

# EXCELLENCE FOR GROWTH<sup>↑</sup>



ANNUAL REPORT  
2016-17

**Subros** 

## Our Board



*Front row - Dr. Jyotsna Suri, Mr. Y Iida, Mr. Ramesh Suri, Mr. K Ayukawa, Mr. G.N. Mehra  
Back row - Mr. M.A.Pathan, Mr. Shailendra Swarup, Ms. Shradha Suri, Mrs. Meena Sethi, Mr. K .R. Ramamoorthy & Mr. Hanuwant Singh*

## Top Management



*Sitting left to right - Mr Y P Negi, Mr T Murayama, Mr M K Sethi, Mr Ramesh Suri, Ms Shradha Suri Marwah, Mr P Kadle, Mr D Srini, and Mr A K Jaiswal  
Standing left to right - P K Duggal, Mr N Sahani, Mr D Savio, Mr N Pujari, Mr P K Yadav, and Mr A Parashar*

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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 Y. Iida  
(Representative of Denso Corporation, Japan)  
Mr. K. Yamauchi  
(Alternate Director to Mr. Y. Iida)
5. Mr. K. Ayukawa  
(Representative of Suzuki Motor Corporation, Japan)
6. Mr. G.N. Mehra  
I.A.S. (Retd.)
7. Mr. Shailendra Swarup
8. Mr. K.R. Ramamoorthy
9. Mr. Hanuwant Singh
10. Mrs. Meena Sethi
11. Mr. M A Pathan

Sr VP (Finance)

Manoj K. Sethi

Company Secretary

Rakesh Arora

Main Bankers

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

Regd. Office

Subros Limited

(CIN:- L74899DL1985PLC020134)

LGE, 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

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

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 (U.P.)

4) Die Casting Plant

B-216, Phase-II, Noida 201304

Distt. Gautam Budh Nagar (U.P.)

5) Manesar Works

Plot No.395/396 & 403, 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 (Gujarat)

## From the desk of the Chairman



Dear Shareholders,

Warm greetings to the Subros family and welcome to another edition of the Annual General Meeting of Subros Limited.

2016-2017 has proved to be a crucial year bringing with it milestones as well as numerous challenges. However, I am extremely happy to share with you that your company was able to overcome the hurdles, and deliver another record performance in FY 16-17.

The Indian automobile industry has emerged untouched by any adverse impact despite new policy and taxation; and prospects look good. All domestic segments with the exception of passenger vehicles reported double-digit growth. In fact, the overall domestic auto sales is expected to grow by 13-14 percent in the first quarter of the fiscal year as compared to last year.

The Government has undertaken several proactive steps to provide a fillip to the automobile industry. Considering the changing environmental norms and greenhouse emission standards, we have evolved from BS IV to B VI, R134a to R 1234yf parameters. Under the "Make in India" initiative, the Government allows 100% FDI for automatic cars. Many global and domestic automakers have evinced keen interest and are already exploring possibilities of driverless self-driven cars. CNG-based vehicles, electric cars, and hybrid vehicles are solutions to urban mobility and set to make an appearance soon. In addition, the growing consumer market, increased purchasing power and pro-industry policies augur well for the industry in the coming years.

These are implications of a positive business environment. Many of the existing players are also in expansion mode; and many new entrants are poised to tap into the growing Indian market. Our largest customer is growing multifold. MSIL plans to set up its second assembly plant in India and an engine and transmission unit in Gujarat. MSIL expects Indian passenger car market to reach four million units by 2020. Ford Motor Co. has plans to develop a global technology and business centre in Chennai. South Korea's Kia Motors is in the process of finalising the site for its first factory in India. Electric car maker Tesla Inc. is likely to introduce its products in India soon. FIAT Chrysler Automobiles will introduce its locally manufactured Jeep Compass brand in the compact SUV segment.

In addition, the advent of GST has redefined the rules and of course the pricing. It replaces as many as 17 indirect central and state tax levies. So there is likely to be an effective cutback in logistics costs, input output tax benefits which are likely to affect the end product prices. One can expect price rationalization in most product categories post GST implementation. Price is a crucial factor in Indian markets, and any improvement on account of better tax management is expected to fuel demand.

Comprehensive excellence at all levels is imperative to the success of any business. From design to quality on the shop floor and upto the last link of the supply chain, we must enhance the focus of control and excel in the quality of deliverables in every step. Only then can India thrive and gain a competitive edge, on a global scale, as a superior auto-manufacturing hub and exporter.

As I mentioned, the past year has been eventful at Subros. The operational EBITDA has moved significantly from last year's figure of Rs. 154.51Cr to Rs 170.33Cr without exceptional expenses. Your company has done well on PBT at Rs 40.21Cr (before exceptional items) from Rs 26.44 Cr of last year which works out to a growth of 52%.

The Indian automobile market is estimated to grow at 10-15%. It has the potential to generate an additional 64 million jobs and contribute to over 12% of the country's GDP by 2021. Subros is geared up and ready to take on a fresh onslaught of demand. Your company has expansion plans in Gujarat to take care of requirements of its customer Suzuki Motors Gujarat (SMG).

I take this opportunity to extend my heartfelt gratitude to all our customers for their trust and support. I thank the Subros team for their relentless efforts in resurrecting Manesar in record time, the able support and understanding of our partners Suzuki Motor Corpn., and Denso Corpn., and our customer MSIL in our most trying times. I also would like to thank our supply partners, Bankers, and Insurance partners for their assistance at all times. I thank our board for their guidance. And, I thank all shareholders for their continued interest and unremitting belief in the company.

Thank you,

Ramesh Suri  
Chairman

## From the desk of the Managing Director



**“WE ARE WHAT WE REPEATEDLY DO. EXCELLENCE, THEN IS NOT AN ACT BUT A HABIT”**

**- ARISTOTLE**

Dear Shareholders,

The year gone by has been the most challenging year for us and also the most rewarding.

We witnessed a catastrophic fire incident in one of our largest manufacturing units leading to complete devastation of plant and machinery. Whilst this fire destroyed our physical infrastructure, it strengthened our fabric of comprehensive excellence. We emerged as a stronger and more effective organization and team. Within 13 days we re-started to 80 per cent of original supplies, and in 29 days to 100 per cent supplies. The plant was reconstructed, to full capacity, in a record 10 months.

We have now incorporated a safety roadmap till 2020 for the entire organization. The roadmap is based on a comprehensive process of a safety and risk management programme. This will inculcate a secure culture and effectively balance technology, personnel, and comprehensive quality in the supply chain.

On the sector and industry front, last year the sales of Passenger Vehicles grew by 9.23 percent in April-March 2017, over the same period last year. Within the Passenger Vehicles, Passenger Cars, Utility Vehicles, and Vans grew by 3.85 percent, 29.91 percent and 2.37 percent respectively during April-March 2017, over the same period last year.

The overall Commercial Vehicles segment registered a growth of 4.16 percent in April-March 2017 as compared to the same period last year. Medium & Heavy Commercial Vehicles (M&HCVs) grew by 0.04 percent and Light Commercial Vehicles grew by 7.41 percent during April-March 2017, over the same period last year.

Subros attained consolidated sales of INR 1751.34 Crores and increase of 18.36% in sale over the previous year, far exceeding the industry performance. We posted a EBIDTA of INR 170.35 cr, despite being adversely impacted by the major disaster last year.

We have now set ourselves a plan upto 2020, and are working towards achieving it. Our focus will be on EBIDTA improvement and betterment of our ROCE. This, we feel, will propel us to where we want to go. We are also aggressively looking at diversifying our product and customer portfolios. We have entered Railways, Home A/C, Radiators, and Refrigerated Trucks and have bagged orders worth INR 223 Crore across all above product and customer domains in 2016.

Subros has steadily invested in Tool Design & Manufacturing and we have been able to localise all our tools. We are focused on further expansion and will consciously invest in this division.

On the policy front, there has been a lot of change. The Government regulatory norms have upgraded from BS III to BS IV compliance for commercial vehicles. BS V norms are expected to be adopted by 2019 for passenger vehicles; and we can envisage an 'end of life' policy for automobiles soon. There have been tax reliefs on components like lithium ion batteries. More such measures are expected to stimulate the advent of hybrid and electric vehicles in India. With the implementation of tax reforms like GST, FDI relaxation, and tax benefits on R&D, the industry can look forward to a robust growth. The Government has also mandated A/C in truck cabins effective January 1, 2018.

Keeping in mind the disruptive technology, which is going to propel the Auto world, Subros is preparing a technology road map to cater to this dynamic shift. We are putting together a team and innovative core group who will exclusively work on the above.

Comprehensive excellence is going to be our backbone for growth. This entails excellence in Manufacturing, R & D, Safety, Risk, and Technology. As a team, we are driving this at every level and location.

Before I conclude, I would like to thank the highly committed team at Subros that works relentlessly towards meeting and exceeding our customer expectations. I extend a warm thankyou to our accomplished board for continuously driving us to perform; and our esteemed customers for their continued support, especially during the time of crisis. I would like to thank our partners, M/s Suzuki Motor Corporation, Japan and M/s Denso Corporation, Japan, our supplier partners, our bankers, and most importantly our shareholders for their unwavering belief in us.

Let us remain united in our commitment to taking Subros to new heights.

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

Passenger Car

Commercial Vehicle

Home AC

## Performance Growth



## Milestones & Recognitions

YEAR	MILESTONES	AWARDS/ CERTIFICATION
2016-17	<ul style="list-style-type: none"> <li>Re opening of Manesar Plant</li> </ul>	<ul style="list-style-type: none"> <li>Supplier Business Capability Building - "Mentoring Zone"</li> <li>Mahindra Supplier Evaluation System (MSES) - "Level B"</li> </ul>
2015-16	<ul style="list-style-type: none"> <li>10 millionth HVAC rolled out</li> </ul>	<ul style="list-style-type: none"> <li>MSIL Award for VAVE</li> <li>MSIL Award for Tier 2 Vendor upgradation</li> <li>MSIL Award for IPL (Inner Part Localization)</li> <li>ACMA HR Excellence Award in Special Category 2015</li> <li>ET Manufacturing Excellence Award</li> </ul>
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>



M&amp;M Awards

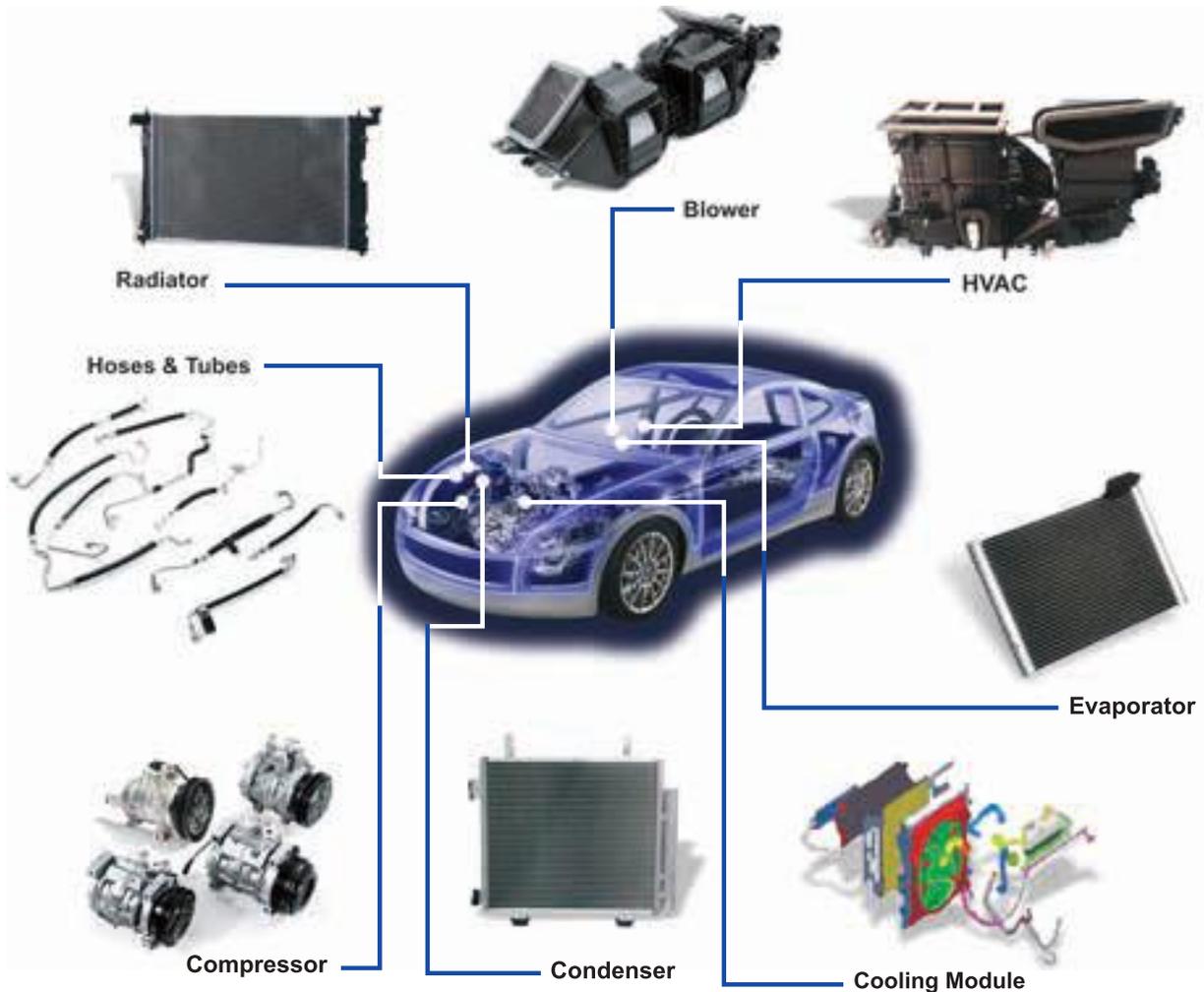


## Product Range

### Car AC

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.

