commission** : 1% (One percent) of the net profits of the Company for each financial year or part thereof computed in the manner laid down under Section 349 of the Companies Act, 1956 not to exceed overall ceiling on remuneration laid down in Section 198 and 309 read with Schedule XIII of the Companies Act, 1956.
  - iii) **Perquisites** : Classified into three categories A,B and C restricted to an amount equal to the annual salary.

**CATEGORY A****Housing:**

- a) The expenditure incurred by the company on hiring accommodation for the Chairman will be subject to 60% of salary, over and above 10% payable by the appointee;
- b) Where the Company does not provide accommodation for the Chairman, House Rent Allowance may be paid by the company subject to ceiling laid down in Clause (i)(a) above;
- c) Where accommodation in the company owned house is provided, the Chairman shall pay to the company by way of rent @ 10% of salary.

**Explanation:**

The expenditure incurred by the company on gas, electricity, water and furniture shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of 10% of the salary .

**Medical Reimbursement:**

All medical expenses incurred by the Chairman for self and his members of family.

**Leave Travel Concession:**

First class return Air fare with boarding & lodging for self and family once a year where leave may be spent in home country or abroad.

**Personal Accident Insurance:**

Premium not to exceed Rs.4000/- per annum.

**Club Fees:**

Fees of clubs, subject to a ceiling of two clubs. This will not include admission and life membership fees.

For the purpose of this part 'Family' means spouse and the dependent children.

**CATEGORY B**

Contribution to provident fund, Superannuation fund or annuity fund will not be included in the computation of the ceiling on perquisites to the extent, these either singly or put together are not taxable under the Income Tax Act.

## CATEGORY C

Provision of car with a Driver for use on company's business and telephone at residence at the cost of the Company. These will not be considered as perquisites.

- (3) **Job profile and his suitability:** The appointee will be re-appointed as Chairman of the company and is responsible for the matters entrusted to him by the Board of Directors from time to time. Keeping in view of this experience, knowledge and long association with the company, he is best suited for the position.
- (4) **Remuneration proposed:** The details of the remuneration proposed is mentioned in the resolution
- (5) **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:**  
The proposed remuneration package of the appointee matches with the company of the same size in the concerned industry.
- (6) **Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any:**  
Except to the extent of his employment with the Company and being relative of Ms. Shradha Suri, Managing Director of the Company, Mr. Ramesh Suri does not have any pecuniary relationship directly or indirectly with the Company or relationship with the Managerial Personnel.

## III. OTHER INFORMATION

- (1) **Reasons of loss or inadequate profits:** Company had made a huge investment in building up the capacity in anticipation of growth in industry by 10% CAGR since 2011 but industry had not grown in such proportion in last three years. It has resulted in higher depreciation and Finance cost impacting the profits of the company. The business gestation period is also very long 3-5years from start of investment to start of business. Hence, the business arising from these past investments from the Financial Year 2015-16 and hence should lead to better results from FY: 2015-16.
- (2) **Steps taken or proposed to be taken for improvement:** Realization of business from investments already made. Diversification of the customer base for improving revenues and cost optimization projects.
- (3) **Expected increase in productivity and profits in measurable terms:** The company expects to increase turn over and profits in line with investments already made.

Therefore your director recommend his re-appointment for a further period of 3 years.

The Board recommends the resolution set forth in item No.7 for the approval of the members.

None of the Directors or Key Managerial personnel (KMP) except Mr Ramesh Suri, Chairman himself, Ms. Shradha Suri, Managing Director of the company, being relative are concerned or interested in the resolution.

### Item No. 8

The Board on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditor to conduct the audit of the cost records of the Company for the financial year ending March 31 2016 as per the following details:

Sr.No.	Name of the Auditor	Industry	Audit Fees (Rs.in Lacs)
1.	M/s. Chandra Wadhwa & Co.	Automotive	3.50

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014 the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at item No.8 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31<sup>st</sup> March, 2016.

The Board recommends the resolution set forth in item No.8 for the approval of the members as Ordinary Resolution.