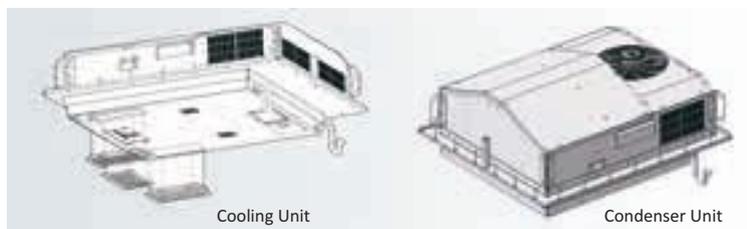
Subros products are backed by technology from its JV partner Denso who are the world leaders in their domain.



Car Air-conditioning and Engine Cooling Parts

### Railway AC

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



## 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

### Home AC

Subros is getting into new segment of Home AC via application development of heat exchangers for this segment. We are in discussions with major lead manufacturers of home ACs for exploring business opportunities and are in advance stages of product development & approvals to commence supplies with some of them. Coming year will see a focussed effort onto this area to develop this business segment further.

## Manesar Plant

The Subros Manesar plant was reconstructed in 2017 in a record time of 10 months with annual capacity of 1.2 million per annum. The Plant, in its new avatar, has been constructed by keeping 5s (safe, silent, shine, see thru, and slim) production with a deep foundation of 5S (sorting, systematic arrangement, cleaning, standardization, and self discipline).

The new Manesar plant:

**Layout:** World-class safety is considered while designing the new plant by benchmarking against national and international safety norms. The objective of these standards is minimum pallet meter, single piece flow, and synchronize production thru AGVs/AGC.

**Fire Safety:** The new salient safety features include VESDA (Very Early Smoke Detection Apparatus), a fire suppression system, lightening arrestors, flameproof lights (Electrical fitting and light), and firewalls, to name a few.

**Machinery & Equipments:** There is an introduction of innovative concepts and automation. The focus is on flexibility, modularity, and scalability for future demands. Some of the newly-



equipment includes auto fin and core for condenser, HLT, chip-less cutting, bending, robots, Kardex storage system, and articulated lift.

**Automation:** Auto brazing and Auto TIG welding, Auto core builder have been introduced at the plant.

**Product Technology:** There has been implementation of product technology for improvement in efficiency, that is, REC Condenser, HVAC for IGNIIS and new Swift.

**Process Innovation:** The plant now has straight moving conveyor for HVAC, 75 Pokayoke for quality, modular racks, chutes, station, and tables.



## Gujarat Plant

The Gujarat plant was established in 2010. The plant currently caters to the requirements of SMG (Suzuki Motors Gujarat), Mehasana, Gujarat. SOP (Start of production) took place for the Baleno Model in March 2017, that is, HVAC, hose, tube, compressor, and condenser. In the future, with a capacity of 2.5 lakhs per annum air conditioning parts, the new proposed Gujarat plant will act as a mini Manesar plant, where every product assembly will take place for the upcoming model of the Swift-hatchback.



## Dojo Centre

DOJO is a Japanese term, which literally means “place of the way.” It is the name of an area or school where students are taught and trained on the finest details of Martial Arts. It refers to a place for formal training. Not just that, DOJO inculcates high moral values in students and helps them become responsible citizens of the country.

As a testimony to the same, “DOJO” skill development centers were established at all our plants to facilitate improvement in quality of training.

A miniature model of the manufacturing line is set up at our DOJO Centre at Manesar. It helps realising the basic manufacturing practices. Employees are skilled for their respective shop floor processes before deployment on the line. This helps them meet the QCDD & PQCDSME targets.

This kind of training results in:

- Developing discipline in new/ existing employees, orienting them with 5S production methods. Adherence to rules or compliances, as part of DWM, inculcates an overall improvement in the worker's attitude.
- Development training for 5 human senses (Eyes, ears, nose, hands and tongue) is given to all new recruits. They learn to identify variations in operation consistency, such as, normal vs. abnormal or usual vs. unusual.

The aim of the DOJO Centre is to improve all senses of employees while they work in their respective assigned areas.

The Government of India's Automotive Skill Development Council (ASDC) has approved our DOJO Centre to provide Apprentice Training and Certification.



Production Fundamental



Quality DOJO



Safet DOJO



Final Checking Method



Car Cut Model



Defect Gallery

**Manesar Dojo Centre**



**Noida Dojo Centre**



## Social Responsibility

Subros provides solutions for social issues through its business activities, to contribute to creating a sustainable society.

To achieve a balance of economic, environmental, and social imperatives, the Company endeavors to integrate these concerns in its business operations and thru its interactions with all stakeholders.

We work towards this mission by developing products to minimize harmful impact on the environment. We also strengthen our relationship with local communities through education, volunteer programs, and contributions.

As a part of the long-term policy of "preserving the Earth's environment" and "creating a society that ensures security and safety," we are educating the unprivileged, adding skill development to our human resources, protecting the environment, and actively propelling community development.

### Environmental Activities

The Company'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 and rain water harvesting facility. We encourage 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. Each year, World Environment Day is celebrated with great pride by our employees. They plant trees to create awareness for environmental preservation.

### Social Activities

Subros aims to make a difference to mankind. It is important to aid the delivery of new values to society. To ensure this, we organize various welfare activities for our people. We regularly organize Blood Donation camps.

As a part of a "Promotion of Education" programme, we have adopted schools, pivoting our focus on improving access to quality education for the underprivileged. We provide infrastructural and tutorial support to schools. Subros supports ITI centres under Pradhan Mantri Rozgar Yojna.



Blood donation camp on Founder's Day



Noida School Adopted by Subros



Social activities around the year



Tree plantation on World Environment Day

Greening at Plants

## Management Discussion and Analysis 2017

### 1. Industry Outlook

- 1.1 India has registered a robust and steady pace of economic growth in Fiscal 2017, as it did in FY2016. Additionally, macroeconomic parameters such as inflation, fiscal deficit and current account balance have exhibited distinct signs of improvement. Globally automobile sales have reached a record 88 million in 2016, an increase of 4.8 percent from the previous year. Consequently profit margins for suppliers and OEMs are at a 10-year high.
- 1.2 In the Indian context, the automotive industry occupies a prominent place, has a strong multiplier effect capable of driving economic growth. India has the distinct global advantage of producing high quality auto components at reasonably low costs. Consequently, India is seen as a major sourcing hub for auto components by developed economies; and has a tremendous growth potential. Almost every global auto major has set up facilities in the country, making India's automotive industry one of the most competitive in the world.
- 1.3 Further strengthening the signs of economic recovery, the government has undertaken initiatives to bring in more foreign direct investment into the country with fast clearance of infrastructure projects. These are some key reasons for the performance of the Indian auto industry picking up. The government aims to develop India as a global manufacturing, as well as a research and development (R&D) hub. It has set up National Automotive Testing and R&D Infrastructure Project (NATRiP) centers as well as a National Automotive Board to act as facilitator between the government and the industry.
- 1.4 A big change in fuel price differential between petrol and gasoline and de-regulation in diesel prices has created the demand shift amid petrol and diesel-based vehicles. This is favourable for our company. Consumer purchase decisions are majorly impacted by the fuel economy and demand for greater fuel efficiency.
- 1.5 The Indian economy has shown a moderate growth of over percent in 2016-17 and is projected to grow at 7-8 percent in 2017-18. This is sure to have a positive impact on the auto sector. From a medium term perspective, the implementation of GST should lead to gains through better allocation of factors of production. The improvement in India's economic fundamentals has accelerated in the year 2015 with the combined impact of strong government reforms, Reserve Bank of India's (RBI) inflation focus supported by benign global commodity prices.
- 1.6 The Indian auto industry accounts for 7.1 percent of the country's Gross Domestic Product (GDP). The Two Wheelers segment with an 81 percent market share is the leader of the Indian Automobile market owing to a promising middle class and a young population. Moreover, the focus of the auto companies in exploring the rural markets further aided the growth of the sector. The overall Passenger Vehicle (PV) segment has a 13 percent market share.
- 1.7 Though expectations are high going forward, inflation rates, interest rates, and foreign exchange fluctuation may have a sobering impact on the industry.

### 2. Financial & Operational Performance

- 2.1 The Company's Gross Sales have increased INR 1,751 Crores in 2016-17 (last Year INR 1,479 Crores) an increase of 18.36 percent in sale over the previous year. The operational profit (EBIDTA) has sustained at only 170.35 Crores due to operational efficiencies. The management is focused on further improvement of operating levels and material cost control in 2017-18. The aim is to further increase the operational profit margins.
- 2.2 The Company has witnessed the unprecedented challenge of a fire incident on May 29, 2016 at our Manesar plant. The plant contributes 100 percent supplies to our key customer Maruti Suzuki. The fire had a major impact on our Stocks, Plant and Machinery, and Building. With the support of our collaborators (Denso and Suzuki) and reinstatement of supplies from our other plant we could resume supplies to our customer in the shortest possible time. The plant is fully covered through insurance and claims are under settlement, with partial disbursement granted.
- 2.3 In view of fluctuating foreign exchange scenario, the Company has continued its efforts to improve the level of localization of imported parts. Various VA/VE activities were initiated along with active participation with supplies to improve efficiency of operations. During the current year, the company has localized key parts of Compressor and HVAC. This contributed to material cost reduction, and also reduced import exposure. There are other such localization projects in implementation stage.
- 2.4 The Company values the relationship with vendor partners in achieving operational excellence. Supply Chain is given due focus to enable us to work closely with vendor partners for long-term strategic direction of the business and subsequently, their up-gradation through cluster programmes. Tier 2 up-gradation is the key for de-risking and meeting future technology and capacity requirement of the Company.
- 2.5 Subros Tool Engineering Center (STEC) is an important contributor to the company's growth strategies. The localization of tools has not only reduced investments, but also reduced lead time substantially. The STEC has now become profitable source as we have started taking orders from customers.

### 3. Research & Development

- 3.1 Subros Technical Centre (STC) at Noida is used for product development for new model launches with assistance from the collaborator, Denso Corporation Japan. The joint venture company, DSEC (Denso Subros Thermal Engineering Services), takes care of application design and allied services for new models to be launched by our OEM's.
- 3.2 The Company is focusing on the enhancement of technologies to meet future requirement of the customers. Our technical capabilities are now fully geared up with "Make In India" designs and are competing with global specifications. The road map for future technologies required for the Indian Market is in place. We are closely working with our collaborators to execute these technological enhancements as per customer vehicle programmes.
- 3.3 Subros has continuously invested in state-of-the-art testing facilities for all aspects of vehicle thermal systems management. These capabilities help position us as a reliable partner for component and system validation. This reduces programme lead-time and garners an advantage of cost.

### 4. Information Technology

- 4.1 Information Technology (IT) has played important role in many of our business processes especially in SAP, Design Tools etc. The Company has strong Information Technology deployment for Decision Support System. This helps generate process efficiencies and streamlines operations. It also helps manage complexity and scale, both, in-house and with vendors.
- 4.2 The Company is now enhancing its IT infrastructure in line with geographical expansions, while simultaneously upgrading the software for bringing efficiencies in data processing. Looking ahead, cyber security is a focus area and the company is aligning systems with necessary provisions in place. In view of the GST implementation, where in Information Technology will play an important role in filing transactions electronically, necessary changes in SAP and digital infrastructure are being incorporated.
- 4.3 The Company is also using IT for capturing process information, traceability of the components used in the end product supplied to customers, digitalisation, and obtaining feedback from customer service modules.

### 5. Internal Controls and their Adequacy

- 5.1 The Company has an adequate system of internal controls in place. It has documented policies and procedures covering all financial and operating functions. These controls have been designed to provide a reasonable assurance with regard to maintaining of proper accounting controls. This helps ensure reliability of financial reporting, monitoring of operations, protecting assets from unauthorized use or losses, and, above all, complying with regulations. The Company has continued its efforts to align all its processes and controls with global best practices.
- 5.2 The Company has a stringent internal control system. The Audit Committee of the Board of Directors comprises of independent and functional directors. The Committee regularly reviews the audit plans, significant audit findings, adequacy of internal controls, compliance with accounting standards as well as reasons for changes in accounting policies and practices, documentation and testing of processes, computer controls and entity level controls, as part of the company's compliance programme.

### 6. Risks and concerns

- 6.1 The Company is exposed to multiple external and internal business risks. The operations of the Company are directly dependent on the growth of the Indian economy and the automotive industry.
- 6.2 To counter the risks involved, the Company continues to broaden its product portfolio, increase customer profile, and geographic reach. With this in mind, the Company has ambitious expansion plans to address the commercial vehicle segment such as Bus Aircon, Railways, Refrigerated Trucks, and Engine Cooling Module. This will de-risk dependency on the passenger car segment.
- 6.3 The Company is expected to face strong competitive pressures from both domestic and overseas suppliers. It 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 capacity expansion planning in the wake of changing patterns.
- 6.4 Enterprise Risk Management framework in the Company is well in place and all the key risks are reviewed on a regular basis. In addition to this, there is monitoring for any new risks that may arise due to changes in the external or business environments. While the possibility of negative impact due to one or more of such risks cannot be totally ruled out, the Company proactively takes conscious and reasonable steps to mitigate the significant risks that may affect it.
- 6.5 Entry of new players and expansion plans of existing competitors has increased intensity of competition in almost all the segments of the Indian automotive market. The Company is aware of increasing competition and is taking adequate measures to gain competitive advantage in the market place.

## 7. Future Plan

- 7.1 Government of India aims to make automobile manufacturing the main driver of 'Make in India' initiative. As highlighted in the Auto Mission Plan (AMP) 2016-26, the passenger vehicles market is expected to triple to 9.4 million units by 2026. Additionally, by 2030, the Government also plans to promote eco-friendly cars in the country i.e., CNG based, hybrid, and electric vehicles.
- 7.2 Further, global economic indicators are also very positive, but global economic climate continues to be volatile, uncertain, and prone to geo-political risks. In view of the growth opportunities in the domestic market, while proactively observing the cost pressure of the market, your Company has made extensive localization plans and VA/VE plans for key components. The objective is to develop capabilities to provide the latest technologically supported product at low cost. Further, this will help the Company sustain growth profitably and minimise the impact of fluctuation in economic indicators.
- 7.3 In view of the Suzuki Motor Corporation plants in Gujarat, future expansion plan therein, and to realise the business potential, the Company has decided to use its existing facility at Sanand to realise this business. Further, the Company is working on feasibility of setting up additional facility in Gujarat to enhance its production capacity and as a de-risking strategy.
- 7.4 The Company has undertaken various new projects ranging from development of new models to 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, 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 are key to sustain competitiveness.
- 7.5 The Company is enhancing its presence in Commercial Vehicle segment. After the notification on Truck Aircon in October 2016, the company is in discussions with all OEM for providing low-cost and less lead-time solutions. The discussions are in an advanced stage and we hope for positive results.
- 7.6 Over the past two years, our footprint in Indian Railways cabin AC has also been ably established. We have been winning new tenders despite stiff competition from very aggressive players in the field. Till date, the execution of all previous tenders has been satisfactory.
- 7.7 The Company has started business in Home AC segment by supplying condensers to OEMs. Business with Whirlpool has already been rolled out. We are now in discussion with other OEMs.
- 7.8 Entrustment production of Engine Cooling Module for Denso is progressing well. Currently, we have setup 2 lines to meet the customer demand. We are expecting revenue growth in this segment as per our plans.

## 8. Human Resources

- 8.1 The competency development of our employees continues to be a key area of strategic focus for us. We launched new programmes for our employees to keep up with the changes in the use of technology. We enhanced our technology-led training efforts in multiple areas. Our continuous training programs emphasise on honing the relevance and effectiveness of learning. For instance, hands-on assessments have been strengthened and skill-based training has been included.
- 8.2 The Company's Human Resource agenda for the year was focused on strengthening individual and organisational capabilities for future readiness, driving greater employee engagement, and strengthening employee relations further through progressive people practices at the shop floor level.
- 8.3 The Company is taking sufficient steps for employee engagement and motivation. This has resulted in reduction of employee turnover. Your Company has enlisted services of Ernst & Young for improving employee engagement activities and strengthening other areas of employee satisfaction.
- 8.4 Competency mapping and mitigation of skill gap in critical skills, which are important for customer delivery, and quality processes are key focus areas. Each function is working on this KPI and ensuring the skill enhancement for all the processes.

## 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

Dear Members,

Your Directors are pleased to present the 32<sup>nd</sup> Annual Report of the Company together with the audited financial statements for the year ended March 31, 2017.

### FINANCIAL RESULTS

PARTICULARS	Standalone		Consolidated	
	Current year 2016-17 (₹ in Lacs)	Previous year 2015-16 (₹ in Lacs)	Current year 2016-17 (₹ in Lacs)	Previous year 2015-16 (₹ in Lacs)
Gross Profit before financial charges and depreciation	17,035	15,453	17,034	15,461
Less: Financial Charges	4,222	4,172	4,222	4,172
Less: Depreciation	8,791	8,636	8,799	8,650
Less: Exceptional Items	3,103	—	3,103	—
Net profit before Taxation	919	2,645	910	2,639
Less: Taxation itmes	(485)	244	(485)	244
Profit after Taxation	1,404	2,401	1,395	2,395
Add: Profit brought forward	20,658	19,086	20,599	19,032
Profit Available for appropriation	22,062	21,487	21,994	21,427
Less: Proposed Dividend*	—	480	—	480
Less:- Tax on Dividend*	—	99	—	99
Less:- Transfer to General Reserves	150	250	150	250
Balance carried over to Balance Sheet	21,912	20,658	21,844	20,598

\* As per Companies (Accounting Standards) Amendments Rules, 2016

### BUSINESS OPERATIONS

Your Company had an unfortunate fire incident in one of the plants of the Company situated at Manesar, Haryana on May 29, 2016. The fire was controlled, however it severely impacted the building, stocks and plant & machinery. With all-round support and concerted efforts, by the Company, Manesar Plant has now been formally re-opened on March 29, 2017 after the fire incident. The Assets were adequately insured with reinstatement clause and a claim has been made with the insurance company. An interim amount has been received from the insurance company against the claim lodged. Special/urgent actions to restart supplies to customers post fire accident has temporarily resulted into additional costs during the year under review which have been included in Exceptional Items.

During the financial year ended March 31, 2017, your Company recorded a gross turnover of Rs. 1,751 crores during the year as against Rs. 1,480 crores in the previous year, clocking an increase of around 18%. Your Company is continuing with focussed approach in building capacities, introduction of efficient technologies in manufacturing process, new product development and localization in line with Company's growth plans. The sales of passenger vehicles has registered a growth of 9.23% in 2016-17 whilst our volume of air conditioning systems has grown by 18%. The growth has happened due to industry growth addition of new customers and localization. The performance of the Company is also discussed in Management Discussion and Analysis, as stipulated under Regulation 34 of the Listing Regulations with the Stock Exchanges, which forms part of the Directors' Report.

### EXPANSION AND FUTURE PROSPECTS

Your Company anticipates continued strong growth in the automobile sector due to stable Global economic factors, 'Make in India' initiative and fuel prices. Your Company is also working to expand sales by catering to the demand from existing and new automobiles manufacturers in India. In the current year, the Company is planning for capacity expansion at Gujarat to cater to the increased demand from existing and new automobiles manufacturers.

The Company's Tool Engineering Centre at Noida has enabled to focus on in-house development of all Molds/Dies required for new product development.

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 and rail air conditioning, truck refrigeration and radiators. Kindly refer to Management Discussion & Analysis and Corporate Governance Report which forms part of this report.

### DIVIDEND

Your Company has earned a net profit (after tax) of Rs. 1404 Lacs as against Rs. 2,401 Lacs in the previous year. The Directors are pleased to recommend a dividend of Rs.0.50 per share i.e. 25% on the paid-up equity share capital of the Company for the financial year ended March 31, 2017 as against Rs. 0.80 per share i.e. 40% declared in the previous year. The dividend, if approved by the Members at the ensuing Annual General Meeting, shall absorb a sum of Rs. 361 Lacs (approx), including of dividend tax.

## TRANSFER TO RESERVES

Your Company proposes to transfer Rs. 150 Lacs to the General Reserves.

## EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS

There were no material changes and commitments which affect the financial position of the Company subsequent to the date of financial statement.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

- i) During the year under review the following changes took place in the Board of your Company:
  - a) Mr. Y. Makino resigned as Nominee Director (Representative of Denso Corporation, Japan) with effect from August 8, 2016
  - b) Mr. Y. Kajita resigned as an Alternate Director (Alternate to Mr. Y. Makino) with effect from August 8, 2016
  - c) Mr. Y. Iida was appointed as Nominee Director (Representative of Denso Corporation, Japan) with effect from August 8, 2016
  - d) Mr. T. Nagata was appointed as an Alternate Director (Alternate to Mr. Y. Iida) with effect from August 8, 2016
  - e) Mr. T. Nagata resigned as an Alternate Director (Alternate to Mr. Y. Iida) with effect from March 29, 2017
  - f) Mr. K. Yamauchi was appointed as an Alternate Director (Alternate to Mr. Y. Iida) with effect from March 29, 2017
- ii) Pursuant to the provisions of Section 152 of the Companies Act, 2013 Mr. Kenichi Ayukawa, Non Executive Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment. The brief resume of Mr. Kenichi Ayukawa as required under the Listing Regulations is provided in the Notice of the 32<sup>nd</sup> Annual General Meeting of the Company. The requisite resolution pertaining to the appointment/re-appointment appears at the respective items of the Notice along with the Statement and recommended to the Members for approval.
- iii) Pursuant to the provisions of Section 203 of the Companies Act, 2013, Mr. Rakesh Arora was appointed as Company Secretary with effect from August 8, 2016 in place of Mr. Hemant K. Agarwal, Dy. Company Secretary who resigned from the position of Dy. Company Secretary.
- iv) Declaration from Independent Director: The Company has received necessary declaration(s) from all the Independent Directors of the Company as laid down under Section 149(7) of the Companies Act, 2013 confirming that they meet the criteria of Independence as laid down under Section 149(6) of the Companies Act, 2013 and the Listing Regulations.
- v) Board Evaluation: In compliance with the provisions of the Companies Act, 2013, the Board has formulated a framework, inter alia, for a formal mechanism of 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 evaluation formats for the Board, Executive & Non Executive Directors and Chairman 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.
- vi) Board Meeting: The Board of Directors met six times during the financial year 2016-17, the details of which are given in the Corporate Governance Report that forms part of this Annual Report. The intervening gap between any two meetings was within the period prescribed under the Companies Act, 2013.
- vii) Policy on Directors' appointment and remuneration: The policy of the Company on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes and other matters are available on the website of the Company.

## AUDIT COMMITTEE

The Composition of Audit Committee of the Company is described in Corporate Governance Report as stipulated under Listing Regulations, which forms part of the Directors' Report.

## DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134 (5) of the Companies Act, 2013, your 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 the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) The Directors have prepared the annual accounts on a going concern basis;
- (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; and
- (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.

## SUBSIDIARIES AND JOINT VENTURES

During the financial year under review, THAI SUBROS LIMITED, Subsidiary Company in Thailand, did not carry out any business operations and the company incurred a loss of THB 6.73 Lacs as against THB 5.28 lacs in the previous year. The Company is examining other options and will accordingly decide upon the future course of action.

During the financial year under review the financial performance of Denso Subros Thermal Engineering Centre India Limited, a Joint Venture, achieved gross revenues of Rs. 1,559.58 Lacs as against Rs. 1,469.34 Lacs during the previous financial year, a increase of Rs. 90.24 lacs over the last year. The Company earned a profit of Rs. 13.98 Lacs during the year as against profit of Rs. 11.23 Lacs in last year. Your Company is holding 26% share in this Joint Venture.

## CONSOLIDATED FINANCIAL STATEMENTS

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, your Directors have pleasure in attaching the Audited Consolidated Financial Statements, which form a part of the Annual Report.

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

The information in terms of Section 134(3)(m) of the Companies Act, 2013 read with relevant rules is annexed herewith as Annexure-1 and forms integral part of this report.

## EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014, the extract of annual return in Form MGT-9, is annexed as Annexure-2 to this report and forms integral part of this Report.

## AUDITORS AND AUDITOR'S REPORT

Statutory Auditors: M/s. V.K. Dhingra & Co., Chartered Accountants, hold office until the conclusion of the ensuing annual general meeting. The Auditors' Report to the Members for the year under review does not contain any qualification. As per the provisions of Section 139 of the Companies Act, 2013, the Board has recommended the appointment of M/s Price Waterhouse Chartered Accountants LLP, Chartered Accountant as Statutory Auditors of the Company from the conclusion of the 32<sup>nd</sup> Annual General Meeting (AGM) till the conclusion of 37<sup>th</sup> AGM for approval of the Members.

The observations of the Auditors and the relevant notes on accounts are self-explanatory and therefore do not call for any further comments. The Auditors' Report does not contain any qualification or adverse remark.

Cost Auditors: The Company has appointed M/s. Chandra Wadhwa & Company, Cost Accountants, as Cost Auditors of the Company to conduct the audit of cost records maintained by the Company for the financial year 2017-18. The ratification of remuneration payable to Cost Auditors for the financial year 2017-18 is being sought from the Members of the Company at the ensuing Annual General Meeting.

Secretarial Auditors: 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 March 31, 2017. The Secretarial Audit Report for the financial year ended March 31, 2017 is annexed herewith as Annexure-3 and the same is self-explanatory. The said Secretarial Audit Report does not contain any qualification or adverse remark.

## FIXED DEPOSITS

During the year under review, your Company has neither invited nor accepted any deposits from the Public.

## SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS

No significant material orders were passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

## INTERNAL FINANCIAL CONTROLS

The adequacy of Internal Financial Controls is discussed in Management Discussion and Analysis, as stipulated under the Listing Regulations with the Stock Exchanges, which forms part of the Directors' Report.

## LOANS, GUARANTEES OR INVESTMENTS

The Company has not made any transaction relating to inter-corporate loans and investment during the year.

## CORPORATE SOCIAL RESPONSIBILITY

The Company has formulated a Corporate Social Responsibility (CSR) Policy to undertake CSR initiatives 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 requirements of Section 135 of the Companies Act, 2013. The Annual Report on CSR activities is annexed herewith as Annexure - 4 and forms integral part of this Report.

## RISK MANAGEMENT

One meeting of the Risk Management Committee was held during the year and the Committee has formulated the risk management framework, identified the elements of various risks and devised a risk mitigation plan. The implementation of the ERM framework has progressed well during the financial year under review.

## VIGIL MECHANISM

Pursuant to Section 177(9) of the Companies Act, 2013, the Company has established a Vigil Mechanism for directors, employees, suppliers, contractors and other stakeholders of the Company. The same is also intended to cover the Whistle Blower Policy under the aspect of Listing Regulations. 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). The Statutory Auditors, Cost Auditors or Secretarial Auditors of the Company, have not reported any frauds to the Audit Committee or to the Board of Directors under Section 143(12) of the Companies Act, 2013 and rules made thereunder.

## SEXUAL HARASSMENT

The Company has in place a Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. No Complaint received under the Policy during the year.

## RELATED PARTY TRANSACTIONS

The Board of Directors has formulated a Related Party Transaction Policy for determining material related party transactions. The Related Party Transaction Policy is available on the website of the Company. A statement of all particulars of Contracts or Arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013, duly approved by the Board of Directors is annexed herewith as Annexure-5 and forms integral parts of the Report.