None of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested in the proposed

### Item No. 9

Maruti Suzuki India Limited (MSIL) is a 'Related Party' within the meaning of Section 2(76) of the Companies Act, 2013 and clause 49-VII(B)(2) of the Listing Agreement effective from October 1st, 2014.

In terms of the proviso to Clause 49-VII (C) of the Listing Agreement, the Contracts/ Arrangements/ Transactions relating to transfer or receipt of products goods, materials or services with MSIL are material in nature as these transactions are likely to exceed 10% of the Turnover of the Company. Therefore, in terms of clause 49-VII(E), the Contracts/ Arrangements/ Transactions with MSIL requires the approval of unrelated shareholders of the Company by a Special Resolution.

The particulars of the Contracts/ Arrangements/ Transactions are as under:

**Name of Related party:** Maruti Suzuki India limited (MSIL)

**Name of director or Key Management personnel who is related:** Mr. K. Ayukawa, Director of the Company is common Director

**Material Terms of the Contract/ Arrangements/Transactions:** Sale, purchase, transfer or receipt of products, goods, materials or services on Arms length basis

**Monetary Value:** Current Value of annual Transactions is Rs.1106.54 crs and likely to grow upto amount of Rs 1500/-crs per year in future based on Company's business plans.

**Any other information relevant or important for the Members to make decision on proposed Transaction :**

Company have long term association with Maruti Suzuki India Limited since inception of the company. Company earns more than 70% business with them. The Company supplies parts and accessories of automotive air conditioning system viz. HVAC, Compressor, Hose & Tubes , Condensers and Thermal engineering products. The company is engaged with Maruti Suzuki India Limited for development of new products for their forthcoming programs for which MSIL has awarded business to Subros.

The Contracts/Arrangements/Transactions with MSIL have been approved by the Audit Committee at its meeting held on 13th May,2015 and considered by the Board of Directors at their meeting held on 14th May, 2015 for recommending the same to unrelated shareholders of the company for their approval.

The Board recommends the resolution set forth in item No.9 for the approval of the members

None of the director except Mr. K. Ayukawa, Director of the company is interested in the resolution.

#### **Item No. 10**

Global Autotech Limited (GAL) is a 'Related Party' within the meaning of Section 2(76) of the Companies Act, 2013 and clause 49-VII(B)(2) of the Listing Agreement effective from October 1, 2014.

In terms of the proviso to Clause 49-VII(C) of the Listing Agreement, the Contracts/ Arrangements/ Transactions relating to transfer or receipt of products goods, materials or services with GAL are material in nature as these transactions are likely to exceed 10% of the Turnover of the Company. Therefore, in terms of clause 49-VII(E), the Contracts/ Arrangements/ Transactions with GAL requires the approval of unrelated shareholders of the Company by a special resolution.

The particulars of the Contracts/ Arrangements/ Transactions are as under:

**Name of Related party :** Global Auto Tech Limited(GAL)

**Name of director or Key Management personal who is related :** Mr. Ramesh Suri, Chairman and Shradha Suri, Managing Director of the company

**Material Terms of the Contract/ Arrangements/Transactions :** Sale, purchase, transfer or receipt of products, goods, materials or services on Arms length basis

**Monetary Value :** Current Value of annual Transaction is approx. Rs.102 crs and likely to grow up to amount of Rs 150/-crs. per year in future.

**Any other information relevant or important for the Members to make decision on proposed Transaction:** Global Autotech limited is tier -2 Supplier for child parts for Hose and Pipe, Compressor, Evaporator and Heaters. All prices are agreed with the supplier based on market competitiveness.

The contracts/arrangements/Transactions with GAL have been approved by the Audit Committee at its meeting held on 13<sup>th</sup> May,2015 and considered by the Board of Directors at their meeting held on 14<sup>th</sup> May,2015 for recommending the same to unrelated shareholders of the company for their approval.

The Board recommends the resolution set forth in item No.10 for the approval of the members.