## LISTING

The Equity Shares of your Company continue to be listed on BSE Limited (BSE), NSE Limited (NSE) and Delhi Stock Exchange Limited (DSE). The listing fees for the year 2016-17 have been paid to the said stock exchanges except to DSE as Securities and Exchange Board of India has withdrawn the recognition granted to DSE on November 19, 2014.

## ANNUAL EVALUATION

The annual performance of the Board, its Committees and each Director has been carried out for 2016-17 in accordance with the framework. It is opined that the Company's Board composition, structure, processes and working procedure are well laid. The Board members have adequate expertise drawn from diverse industries like Banking, Administration and Technical & 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.

## PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

Disclosure in respect to remuneration and other details as per the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the Annexure- 6 to this Report.

Disclosure in respect to remuneration and other details as per the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the Annexure to this Report having regard to the provisions of the first proviso to Section 136(1) of the Companies Act, 2013, the Annual Report excluding the said statement of employees under Section 197(12) of Companies 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 may write to the Company Secretary at the registered office of the Company.

## POSTAL BALLOT

The approval of the Shareholders was sought on the proposal to issue Secured Redeemable Non-Convertible Debentures on private placement basis for an aggregate amount of Rs. 150 crores vide Postal Ballot notice dated March 29, 2017, details of which are given in the Corporate Governance Report which forms part of this Report.

## CREDIT RATING

ICRA has reaffirmed the Long Term and Short Term Ratings at [ICRA] A+ and [ICRA] A1+. The outlook on the long-term rating is "Stable".

## CORPORATE GOVERNANCE AND SHAREHOLDERS INFORMATION

The Company is committed to maintain the highest standards of corporate governance. The Company has complied with the corporate governance requirements, as stipulated under the Listing Regulations. A report on Corporate Governance along with a Certificate from the Auditors of the Company regarding compliance on the conditions of corporate governance pursuant to Listing Regulations is annexed herewith and forms integral part of this report.

## ACKNOWLEDGMENT

Your Board of Directors wishes to convey their appreciation to all the 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 heartfelt gratitude to the Company's valued customers, particularly Maruti Suzuki India Limited, Tata Motors Limited, Mahindra & Mahindra Limited, Renault Nissan Automotive India Pvt. Ltd 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. Last but not the least the Board wishes to thank all Members, vendors and business associates for their continuous support and confidence reposed in the Company.

For and on behalf of Board of Directors

RAMESH SURI  
Chairman  
(DIN: 00176488)

Place: New Delhi  
Dated: 23<sup>rd</sup> May, 2017

## ANNEXURE - 1 TO THE DIRECTORS' REPORT

Information regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 forming part of Directors' Report.

A)	CONSERVATION OF ENERGY	
(i)	the steps taken or impact on conservation of energy	<p>The Company is consistently evaluating emphasizing on the energy conservation in every possible areas in its manufacturing operations. Various measures are being initiated with regard to optimum utilization of energy consuming equipments across all the plants and offices. During the year under review, the following measures were initiated/ adopted for conservation and optimize utilization of energy:</p> <ul style="list-style-type: none"> <li>• Non-conventional energy resources are tapped for minimizing energy usage.</li> <li>• Use of Motion sensors to control the lights in meeting area and less usage area.</li> <li>• Use of VRF air-conditioning in place of Conventional air-conditioning.</li> <li>• Maximizing the use of day lights in shop floor by opening more windows.</li> <li>• Use of AC drives in Air ventilation Motors.</li> </ul>
(ii)	the steps taken by the Company for utilizing alternate sources of energy	<ul style="list-style-type: none"> <li>• Use of LED lights in place of Conventional lights in areas where 24 hrs light running is required.</li> <li>• Use of LED lights in shop floor high bay area.</li> <li>• Use of Natural draft cooling tower in place of Force draft Cooling towers.</li> <li>• Inhouse generation of High pressure N2 from Liquid N2 instead of getting bank of cylinders.</li> </ul>
(iii)	the Capital investment on energy conservation equipments	All the energy conservation measures have been initiated without any major capital investments.
B)	TECHNOLOGY ABSORPTION	
(i)	the efforts made towards technology absorption	<p>[A] Implementation of new VA/VE Ideas &amp; alternate sourcing and localization in the field of Desiccant optimization and new desiccant source development</p> <ol style="list-style-type: none"> <li>1. Fan balancing clip and motor localization</li> <li>2. Sealing packing optimization</li> <li>3. Brazing to caulking in hose and tubes</li> <li>4. Condenser Tube alternate source development</li> <li>5. Condenser fin raw material alternate spec development</li> <li>6. Thermo amplifier source localization</li> <li>7. Condenser &amp; Evaporator tube localization</li> <li>8. Relay alternate sourcing</li> </ol> <p>[B] Development of new product based on benchmarking and application engineering.</p> <p>[C] New technology development to meet future market demand for product.</p>
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	<p>[A] A segment compressor product performance has been improved to meet customer requirement without significant change in cost.</p> <p>[B] Cost reduction has been achieved by implementing VA/VE ideas and new technology based products.</p> <p>[C] New product(s) has been developed to meet growing demand of high performance, light weight and low cost product.</p> <p>[D] Import substitution has been achieved by in-house manufacturing of evaporator child parts, evaporator and condenser tubes.</p>
(iii) (a)	In case of imported Technology (imported during the last three years reckoned from the beginning of the Financial Year) The details of technology imported	The Company has imported technology in collaboration with Denso Corporation, Japan and Suzuki Motor Corporation, Japan since 1986. Further, the Company has also executed/executing new Technical Assistance Agreement (s) with Denso Corporation, Japan for transfer of technology of MF condenser, compressor and HVAC for new models, BRS evaporator, Radiators, busAc etc.

(b)	The year of import	1986 onwards																		
(c)	Whether the technology has been fully absorbed	The technology has been absorbed within the period of applicable Technical Assistance Agreement (s). For new models of AC system, compressor technology transfer is under implementation																		
(d)	If not fully absorbed, areas where absorption has not taken place, and the reasons thereof	Not applicable																		
iv)	The expenditure incurred on Research and Development	<p>During the year, various major activities in the field of research and development were carried out by Company in the areas of:</p> <ul style="list-style-type: none"> <li>• New Product Development</li> <li>• Application Engineering</li> <li>• New Technology Development</li> <li>• Internal heat Exchanger</li> <li>• Compressor with bush bearing</li> <li>• Higher capacity compressor</li> <li>• In house testing facility up gradation</li> </ul> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: right;"><u>2016-17</u></th> <th style="text-align: right;"><u>2015-16</u></th> </tr> </thead> <tbody> <tr> <td>(i) Capital</td> <td style="text-align: right;">7.65</td> <td style="text-align: right;">19.60</td> </tr> <tr> <td>(ii) Recurring</td> <td style="text-align: right;">2,031.76</td> <td style="text-align: right;">1,672.13</td> </tr> <tr> <td>(iii) Total Expenditure</td> <td style="text-align: right;">2,039.41</td> <td style="text-align: right;">1,691.73</td> </tr> <tr> <td>(iv) Total R&amp;D expenditure as a percentage of turnover</td> <td style="text-align: right;">1.32%</td> <td style="text-align: right;">1.30%</td> </tr> </tbody> </table>		<u>2016-17</u>	<u>2015-16</u>	(i) Capital	7.65	19.60	(ii) Recurring	2,031.76	1,672.13	(iii) Total Expenditure	2,039.41	1,691.73	(iv) Total R&D expenditure as a percentage of turnover	1.32%	1.30%			
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C)	FOREIGN EXCHANGE EARNINGS AND OUTGO																			
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(iii) Expenditure in foreign currency	5,227.51	2,511.17																		

## ANNEXURE - 2 TO THE DIRECTORS' REPORT

Form No. MGT-9  
EXTRACT OF ANNUAL RETURN  
as on the financial year ended on 31.03.2017

[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	:	February 14, 1985
iii) Name of the Company	:	Subros Limited
iv) Category / Sub-Category of the Company	:	Public Company Limited by shares
v) Address of the Registered office and contact details	:	LGF, 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 88/23 MU 15, Bang Sao Thong, Samut Prakan Thailand	0-1155-51007-18-8	Subsidiary	100%	2(87)
2.	Denso Subros Thermal Engineering Centre India Limited B-1/D-4, Ground Floor Mohan Co-operative Industrial Estate, Mathura Road, New Delhi 110 044	U93000DL2011FLC212269	Associate	26%	2(6)

## IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

## i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
A. Promoters									
1. Indian									
a) Individual/ HUF	72,06,240	--	72,06,240	12.00	72,06,240	--	72,06,240	12.00	--
b) Central Govt	--	--	--	--	--	--	--	--	--
c) State Govt(s)	--	--	--	--	--	--	--	--	--
d) Bodies Corp.	167,93,760	--	167,93,760	28.00	167,93,760	--	167,93,760	28.00	--
e) Banks / FI	--	--	--	--	--	--	--	--	--
f) Any Other	--	--	--	--	--	--	--	--	--
Sub-total (A) (1)	240,00,000	--	240,00,000	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 Share-holding 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 Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	11,28,175	--	11,28,175	1.88	36,27,462	--	36,27,462	6.05	4.17
b) Banks/FI	39,668	--	39,668	0.07	230	--	230	--	-0.07
c) Central Govt.	--	--	--	--	--	--	--	--	--
d) State Govt (s)	--	--	--	--	--	--	--	--	--
e) Venture Capital Funds	--	--	--	--	--	--	--	--	--
f) Insurance Companies	1,28,144	--	1,28,144	0.22	37,018	--	37,018	0.06	-0.16
g) FIs	--	6,000	6,000	0.01	79,947	6,000	85,947	0.14	0.13
h) Foreign Venture Capital Funds	--	--	--	--	--	--	--	--	--
i) Others (specify)	--	--	--	--	--	--	--	--	--
Sub-total (B) (1)	12,95,987	6,000	13,01,987	2.18	37,44,657	6,000	37,50,657	6.25	4.07
2. Non-Institutions									
a) Bodies Corp.									
i. Indian	18,63,267	28,48,860	47,12,127	7.85	28,14,872	34,17,860	62,32,732	10.39	2.54
ii. Overseas									

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
b) Individuals									
i. Individual shareholders holding nominal share capital upto Rs.1 lakh	84,71,072	10,06,010	94,77,082	15.80	6376180	960399	7336579	12.23	-3.57
ii. Individual shareholders holding nominal share capital in excess of Rs.1 lakh	31,56,724	13,37,640	44,94,364	7.50	1844700	768640	2613340	4.36	-3.14
c) Others (specify)									
i. NRI	3,99,040	—	3,99,040	0.66	454292	-	454292	0.76	0.10
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	4,000	—	4,000	0.01	1,000	—	1,000	0.01	—
Sub-total (B) (2)	216,94,103	129,92,510	346,86,613	57.82	19291044	12946899	32273943	53.75	-4.07
Total Public Shareholding (B) = (B) 1+(B) 2	229,90,090	129,98,510	359,88,600	60.00	23035701	12952899	359,88,600	60.00	—
C. Shares held by Custodian for GDRs & ADRs	—	—	—	—	—	—	—	—	—
Grand Total (A+B+C)	469,90,090	129,98,510	599,88,600	100.00	47035701	129,52,899	599,88,600	100.00	—

## ii) Shareholding of Promoters

Name of Shareholders	Share holding at the beginning of the year			Share holding at the end of the year			% Change during the year
	No. of Shares	% of total Shares of the Company	% of Shares pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares pledged/encumbered to total shares	
Deeksha Holding Ltd	10137760	16.9	--	10137760	16.9	--	--
Jyotsna Holding Pvt. Ltd	3448000	5.75	--	3448000	5.75	--	--
RR Holdings Pvt. Ltd	3208000	5.35	--	3208000	5.35	--	--
Ramesh Suri (HUF)	3040000	5.06	--	3040000	5.06	--	--
Dr. Jyotsna Suri	1619200	2.70	--	1619200	2.70	--	--
Mr. Ramesh Suri	1419040	2.36	--	1419040	2.36	--	--
Ms. Ritu Suri	1128000	1.88	--	1128000	1.88	--	--
Total	24000000	40.00	--	24000000	40.00	--	--

## iii) Change in Promoters' Shareholding ( please specify, if there is no change)

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
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				

## iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters are holders of GDRs &amp; ADRs)

S. No.	Shareholding						Cumulative Shareholding at during the year	
	Name of the Shareholder	No of Shares as on beginning of year	% of total Shares of the company	Date	Increase/ Decrease in shareholding	Reason for Change	No. of Shares	% of total Shares of the company
1	Suzuki Motor Corporation	7800000	13.00	31.03.16	—	—	7800000	13.00
2	Denso Corporation	7800000	13.00	31.03.16	—	—	7800000	13.00
3	DSP Blackrock Micro Cap	—	—	31.03.16	—	—	—	—
				09.09.16	239053	Purchase	239053	0.4
				16.09.16	275110	Purchase	514163	0.86
				14.10.16	83631	Purchase	597794	1
				21.10.16	60381	Purchase	658175	1.1
				28.10.16	56282	Purchase	714457	1.19
				04.11.16	400077	Purchase	1114534	1.86
				11.11.16	2427	Purchase	1116961	1.86
				18.11.16	24249	Purchase	1141210	1.9
				25.11.16	42482	Purchase	1183692	1.97
				31.12.16	47920	Purchase	1231612	2.05
				06.01.17	1801	Purchase	1233413	2.06
				03.02.17	157977	Purchase	1391390	2.32
				10.02.17	42787	Purchase	1434177	2.39
				17.02.17	111281	Purchase	1545458	2.58
				24.02.17	23368	Purchase	1568826	2.62
				03.03.17	20173	Purchase	1588999	2.65
				24.03.17	84771	Purchase	1673770	2.79
				31.03.17	19741	Purchase	1693511	2.82
4.	Canara HSBC Oriental Bank Of Commerce Life Insurance Company	—	—	31.03.16	—	—	—	—
				20.05.16	245964	Purchase	245964	0.41
				27.05.16	2887	Purchase	248851	0.41
				03.06.16	291612	Purchase	540463	0.9
				10.06.16	6198	Purchase	546661	0.91
				12.08.16	70493	Purchase	617154	1.03
				19.08.16	112524	Purchase	729678	1.22
				16.09.16	40000	Purchase	769678	1.28
				07.10.16	-5514	Sale	764164	1.27
				21.10.16	-2118	Sale	762046	1.27
				28.10.16	-4994	Sale	757052	1.26
				04.11.16	-12766	Sale	744286	1.24
				11.11.16	20976	Purchase	765262	1.28
				18.11.16	102500	Purchase	867762	1.45
				25.11.16	52621	Purchase	920383	1.53
				02.12.16	1926	Purchase	922309	1.54

S. No.	Shareholding						Cumulative Shareholding at end of the year	
	Name of the Shareholder	No of Shares at as on beginning of year	% of total Shares of the company	Date	Increase/ Decrease in shareholding	Reason for Change	No. of Shares	% of total Shares of the company
				09.12.16	1416	Purchase	923725	1.54
				16.12.16	4647	Purchase	928372	1.55
				23.12.16	716	Purchase	929088	1.55
				31.12.16	1945	Purchase	931033	1.55
				06.01.17	3784	Purchase	934817	1.56
				13.01.17	18633	Purchase	953450	1.59
				20.01.17	-4306	Sale	949144	1.58
				27.01.17	2505	Purchase	951649	1.59
				03.02.17	-813	Sale	950836	1.59
				10.02.17	5156	Purchase	955992	1.59
				17.02.17	11481	Purchase	967473	1.61
				03.03.17	-1640	Sale	965833	1.61
				10.03.17	10000	Purchase	975833	1.63
				17.03.17	-133	Sale	975700	1.63
				24.03.17	-5964	Sale	969736	1.62
				31.03.17	4722	Purchase	974458	1.62
5	UTI Transportation And Logistics Fund	531101	0.89	31.03.16	—	—	531101	0.89
				03.06.16	16722	Purchase	547823	0.91
6	IFB Automotive Private Limited	467490	0.78	31.03.16	—	—	467490	0.78
7	Ajay Upadhyay	425000	0.71	31.03.16	—	—	425000	0.71
				09.09.16	10000	Purchase	435000	0.73
				14.10.16	5000	Purchase	440000	0.73
				21.10.16	13000	Purchase	453000	0.76
				11.11.16	2000	Purchase	455000	0.76
				25.11.16	-6577	Sale	448423	0.75
				02.12.16	1000	Purchase	449423	0.75
8	Sundaram Mutual Fund A/c Sundaram Select Microcap Series VI	—	—	31.03.16	—	—	—	—
				03.06.16	145485	Purchase	145485	0.24
				24.06.16	87916	Purchase	233401	0.39
				30.06.16	6499	Purchase	239900	0.4
				01.07.16	19692	Purchase	259592	0.43
9	Yuti Kunal Jhaveri	100000	0.17	31.03.16	—	—	100000	0.17
				20.05.16	100000	Purchase	200000	0.33
				03.06.16	50000	Purchase	250000	0.42
10	Sundaram Mutual Fund A/c Sundaram Select Microcap Series V	—	—	31.03.16	—	—	—	—
				03.06.16	98741	Purchase	98741	0.16
				24.06.16	59669	Purchase	158410	0.26
				30.06.16	4410	Purchase	162820	0.27
				01.07.16	13365	Purchase	176185	0.29

## v) 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 Independent 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.	(19,000)	(0.03)	—	—
3.	At the End of the year	—	—	—	—

## V. INDEBTEDNESS

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

(Amount in Rs. Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	29,014.77	9,992.54	--	39,007.31
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	154.86	--	--	154.86
Total (i+ii+iii)	29,169.63	9,992.54	--	39,162.17
Change in Indebtedness during the financial year				
• Addition	1,518.47	105.12	--	1,623.59
• Reduction	--	--	--	--
Net Change	1,518.47	105.12	--	1,623.59
Indebtedness at the end of the financial year				
i) Principal Amount	30,537.01	10,097.66	--	40,634.66
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	151.09	--	--	151.09
Total (i+ii+iii)	30,688.10	10,097.66	--	40,785.76

## VI. 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) (in Rs.)	Ms. Shradha Suri (Managing Director) (in Rs.)	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961	48,00,000	137,11,887	185,11,887
	(b) Value of perquisites u/s 17(2) Income-Tax Act, 1961	79,200	79,200	1,58,400
	(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	8,85,000	--	8,85,000
	• Others, specify	--	--	--
5.	Others (Gratuity)	--	--	--
	TOTAL (A)	57,64,200	137,91,087	195,55,287
	Ceiling as per the Act	Rs 116.83 lacs*		

\* Being 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013.

B. Remuneration to other Directors  
Independent Directors

(in Rs.)

S. No.	Particulars of Remuneration	Name of Directors						Total Amount (in Rs.)
		Mr. G.N.Mehra	Mr. Hanuwant Singh	Mr. K.R.Rama-moorthy	Mr. Shailendra Swarup	Ms. Meena Sethi	Mr. M.A. Pathan	
1	• Fee for attending Board/Committee Meetings	11,20,000	9,90,000	5,00,000	4,70,000	2,50,000	3,70,000	37,00,000
	• Commission	--	--	--	--	--	--	--
	• Others, please specify	20,000	--	--	--	--	20,000	40,000
	TOTAL (1)	11,40,000	9,90,000	5,00,000	4,70,000	2,50,000	3,90,000	37,40,000

## Other Non-Executive Directors

S. No.	Particulars of Remuneration	Name of Directors					Total Amount (in Rs.)
		Dr. Jyotsna Suri	Mr. Y Kajita (Alternate Director)	Mr. Kenichi Ayukawa	Mr. Y. Iida	T.Nagata	
2.	<ul style="list-style-type: none"> <li>• Fee for attending Board/Committee Meetings</li> <li>• Commission</li> <li>• Others, please specify</li> </ul>	2,50,000	50,000	3,00,000	--	50,000	6,50,000
		--	--	--	--	--	--
		--	--	--	--	--	--
	TOTAL (2)	2,50,000	50,000	3,00,000	--	50,000	6,50,000
	TOTAL (B) = 1+2						***43,90,000
	Total Managerial Remuneration						*2,39,45,287
	Overall Ceiling as per the Act	**Rs.128.51 lacs					

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

\*\* Being 11% of the Net profits of the Company calculated as per section 198 of the Companies Act, 2013.

\*\*\*The total amount of Rs.43,90,000 paid sitting fee for Board/Committee/other 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. Hemant K. Agarwal* (Dy. Company Secretary)	Mr. Rakesh Arora** (Company Secretary)	Mr. Manoj K. Sethi (CFO)	
1.	Gross salary	15,55,317	19,68,908	63,44,031	107,76,543
	(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	--	--	76,800	76,800
	(c) Profits in lieu of salary under section 17(3) Income-Tax Act, 1961	--	--	--	--
2.	Stock Option	--	--	--	--
3.	Sweat Equity	--	--	--	--
4.	Commission <ul style="list-style-type: none"> <li>• As a % of profit</li> <li>• Others, specify</li> </ul>	--	--	--	--
		--	--	--	--
5.	Others, please specify	--	--	--	--
	TOTAL	15,55,317	19,68,908	64,20,831	108,53,343

\* Resigned with effect from August 8, 2016.

\*\* Appointed with effect from August 8, 2016.

## 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					
Punishment			None		
Compounding					
B. DIRECTORS					
Penalty					
Punishment			None		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment			None		
Compounding					

## ANNEXURE - 3 TO DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2017

*[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  
LGF, 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, 2017 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 the Company for the financial year ended on 31<sup>st</sup> March, 2017 according to the provisions of :

1. The Companies Act, 2013 ("the Act") and rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye - laws framed thereunder;
4. The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. 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 read with (Amendment) Regulations, 2015;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and amended Regulations of (Prohibition of Insider Trading) Regulations, 2015;
  - (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.
  - (f) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding Companies Act, 2013 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);

- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. (Not applicable to the Company during the audit period) ; and
- (i) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
6. 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 applicable laws/rules made thereunder regulations of the acts listed below:
- (i) The Factories Act, 1948;
  - (ii) The Air (Prevention and Control of Pollution) Act, 1981;
  - (iii) The Environment Protection Act, 1986;
  - (iv) The Water (Prevention and Control of Pollution) Act, 1974;
  - (v) The Contract Labour (Regulation & Abolition) Act, 1970;
  - (vi) The Petroleum Act, 1934;
  - (vii) Explosives Act, 1884;
  - (viii) The Legal Metrology Act, 2009
7. We further report that the compliances 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 professionals.
8. We have also examined the compliances with the applicable clauses to the following:-
- (i) Secretarial Standards (SS1 & SS2) issued by The Institute of Company Secretaries of India.
  - (ii) Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.
9. 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 Meeting, 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 clarifications on the agenda items before the meeting and for meaningful participation at the meeting; and
- Majority of 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.
- There are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliances with applicable laws, rules, regulations and guidelines.
10. We further report that during the audit period, there were no instances of :-
- (i) Public / Rights / Preferential Issue of Shares / Sweat Equity;
  - (ii) Redemption / Buy-back of Securities;
  - (iii) Major decisions taken by the Members in pursuant to Section 180 of the Act.
  - (iv) Merger / Amalgamation / Reconstruction etc.;
11. We further report that during the audit period, the Board of Directors of the Company has passed a resolution for issue of Secured Non-Convertible Debentures, subject to the approval of Shareholders through Postal Ballot.

For RSM & CO.  
Company Secretaries

CS RAVI SHARMA  
PARTNER  
FCS NO. 4468, C.P. NO. 3666

Dated : 23<sup>rd</sup> May, 2017  
Place : New Delhi

## ANNEXURE - 4 TO THE DIRECTORS' 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 demonstrates 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. Composition of CSR Committee: Mr. Ramesh Suri, Ms. Shradha Suri and Ms. Meena Sethi
3. Average net profit of the company for last three financial years: Rs. 2,197.32 Lacs
4. Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above): Rs. 43.95 Lacs
5. Details of CSR spent during the financial year.
  - a) Total amount to be spent for the financial year: Rs. 44.15 Lacs
  - b) Amount unspent, if any: NIL
  - c) Manner in which the amount spent during the financial year is detailed below:

(₹ in lacs)

(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 district 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 or through implementing agency
1	Green plantations	Environmental Sustainability	Delhi, Noida, Manesar (Gurgaon)	Program wise	26.40	26.40	Direct
2	Education for under-privileged children	Promoting education	Noida	Program wise	0.80	0.80	Direct
3	Skill developments	Enhancing Vocational Skills	Pune	Program wise	16.95	16.95	Direct
	TOTAL				44.15	44.15	

6. Reasons for not spending the Amount: Not applicable
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 - 5 TO THE DIRECTORS' 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 arrangements or transactions not at arm's length basis: Not applicable

Details of material contracts or arrangements or transactions at arm's length basis:

S. No.	Name (s) of the related party	Nature of relationship	Nature of contracts/ transactions/ arrangements	Duration of contracts/ transactions/ arrangements	Salient terms of contracts/ transactions/ arrangements including, value if any (Rs. In crores)	Date of approval by the Board/Audit Committee	Amount paid as advance, if any
1.	Global Autotech Ltd	Common Director	Sale, Purchase of material and assets	Ongoing transactions	217.87	May, 26 2016	Nil

## ANNEXURE - 6 TO THE DIRECTORS' REPORT

DETAILS PERTAINING TO REMUNERATION 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 ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:

Name of Director & Designation	Ratio to median remuneration
Mr. Ramesh Suri - Chairman	15.01
Ms. Shradha Suri - Managing Director	36.20

- (ii) The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year:

Name & Designation	Percentage increase in remuneration
Mr. Ramesh Suri - Chairman	-
Ms. Shradha Suri - Managing Director	-
Mr. Manoj Kumar Sethi - SVP & CFO	8.39%
Mr. Hemant K. Agarwal - Dy. Company Secretary	12.82%*
Mr. Rakesh Arora - Company Secretary	NIL**

\*Resigned from the post of Dy. Company Secretary from 8/8/2016.

\*\*Appointed from the post of Company Secretary from 8/8/2016.

- (iii) the percentage increase in the median remuneration of employees in the financial year: 10.62%
- (iv) the number of permanent employees on the rolls of Company: 2042
- (v) the explanation on the relationship between average increase in remuneration and Company performance:  
The turnover and profit before tax has increased by 18% and 52% respectively as the Company has undertaken during the year many initiatives to further improve the profitability.
- (vi) comparison of the remuneration of the Key Managerial Personnel against the performance of the company:

Particulars	%
Percentage increase in net sale	18.57
Percentage increase in PBT (Before exceptional items)	52.11
Percentage increase in net EBIDTA	10.24
For comparison purpose (please refer to (ii) above)	

- (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:

Particulars	As at 31-3-2017	As at 31-3-2016
Price Earnings Ratio	14.24	22.04
Closing stock price	212.15	88.2
EPS	2.34	4.00
Market capitalisation (in Rs. Crores)*	1,273	529

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.2,121.50 as on March 31, 2017 indicating a Compounded Annual Growth Rate of 19.88%. This is excluding the dividend accrued and paid during such years.

(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:

	31.03.17
% increase in median salary of employees'	10.62
% increase in average salary of managerial personnel	10.60

(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

(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: None

(xii) Affirmation that the remuneration is as per the remuneration policy of the Company: Affirmed that the remuneration is as per remuneration policy of the company

## Corporate Governance Report

### (1) 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 Securities & Exchange Board of India (SEBI) has notified corporate governance provisions and as per Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has been complying with these provisions effectively. Your Company acknowledges and believes that all its actions must serve the main goal of enhancing overall shareholder value on a sustained basis.