None of the Directors except Mr. Ramesh Suri, Chairman and Shradha Suri, Managing Director of the company is interested in the resolution.

By Order of the Board

Hemant Kumar Agarwal  
Dy. Company Secretary  
M.No. ACS14823

Place: New Delhi

Dated: 14th May, 2015

#### **Registered office:**

Lower Ground Floor, World Trade Centre  
Barakhamba Lane, New Delhi 110 001, India.  
CIN-L74899DL1985PLC020134  
E-mail: hemant.agarwal@subros.com

**Subros Limited**

(CIN:- L74899DL1985PLC020134)

**Regd. Office:** LGF, World Trade Centre, Barakhamba Lane, New Delhi-110 001**PROXY FORM**

(Pursuant to section 105(6) of the Companies Act.2013 and rule 19(3)of the companies

(Management and Administration) Rules,2014)

DPID/CLIENT ID\*:

No. of Shares:

Regd. Folio No. \_\_\_\_\_  
I/We \_\_\_\_\_ of

being a member of above named company hereby appoint \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_

or failing him \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to

attend and vote for me/us, and on my/our behalf at the 30th ANNUAL GENERAL MEETING of the Company to

be held at FICCI GOLDEN JUBILEE AUDITORIUM, TANSEN MARG, NEW DELHI 110 001 on 27th July, 2015

at 11.00 A.M. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2015

\*Applicable for Members holding shares in Dematerialised form.

Affix a  
RS. 1/-  
Revenue  
Stamp

Signature: \_\_\_\_\_

**Note:** This proxy must be deposited at the Registered Office of the Company at LGF, World Trade Centre, Barakhamba Lane, Connaught Place, New Delhi-110 001 not less than forty eight hours before the time of the meeting.**Subros Limited**

(CIN:- L74899DL1985PLC020134)

**Regd. Office:** LGF, World Trade Centre, Barakhamba Lane, New Delhi-110 001**ATTENDANCE SLIP**

30th ANNUAL GENERAL MEETING — 27th JULY, 2015

DPID/CLIENT ID\*:

No. of Shares:

Regd. Folio No. \_\_\_\_\_

I certify that I am registered shareholder/Proxy for the registered shareholder of the Company. I hereby record my presence at the 30th Annual General Meeting of the Company to be held at FICCI GOLDEN JUBILEE AUDITORIUM, TANSEN MARG, NEW DELHI 110 001 on 27th July, 2015 at 11.00 A.M.

Member's/Proxy name in Block Letters \_\_\_\_\_ Member's/Proxy signature \_\_\_\_\_

**Note:** Please fill in this attendance slip and hand it over at the Registration Counter. Members who hold shares in de-materialised form are requested to bring their client ID and DP ID Number for easier identification of attendance at the Annual General Meeting.

\*Applicable for Members holding shares in Dematerialised form.

I / We hereby exercise my/our vote(s) in respect of the Resolutions set out in the Notice of the 30th Annual General Meeting (AGM) of the Company to be held on July 27, 2015, by marking my/our assent or dissent to the said Resolutions by placing the tick (✓) mark at the appropriate box below:

S.No.	Resolution	No. of shares	(FOR)	(AGAINST)
			I / We assent to the Resolution	I/We dissent the Resolution
1.	Adoption of Financial Statements for the year ended 31st March, 2015			
2	Declaration of Dividend for the financial year ended 31st March, 2015			
3	Re- appointment of Mr. Kenichi Ayukawa as Director			
4	Appointment of Auditors and fix their Remuneration			
5	Re-appointment of Mr. D.M. Ready as Executive Director			
6	To approve Continuation of Mr. Ramesh Suri as Chairman			
7	Re-appointment of Mr. Ramesh Suri as Chairman			
8	To ratify and Approve the Remuneration of Cost Auditors			
9	To approve the Material Related Contracts / Arrangements / Transactions with Maruti Suzuki India Limited			
10	To approve the Material Related Contracts / Arrangements / Transactions with Global Autotech Limited			