### (2) BOARD OF DIRECTORS

The Board currently comprises of 11 Directors and out of which 9 are Non-Executive Directors (including 6 Independent Directors). All the Independent Directors have confirmed that they meet the "independence" criteria as mentioned under the Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as on March 31, 2017. The composition of the Board is in conformity with Regulation 17 of the Listing Regulations.

Composition of Board of Directors and Directors attendance record

The Composition of the Board of Directors of Subros Ltd. and Director's attendance, Directorship and Committee position during the financial year 2016-17 is given below:

Name	Category	No. of Board Meetings held during 2016-17	No. of Board Meetings attended during 2016-17	Whether attended AGM held on 8th August, 2016	No. of Directorships in Companies (other than Subros Ltd, foreign & Private Companies)	Committees # Position held in Public Companies as	
						Chairperson	Member
Mr. Ramesh Suri, Chairman	Not Independent & Executive	6	6	Yes	8	2	3
Ms. Shradha Suri Managing Director	Not Independent & Executive	6	6	Yes	8	-	3
Dr. Jyotsna Suri	Not Independent & Non -Executive	6	5	Yes	7	-	1
Mr. M.A. Pathan	Independent & Non -Executive	6	6	Yes	-	-	-
Mr. G.N. Mehra	Independent & Non - Executive	6	5	Yes	4	5	2
Mr. Shailendra Swarup	Independent & Non - Executive	6	6	Yes	5	-	2
Mr. K.R. Ramamoorthy	Independent & Non - Executive	6	5	Yes	3	3	2
Mr. Hanuwant Singh	Independent & Non - Executive	6	4	Yes	5	1	1
Ms. Meena Sethi	Independent & Non - Executive	6	4	Yes	-	-	-
Mr. Kenichi Ayukawa	Not Independent & Non - Executive	6	6	Yes	3	-	2
Mr. Y. Iida *	Not Independent & Non -Executive	6	1	No	-	-	-
Mr. Y. Makino **	Not independent & Non - Executive	6	-	No	-	-	-
Mr. Keiichi Yamauchi@@	Not independent & Non - Executive	6	-	No	-	-	-
Mr. Y.Kajita**	Not independent & Non - Executive	6	1	No	-	-	-
Mr. T. Nagata@	Not independent & Non - Executive	6	2	No	-	-	-

#Represents Chairperson/Member of Audit Committee and Stakeholders Relationship Committee.

\* Mr. Y.Iida Appointed w.e.f August 8, 2016 in place of Mr. Y. Iida as Nominee Director.

\*\* Mr. Y. Makino & Mr. Y. Kajita resigned w. e.f 08.08.2016.

@ Mr. T. Nagata appointed as Alternate Director w.e.f.08.08.2016 in place of Mr. Y.Kajita.

@@ Mr. K.Yamauchi Appointed w. e.f 29.03.2017 in place of Mr. T.Nagata as Alternate Director.

Number of Board Meetings

During the Year under review, six Board meetings were held on May 26, 2016, June 25, 2016, August 8, 2016, October 28, 2016, January 31, 2017 and March 29, 2017. The time-gap between any two consecutive meetings did not exceed one hundred and twenty days.

Disclosure of relationships between directors inter-se

Except Mr. Ramesh Suri and Ms. Shradha Suri being related to each other, no other directors are inter-se related.

Number of shares and convertible instruments held by non- executive directors

Amongst the non-executive Directors, Dr. Jyotsna Suri holds 16,19,200 equity shares in the Company. The other non-executive Directors do not hold any equity shares or convertible instruments in the Company.

The familiarisation programme(s) imparted to independent Directors from time to time is available at [www.subros.com/investors](http://www.subros.com/investors)

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.

### (3) AUDIT COMMITTEE

The Audit Committee of the Board was constituted on April 30, 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 Regulation 18 of the Listing Regulations 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 reviews the management discussion and analysis of the financial condition and results of operations, 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.

The composition of the Audit Committee is as follows:

Sl. No.	Name of Members	Position held	Category	No. of Meetings	
				Held during 2016-17	Attended during 2016-17
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 26, 2016; August 8, 2016; October 28, 2016 and January 31, 2017.

Statutory Auditors and Senior Executives of the Company are invited to the Meetings for deliberations. Company Secretary acts as Company Secretary of the Committee.

### (4) NOMINATION AND REMUNERATION COMMITTEE

The Remuneration Committee of the Board of Directors was constituted on October 31, 2002. The Committee was renamed as "Nomination and Remuneration Committee" w.e.f May 26, 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 Regulation 19 of the Listing Regulations which include amongst others:

- Formulate the criteria for determining qualifications, positive attributes and independence of a Director.
- Recommended 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.

The composition of the Nomination & Remuneration Committee is as follows:

Sl. No.	Name of Members	Position held	Category	No. of Meetings	
				Held during 2016-17	Attended during 2016-17
1.	Mr. Hanuwant Singh	Chairman	Independent/ Non-Executive	2	1
2.	Mr. G.N. Mehra	Member	Independent/ Non-Executive	2	2
3.	Mr. Shailendra Swarup	Member	Independent/ Non-Executive	2	2

During the year under review, Two Nomination & Remuneration Committee meetings were held on August 6, 2016 and March 29, 2017.

The Board is committed to assessing its own performance as a Board in order to identify its strengths and areas in which it may improve its functioning. To that end, the Nomination & Remuneration Committee has established a framework for evaluation of performance of Independent Directors:

- (i) Once a year, the Board will conduct a self-evaluation for Independent Directors. It is the responsibility of the Nomination & Remuneration Committee, supported by the Company Secretary, to organise the evaluation process and act on its outcome;
- (ii) The Committee has formulated a structured questionnaire on evaluation criteria for the Independent Directors which is broadly based on:
  - (a) Knowledge & Expertise to perform the role;
  - (b) Competency and Professional Experience
  - (c) Board Engagement and Time Commitment; and
  - (d) Integrity & Honesty.
- (iii) The Independent Directors are requested to complete the evaluation forms and submit the same to the Nomination & Remuneration Committee.

## OTHER COMMITTEES

### RISK MANAGEMENT COMMITTEE

The Risk Management Committee of the Board was constituted on May 26, 2014. 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.

The composition of the Risk Management Committee is as follows:

Sl. No.	Name of Members	Position held	Category	No. of Meetings	
				Held during 2016-17	Attended during 2016-17
1.	Mr. M. A. Pathan	Chairman	Independent/ Non-Executive	1	1
2.	Mr. Hanuwant Singh	Member	Independent/ Non-Executive	1	1
3.	Mr. Shailendra Swarup	Member	Independent/ Non-Executive	1	1

The Risk Management Committee held one meeting on October 24, 2016.

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Company has constituted a Corporate Social Responsibility Committee (CSR Committee) as required under Section 135 of the Companies Act, 2013 on May 26, 2014. The prime responsibility of the Committee is to 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 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 Exchanges, the Companies Act, 2013 and other statutes or any modification or re-enactment thereof.

The Composition of CSR Committee is as under:

Sl. No.	Name of Members	Position Held	Category	No. of Meetings held during 2016-17	Attended during 2016-17
1.	Ms. Meena Sethi	Chairperson	Independent/ Non-Executive	1	—
2.	Mr. Ramesh Suri	Member	Executive	1	1
3.	Ms. Shradha Suri	Member	Executive	1	1

The CSR Policy of the Company has been uploaded and can be viewed on Company's website www.subros.com. During the year one Meeting of CSR Committee was held on May 26, 2016.

#### (5) REMUNERATION OF DIRECTORS

Non-Executive Directors of the Company are not being paid any Remuneration other than the sitting fee for attending the meetings. The details of sitting fee paid during the year 2016-17 is as given below:-

S. N o.	Name of Director	Sitting Fee for Board Meetings (Rs.)	Sitting Fee for other Meetings (Rs.)	Total (Rs.)
1	Dr. Jyotsna Suri	2,50,000	—	2,50,000
2	Mr. Kenichi Ayukawa	3,00,000	—	3,00,000
3	Mr. Y. Kajita	50,000	—	50,000
4	Mr. G.N. Mehra	2,50,000	8,90,000	11,40,000
5	Mr. K.R. Ramamoorthy	2,50,000	2,50,000	5,00,000
6	Mr. Shailendra Swarup	3,00,000	1,70,000	4,70,000
7	Mr. Hanuwant Singh	2,00,000	7,90,000	9,90,000
8	Ms. Meena Sethi	2,00,000	50,000	2,50,000
9	Mr. M.A. Pathan	3,00,000	90,000	3,90,000
10.	Mr. T. Nagata	50,000	—	50,000
	GRAND TOTAL			43,90,000

Except payment of rent, dividend and sitting fees to Dr. Jyotsna Suri, Non-Executive Director, there is no pecuniary relationship or transactions with the non-executive directors;

The remuneration paid/payable to the Chairman and the Managing Director for the year 2016-17 is as given below:

(₹ in lacs)

S. No.	Name of the Director	Period of appointment	Salary & Allowances	Contributions (*)	Commission	Total
1	Mr. Ramesh Suri	16.09.2015 - 15.09.2018	48.00	—	8.85	56.85
2	Ms. Shradha Suri	12.05.2016 - 11.05.2019 <sup>#</sup>	137.12	11.63	—	148.75
		TOTAL	185.12	11.63	8.85	205.60

(#) Reappointed as Managing Director w.e.f 12<sup>th</sup> May, 2016.

(\*) Represents contribution to Provident Fund and Superannuation Fund. Figures are not separately available for contribution to Group Gratuity Fund.

There are no performance-linked incentives available to the Directors. There is no obligation on the Company to pay severance fees to the Directors.

#### (6) STAKEHOLDERS' RELATIONSHIP COMMITTEE:

Pursuant to Section 178 (5) of the Companies Act, 2013 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.

The composition of the Stakeholders Relationship Committee is as under:

Sl.No.	Names of Members	Position	No. of Meetings held during the year 2016-17	No. of Meetings attended during the year 2016-17
1	Mr. G.N. Mehra	Chairman	26	26
2	Mr. Ramesh Suri	Member	26	26
3	Mr. Hanuwant Singh	Member	26	26

Mr. Rakesh Arora, Company Secretary is the Compliance Officer of the Company. For any clarification / complaint the shareholders may contact to Company Secretary at 011-23414946-49, or at the Registered Office of the Company.

SEBI Complaints Redress Systems (SCORES)

The investor Complaints are processed in a centralized web-based complaints redressal 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 Complainant 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.

Investor Grievances Redressal

The number of Complaints received and redressed during the year 2016-2017 is as follows:

Sl. No.	Nature of complaint	No. of Shareholder's Complaint received during 2016-17	Number resolved	Number of pending complaints
1	Non-receipt of share certificate	1	1	0
2.	Non-receipt of NECS advise of dividend	1	1	0

## (7) 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.	31 <sup>st</sup> AGM in respect of the year (2015-16)	August 8, 2016	Kamani Auditorium No.1, Copernicus Marg, New Delhi - 110001	11.00 a.m.
2.	30 <sup>th</sup> AGM in respect of the year (2014-15)	July 27, 2015	FICCI Golden Jubilee Auditorium, Tansen Marg, New Delhi - 110001	11.00 a.m.
3.	29 <sup>th</sup> AGM in respect of the year (2013-14)	July 28, 2014	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
31 <sup>st</sup> AGM in respect of the year (2015-16)	a) Re-appointment of Managing Director. b) To approve the Material Related Party Contracts/Transactions for Rs.325 crores.
30 <sup>th</sup> AGM in respect of the year (2014-15)	a) Re-appointment of Executive Director. b) To approve continuation of Chairman c) Re-appointment of Chairman d) To approve the Material Related Party Contracts/Transactions for Rs. 1,500 crores e) To approve the Material Related Party Contracts/Transactions for Rs. 150 crores
29 <sup>th</sup> AGM in respect of the year (2013-14)	a) Approve the Borrowing Power under section 180(1)(c) b) Approval for the Creation of Mortgage/Charge under section 180(1)(a)

### Postal Ballots

During the financial year 2016-17, there was no Ordinary or Special Resolution(s) that were passed by Shareholders through Postal Ballot. However, the approval of the Shareholders was sought on the proposal to issue Secured Redeemable Non-Convertible Debentures on private placement basis for an aggregate amount of Rs. 150 crores vide Postal Ballot notice dated March 29, 2017. In compliance with the provisions of Section 108 & Section 110 of the Companies Act, 2013 and Rule 20 & Rule 22 of the Companies (Management and Administration) Rules, 2014 and pursuant to Regulation 44 of the SEBI LODR Regulations, the Company had provided its Members the facility to exercise their right to vote on the postal ballot through the Electronic Voting ("E-voting") on the resolution as set out in the Notice of the Postal Ballot dated March, 29, 2017. E-voting was made available from April 12, 2017 till May 11, 2017. The Company appointed M/s. RSM & Co, Company Secretaries as the Scrutinizer to scrutinize the entire Postal Ballot process. The Scrutinizer submitted his report to the Chairman on completion of scrutiny on May 13, 2017 and the consolidated results of the said Postal Ballot were announced. The said results were made available on the website of the Company and also placed at the Registered and Corporate Office of the Company. The Resolution was passed by the Shareholders with requisite majority of 99.97%.

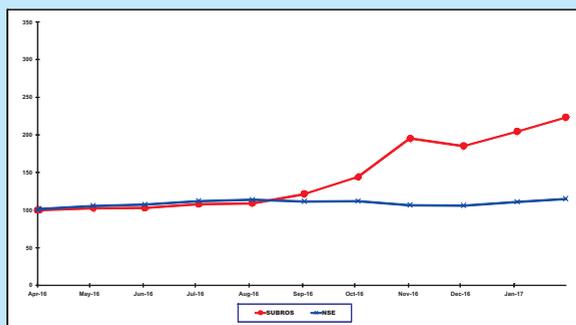
### (8) MEANS OF COMMUNICATION TO SHAREHOLDERS

In compliance with the requirement of Listing Agreement with the Stock Exchanges, 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, Bombay Stock Exchange and the Delhi Stock Exchanges, in time after they are taken on record by the Board. Quarterly Un-audited Financial Results were published in "The Financial Express" (English), All editions and "Jansatta", Delhi & Mumbai and other vernacular newspaper. These results are also displayed on the Company's web-site www.subros.com. The Company also uses other modes of communication with its stakeholders, such as announcements and press releases in newspapers. The presentations made to the investors and press releases of the Company are displayed on the website of the Company www.subros.com and that of the stock exchange(s).

### (9) GENERAL SHAREHOLDER INFORMATION

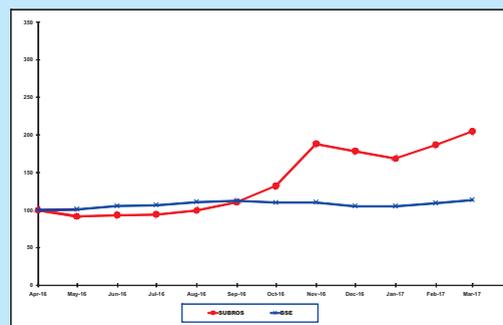
S.No.	Items	Particulars																																																																					
(a)	AGM Date AGM Time AGM Venue	Monday, the September 18, 2017 11.00 A.M. KAMANI AUDITORIUM, 1, Copernicus Marg, NEW DELHI - 110001																																																																					
(b)	Financial year	April 1, 2016 to March 31, 2017																																																																					
(c)	Dividend Payment Date	October 17, 2017																																																																					
(d)	Name and address of each stock exchange(s)  Listing Fee(s)	Delhi Stock Exchange Association Ltd DSE House, 3/1 Asaf Ali Road, New Delhi 110001 BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001 NSE Limited 'Exchange Plaza' Bandra-Kurla Complex, Bandra (East), Mumbai-400051  Paid to the BSE and NSE.  The listing fees to DSE is not payable as the Securities and Exchange Board of India has withdrawn the recognition granted to DSE on November 19, 2014																																																																					
(e)	Stock Code  Demat ISIN No for NSDL /CDSL	517168 - Bombay Stock Exchange 3324 - National Stock Exchange 5824 - Delhi Stock Exchange INE 287B01021																																																																					
(f)	Market price data Market Price Data: High/Low during each month of 2016-17 on BSE & NSE	<table border="1"> <thead> <tr> <th rowspan="2">Month</th> <th colspan="2">Bombay Stock Exchange</th> <th colspan="2">National Stock Exchange</th> </tr> <tr> <th>High (Rs.)</th> <th>Low (Rs.)</th> <th>High (Rs.)</th> <th>Low (Rs.)</th> </tr> </thead> <tbody> <tr> <td>APRIL</td> <td>96.50</td> <td>85.50</td> <td>96.80</td> <td>84.15</td> </tr> <tr> <td>MAY</td> <td>114.90</td> <td>77.50</td> <td>115.30</td> <td>77.20</td> </tr> <tr> <td>JUNE</td> <td>101.10</td> <td>82.25</td> <td>101.50</td> <td>81.50</td> </tr> <tr> <td>JULY</td> <td>100.30</td> <td>90.80</td> <td>100.60</td> <td>90.05</td> </tr> <tr> <td>AUGUST</td> <td>109.40</td> <td>90.00</td> <td>109.90</td> <td>90.95</td> </tr> <tr> <td>SEPTEMBER</td> <td>143.75</td> <td>103.80</td> <td>143.75</td> <td>103.40</td> </tr> <tr> <td>OCTOBER</td> <td>186.40</td> <td>128.00</td> <td>186.40</td> <td>128.10</td> </tr> <tr> <td>NOVEMBER</td> <td>180.00</td> <td>130.50</td> <td>181.40</td> <td>132.00</td> </tr> <tr> <td>DECEMBER</td> <td>174.00</td> <td>146.65</td> <td>174.70</td> <td>146.85</td> </tr> <tr> <td>JANUARY, 2017</td> <td>187.95</td> <td>161.00</td> <td>196.00</td> <td>161.60</td> </tr> <tr> <td>FEBRUARY, 2017</td> <td>205.90</td> <td>176.00</td> <td>206.80</td> <td>176.20</td> </tr> <tr> <td>MARCH, 2017</td> <td>218.90</td> <td>184.75</td> <td>218.50</td> <td>190.10</td> </tr> </tbody> </table>	Month	Bombay Stock Exchange		National Stock Exchange		High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)	APRIL	96.50	85.50	96.80	84.15	MAY	114.90	77.50	115.30	77.20	JUNE	101.10	82.25	101.50	81.50	JULY	100.30	90.80	100.60	90.05	AUGUST	109.40	90.00	109.90	90.95	SEPTEMBER	143.75	103.80	143.75	103.40	OCTOBER	186.40	128.00	186.40	128.10	NOVEMBER	180.00	130.50	181.40	132.00	DECEMBER	174.00	146.65	174.70	146.85	JANUARY, 2017	187.95	161.00	196.00	161.60	FEBRUARY, 2017	205.90	176.00	206.80	176.20	MARCH, 2017	218.90	184.75	218.50	190.10
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## (g) Stock performance comparison to NSE S&amp;P CNX NIFTY



NOTE :- Both prices are indexed at 100 as on 31 March-2017

## Stock performance comparison to BSE Index



NOTE: - Both prices are indexed at 100 as on 31 March-2017

(h)	Trading of Securities	The securities of the Company are actively traded on BSE and NSE
(i)	Registrar & Share Transfer Agents	M/s. MCS Share Transfer Agent Limited, F- 65, 1st Floor, Okhla Industrial Area, Phase I, New Delhi - 110 020.
(j)	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.

## (k) Distribution of Shareholding

Distribution of Shareholding as on March 31, 2017 ( Face Value Rs. 2/- per share )

Shareholdings of Nominal Value of Rs.	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shares
1 - 500	51803	94.48	1620542	2.70
501 - 1000	1404	2.56	1223272	2.04
1001 - 2000	877	1.60	1399715	2.33
2001 - 3000	201	0.37	522025	0.87
3001 - 4000	145	0.26	511624	0.85
4001 - 5000	122	0.22	593665	0.99
5001 - 10000	136	0.25	1018023	1.70
10001 - 50000	84	0.16	1761219	2.94
50001 - 100000	16	0.03	1159536	1.93
100001 and above	39	0.07	50178979	83.65
TOTAL	54827	100	59988600	100

Shareholding Pattern as on March 31, 2017

Type	NSDL (Demat)	CDSL (Demat)	Physical	Total Shares
Promoters	24000000	-	-	24000000
Foreign Collaborators	7800000	-	7800000	15600000
Mutual Funds and UTI	3627462	-	-	3627462
Financial Institutions /Bank	230	-	-	230
Insurance Co's	37018	-	-	37018
Foreign Institutional Investors	79947	-	6000	85947
Corporate Bodies	2537131	277741	3417860	6232732
Non Resident Indian	411012	43280	-	454292
Trust and Fund	-	1000	-	1000
Indian Public	6265031	1955849	1729039	9949919
Total	44757831	2277870	12952899	59988600

S.No.	Items	Particulars
(l)	Dematerialisation of shares & liquidity	As at March 31, 2017 Demat: - 16554 Shareholders (30.19% of the Total Shareholders) Demat: - 4,70,35,701 Shares (78.40% of the Total Shares )
(m)	Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity.	Not Applicable
(n)	Commodity price risk or foreign exchange risk or hedging activities	There is no commodity price risk hedging activities undertaken by the Company. Further, the Company hedges the foreign exchange as per the approved foreign exchange risk policy.
(o)	Plant locations	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 & Manesar Plant: Plot No. 395/396 & 403, Sector-8, IMT Manesar (Haryana). Pune Plant: B- 8 & 9, MIDC Industrial Area, Chakan Taleegaon Road, Chakan Pune(Maharashtra) Sanand Plant: E-1, TML Vendor Park, Sanand (Gujarat) Chennai Plant: A-20/1, SIPCOT Industrial Growth Centre, Oragadam, Chennai(Tamil Nadu)
(p)	Address for correspondence	Registered Office: LGF World Trade Centre, Barakhamba Lane, New Delhi 110001.

## (10) OTHER 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 Transaction enclosed as Annexure-5 to the Directors' Report.
- (b) Compliance by the Company  
The Company has duly complied with the requirement of Listing Agreements with Bombay Stock Exchange, National Stock Exchange, Delhi Stock Exchange, SEBI and other statutory authority of all matters 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) Vigil Mechanism/Whistle Blower Policy  
Pursuant to Section 177(9) of the Companies Act, 2013 the Company has established Vigil mechanism for its Directors, Employees, Vendors, Suppliers and other Stakeholders etc of the Company. The same is intended to cover the whistle Blower Policy under the aspect of Listing Regulations. 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 details of the Whistle Blower Policy are explained in the Corporate Governance Report and also posted on the website of the Company [www.subros.com](http://www.subros.com). It is confirmed that no personnel has been denied access to the audit committee.
- (d) The Company has complied with all mandatory requirements prescribed under Regulation 27 of the Listing Regulations. The Company has not adopted any non-mandatory requirements of Regulation 27 of the Listing Regulations except for the constitution of the Risk Management Committee & Corporate Social Responsibility Committee.
- (e) The Company has not adopted a policy on material subsidiaries.
- (f) The policy on related party is available on the website of the Company.  
<http://www.subros.com/zip/Related%20Party%20Transaction%20Policy.pdf>
- (g) The Company has not carried out any commodity hedging activities and accordingly no disclosure of commodity price risk and commodity hedging activities are being made.
- (h) Disclosure with respect to demat suspense account. There are no equity shares in suspense account and accordingly, no disclosure is being made.

**(11) NON COMPLIANCE OF ANY REQUIREMENT OF CGR**

The Company has complied with all the requirements of corporate governance as stipulated in Listing Regulations.

**(12) DISCRETIONARY REQUIREMENTS**

The Company has appointed separate persons to the post of Chairman and Managing Director.

**(13) COMPLIANCE WITH MANDATORY REQUIREMENTS AND ADOPTION OF NON-MANDATORY REQUIREMENTS OF REGULATION 27 OF THE LISTING REGULATIONS**

The Company has complied with the corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-Regulation (2) of Regulation 46 of the Listing Regulations.

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 March 31, 2017, 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 March 31, 2017.

Place: New Delhi  
Dated: 23<sup>rd</sup> May, 2017

SHRADHA SURI  
MANAGING DIRECTOR  
DIN: 00176902

**Compliance 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, 2017, as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations')
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 Listing Regulations, as applicable.
4. 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 Registration No. 000250N

Place: New Delhi  
Dated: 23<sup>rd</sup> May, 2017

(V.K Dhingra)  
PARTNER  
Membership No. 14467

## Independent Auditors' Report

TO THE MEMBERS OF  
SUBROS LIMITED

Report on the Standalone Financial Statements

1. We have audited the accompanying Standalone financial statements of SUBROS LIMITED, ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, 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

2. 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

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. 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 provision of the Act and rules made there under.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements 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.
6. 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. 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.
7. 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

8. 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, 2017 and its profit and cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as "order") and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
10. 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, 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.
  - (g) 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 51 (i) to the standalone 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 51 (ii) to the standalone 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 during the year ended March 31, 2017. Refer Note 51 (iii) to the standalone financial statements.
    - iv. The Company has provided requisite disclosures in its standalone financial statements as to holding as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedure and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the management. Refer Note 43 to the standalone financial statements.

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

PLACE: NEW DELHI  
DATED: 23<sup>rd</sup> May, 2017

(V. K. DHINGRA)  
PARTNER  
M. No. 014467

## ANNEXURE 'A' TO INDEPENDENT AUDITORS' REPORT

REFERRED TO IN PARAGRAPH 9 OF THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED 31ST MARCH, 2017 TO THE MEMBERS OF SUBROS LIMITED

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.  
 (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title-deeds of immovable properties, as disclosed in 'Note-11' on Fixed Assets to the financial statement, are held in the name of the company.
2. 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. No material discrepancies were noticed on physical verification of inventory as compared to book records.
3. The Company has not granted any secured or unsecured loans to companies, firms, limited liability partnership or other parties covered in the register maintained under section 189 of the Companies Act 2013. Therefore, clause 3(iii), (iii)a, (iii)b, and (iii)c of the said Order are not applicable to the company.
4. The Company has not granted any loans or made any investment, or provided any guarantees or security to the parties covered under section 185 and 186 of the Act. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
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 and rules framed there under.
6. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view of determine whether they are accurate or complete.
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, 2017 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 (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	2013-14	9.91	Commissioner of Income Tax (Appeal)

8. 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.
9. The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year. In our opinion and according to the information and explanations given to us, moneys raised during the year by way of term loan were applied for the purpose for which the same were raised.
10. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material frauds by the Company or on the Company by its officers or employees, noticed or reported during the year, nor we have been informed of any such case by the Management.
11. The Company has paid / provided managerial remuneration in excess of the limits mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013, aggregating to Rs. 78.70 lacs to the executive directors of the Company. As informed, the Company has already sought / is in the process of seeking requisite approvals from the Central Government. We have been explained that the Company will take appropriate steps to recover the said excess amount from the concerned directors in case the requisite approvals are not granted by the Central Government.
12. As the Company is not Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) are not applicable to the Company.
13. The Company has entered into transactions with related parties in compliance with the provisions of section 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

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

PLACE: NEW DELHI  
DATED: 23<sup>rd</sup> May, 2017

(V. K. DHINGRA)  
PARTNER  
M. No. 014467

## ANNEXURE 'B' TO THE INDEPENDENT AUDITORS' REPORT

REFERRED TO IN PARAGRAPH 10(F) OF THE INDEPENDENT AUDITORS' REPORT OF EVEN ON THE STANDALONE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED 31 MARCH 2017 TO THE MEMBERS OF SUBROS LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the Internal Financial Controls Over Financial Reporting of Subros Limited ('the Company') as of March 31, 2017 in conjunction with our audit of the standalone financial statement of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper

management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issue by the Institute of Chartered Accountants of India.

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

PLACE: NEW DELHI  
DATED: 23<sup>rd</sup> May, 2017

(V. K. DHINGRA)  
PARTNER  
M. No. 014467

## Balance Sheet as at 31.03.2017

(₹ in Lacs)

PARTICULARS	NOTE NO.	AS AT 31ST MARCH 2017	AS AT 31ST MARCH 2016
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS:</b>			
(A) SHARE CAPITAL	2	1,199.77	1,199.77
(B) RESERVES AND SURPLUS	3	33,740.34	32,336.78
<b>NON-CURRENT LIABILITIES</b>			
(A) LONG-TERM BORROWINGS	4	15,842.25	18,896.94
(B) DEFERRED TAX LIABILITIES (NET)	5	2,460.00	2,945.00
(C) OTHER LONG-TERM LIABILITIES	6	73.57	42.08
(D) LONG-TERM PROVISIONS	7	363.14	293.41
<b>CURRENT LIABILITIES</b>			
(A) SHORT-TERM BORROWINGS	8	17,066.15	10,829.03
(B) TRADE PAYABLES		17,857.60	12,931.15
(C) OTHER CURRENT LIABILITIES	9	26,236.21	19,925.85
(D) SHORT-TERM PROVISIONS	10	127.48	684.90
<b>TOTAL</b>		<u><u>1,14,966.51</u></u>	<u><u>1,00,084.91</u></u>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
<b>(A) FIXED ASSETS</b>			
(I) TANGIBLE ASSETS	11	33,374.56	41,020.11
(II) INTANGIBLE ASSETS	11	16,342.53	15,291.67
(III) CAPITAL WORK-IN-PROGRESS	11	12,412.59	4,328.20
(IV) INTANGIBLE ASSETS UNDER DEVELOPMENT	11	2,502.00	1,085.60
(B) NON-CURRENT INVESTMENTS	12	250.00	250.00
(C) LONG-TERM LOANS AND ADVANCES	13	5,871.66	4,827.56
<b>CURRENT ASSETS</b>			
(A) INVENTORIES	14	20,522.90	17,661.55
(B) TRADE RECEIVABLES	15	13,020.59	9,855.59
(C) CASH AND BANK BALANCES	16	832.20	699.02
(D) SHORT-TERM LOANS AND ADVANCES	17	6,503.80	5,043.09
(E) OTHER CURRENT ASSETS	18	3,333.68	22.52
<b>TOTAL</b>		<u><u>1,14,966.51</u></u>	<u><u>1,00,084.91</u></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 &amp; CO.

For and on behalf of the Board of Directors

Chartered Accountants

V.K. DHINGRA

Partner

Membership No : 14467

Place : New Delhi

 Date : 23<sup>rd</sup> May, 2017

RAMESH SURI

Chairman

H.K. AGARWAL

Sr GM (Finance)

SHRADHA SURI

Managing Director

MANOJ K SETHI

Sr VP (Finance)

RAKESH ARORA

Company Secretary

## Statement of Profit and Loss for the Year Ended 31.03.2017

(₹ in Lacs)

PARTICULARS	NOTE NO.	FOR THE YEAR ENDED ON 31.03.2017	FOR THE YEAR ENDED ON 31.03.2016
REVENUE FROM OPERATIONS	19	1,54,945.85	1,30,689.73
OTHER INCOME	20	330.44	243.01
TOTAL REVENUE		<u>1,55,276.29</u>	<u>1,30,932.74</u>
EXPENSES:			
COST OF MATERIALS CONSUMED	21	1,07,090.23	88,398.10
CHANGES IN INVENTORIES OF FINISHED GOODS & WIP - (INCREASE) / DECREASE	22	(402.14)	(63.17)
EMPLOYEE BENEFIT EXPENSE	23	15,386.02	13,099.23
FINANCE COST	24	4,221.57	4,172.56
DEPRECIATION AND AMORTISATION EXPENSE		8,791.10	8,635.56
OTHER EXPENSES	25	16,167.53	14,046.09
TOTAL EXPENSES		<u>1,51,254.31</u>	<u>1,28,288.37</u>
PROFIT BEFORE TAX & EXCEPTIONAL ITEMS		<u>4,021.98</u>	<u>2,644.37</u>
EXCEPTIONAL ITEMS		3,103.14	-
PROFIT BEFORE TAX		<u>918.84</u>	<u>2,644.37</u>
TAX EXPENSE:			
- CURRENT TAX (MAT)		194.00	567.91
- MAT CREDIT ENTITLEMENT		(194.00)	(567.91)
- NET CURRENT TAX		-	-
- DEFERRED TAX EXPENSE		(485.00)	244.89
- TAX IN RESPECT OF EARLIER YEARS		0.28	(0.91)
PROFIT FOR THE YEAR		<u><u>1,403.56</u></u>	<u><u>2,400.39</u></u>
EARNING PER EQUITY SHARE OF FACE VALUE OF Rs. 2 EACH			
BASIC & DILUTED (Rs.)		2.34	4.00
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 &amp; CO.

For and on behalf of the Board of Directors

Chartered Accountants

V.K. DHINGRA

Partner

Membership No : 14467

Place : New Delhi

Date : 23<sup>rd</sup> May, 2017

RAMESH SURI

Chairman

H.K. AGARWAL

Sr GM (Finance)

SHRADHA SURI

Managing Director

MANOJ K SETHI

Sr VP (Finance)

RAKESH ARORA

Company Secretary

## Statement of Cash Flow for the year ended 31<sup>st</sup> March 2017

(₹ in Lacs)

PARTICULARS	2016-2017		2015-2016	
I. CASH FLOW FROM OPERATING ACTIVITIES				
Profit Before Taxation		918.84		2,644.37
Adjustments				
Add:				
i) Depreciation	8,791.10		8,635.56	
ii) Loss on Assets Sold / Discarded	1.25		17.03	
iii) Interest & Financial Charges	4,221.57	13,013.92	4,172.56	12,825.15
		13,932.76		15,469.52
Less:				
i) Interest Income	281.92		50.35	
ii) Surplus on Assets sold / discarded	-	281.92	-	50.35
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		13,650.84		15,419.17
Adjustment for:				
i) Trade & Other receivable	(7,969.99)		(3,046.38)	
ii) Inventories	(2,861.35)		(319.86)	
iii) Trade & Other payables	8,238.80	(2,592.54)	3,387.25	21.01
CASH GENERATED FROM OPERATIONS		11,058.30		15,440.18
Less:				
Direct Taxes paid (Net)		(220.38)		(579.02)
Add:				
Interest received		278.93		56.14
NET CASH FLOW FROM OPERATING ACTIVITIES		11,116.85		14,917.30
II. CASH FLOW FROM INVESTING ACTIVITIES				
i) Purchase of Fixed Assets/ CWIP		(14,193.95)		(6,792.45)
ii) Sale of Fixed Assets (Including Insurance Claim)		6,588.93		15.29
NET CASH USED IN INVESTING ACTIVITIES		(7,605.02)		(6,777.16)

(₹ in Lacs)

PARTICULARS	2016-2017		2015-2016	
III. CASH FLOW FROM FINANCING ACTIVITIES				
i) Proceeds of long term secured loans		5,000.00		6,788.60
ii) Repayment of long term loans		(9,609.77)		(8,698.29)
iii) Working Capital Loans from Banks (Net)		5,566.66		(1,050.16)
iv) Dividend and Corporate Dividend Tax paid		(577.61)		(505.42)
v) Interest Paid		(4,455.34)		(4,717.63)
vi) Buyers Credit (Capex)		670.46		-
NET CASH FROM FINANCING ACTIVITIES		<u>(3,405.60)</u>		<u>(8,182.90)</u>
NET CHANGE IN CASH AND CASH				
EQUIVALENTS (I+II+III)		106.23		(42.76)
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR		95.00		137.76
CASH AND CASH EQUIVALENTS AS AT THE CLOSING OF THE YEAR		<u>201.23</u>		<u>95.00</u>

- Note: i) Cash Flow Statement is prepared using Indirect Method as prescribed in AS -3  
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  
Membership No : 14467  
Place : New Delhi  
Date : 23<sup>rd</sup> May, 2017

RAMESH SURI  
Chairman  
H.K. AGARWAL  
Sr GM (Finance)

SHRADHA SURI  
Managing Director  
MANOJ K SETHI  
Sr VP (Finance)

RAKESH ARORA  
Company Secretary

## Notes Annexed to and Forming Part of the Balance Sheet as at 31<sup>st</sup> March, 2017 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 &amp; 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 &amp; PAID UP SHARE CAPITAL

(₹ in Lacs)

PARTICULARS	As at 31st March 2017	As at 31st March 2016
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
TOTAL	1,199.77	1,199.77

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

(₹ in Lacs)

PARTICULARS	As at 31st March 2017		As at 31st March 2016	
	(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 2017		As at 31st March 2016	
	NO. OF SHARES HELD	% OF HOLDING	NO. OF SHARES HELD	% OF HOLDING
DEEKSHA HOLDING 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 &amp; SURPLUS

(₹ in Lacs)

PARTICULARS	As at 31st March 2017	As at 31st March 2016
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	11,675.48	11,425.48
ADD: TRANSFERRED FROM SURPLUS	150.00	250.00
CLOSING BALANCE	<u>11,825.48</u>	<u>11,675.48</u>
SURPLUS		
OPENING BALANCE	20,657.65	19,084.87
ADD: PROFIT FOR THE YEAR	1,403.56	2,400.39
	<u>22,061.21</u>	<u>21,485.26</u>
LESS: APPROPRIATIONS		
PROPOSED DIVIDEND ON EQUITY SHARE	—	479.91
PROVISION FOR TAX ON PROPOSED DIVIDEND	—	97.70
TRANSFERRED TO GENERAL RESERVE	150.00	250.00
CLOSING BALANCE	<u>21,911.21</u>	<u>20,657.65</u>
TOTAL	<u>33,740.34</u>	<u>32,336.78</u>

## NOTE 4 - LONG - TERM BORROWINGS

(₹ in Lacs)

PARTICULARS	As at 31st March 2017	As at 31st March 2016
SECURED LOANS		
TERMS LOANS:		
FROM BANKS	14,897.80	17,063.64
FROM OTHERS	944.45	1,833.30
TOTAL	<u>15,842.25</u>	<u>18,896.94</u>

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

NATURE OF SECURITY	TERMS OF REPAYMENT
Term loan amounting to Rs. 2,625 lacs (March 31, 2016: Rs. NIL lacs) is secured by Exclusive first charge on specific equipments	Repayment in 16 quarterly instalments (@ Rs 187.50 lacs each) commencing from Dec 2017. Last instalment in Sep 2021. Rate of interest 9.29% P.A. (Previous year NIL)
Term loan amounting to Rs. 1,750 lacs (March 31, 2016: Rs. NIL lacs) is secured by Exclusive first charge on specific equipments	Repayment in 16 quarterly instalments (@ Rs 125.00 lacs each) commencing from Dec 2017. Last instalment in Sep 2021. Rate of interest 8.95% P.A. (Previous year NIL)
Term loan amounting to Rs. NIL lacs (March 31, 2016: Rs 1,354 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%)

NATURE OF SECURITY	TERMS OF REPAYMENT
Term loan amounting to Rs. NIL lacs (March 31, 2016: Rs 625 lacs) is Secured by way of first charge on specific machineries and equitable mortgage on Pune Land & Bldg.	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. 3,000 lacs (March 31, 2016: Rs. 4,500 Lacs) is secured by equitable mortgage on Manesar Land & Bldg.	Repayment in twenty Quarterly equal instalments commencing from June 2015. Last instalment in March 2020. Rate of interest 8.95% P.A. (Previous year 9.85% P.A.)
Term loan amounting to Rs. NIL lacs (March 31, 2016: Rs. 375 lacs) is secured by equitable mortgage on Manesar Land & Bldg.	Repayment in sixteen Quarterly equal instalments commencing from Dec. 2014. Last instalment in September 2017. Rate of interest 8.95% P.A. (Previous year 9.85% P.A.)
Term loan amounting to Rs. 944.45 lacs (March 31, 2016: Rs 1,833.30 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 9.70% P.A. (Previous year 10.05% P.A.)
Term loan amounting to Rs. 2,750 lacs (March 31, 2016: Rs. 3,750 Lacs) is secured by equitable mortgage on Manesar Land & Bldg.	Repayment in twenty Quarterly equal instalments commencing from March 2016. Last instalment in Dec 2020. Rate of interest 8.95% P.A. (Previous year 9.85%)
Term loan amounting to Rs. 1,972.80 lacs (March 31, 2016: Rs. 2,959 lacs) is Secured by way of first charge on specific machineries & Sub Survient Charge on Moveable Fixed assets.	Repayment in Eight Half yearly instalments commencing from September 2016. Last instalment in March 2020. Rate of interest 9.50% P.A. (Previous year 9.50%)
Term loan amounting to Rs. 2,800 lacs (March 31, 2016: Rs. 3,500 lacs) is secured by equitable mortgage on Manesar Land & Bldg.	Repayment in Twenty Quarterly equal instalments commencing from March 2017. Last instalment in Dec 2021. Rate of interest 8.95% P.A. (Previous year 9.85%)

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

(₹ in Lacs)

PARTICULARS	As at 31st March 2017	As at 31st March 2016
DEFERRED TAX LIABILITY		
DEPRECIATION	2,703.20	3,186.00
TOTAL DEFERRED TAX LIABILITY(A)	2,703.20	3,186.00
DEFERRED TAX ASSETS		
EXPENSES ALLOWABLE ON PAYMENT BASIS (NET)	243.20	241.00
TOTAL DEFERRED TAX ASSETS( B)	243.20	241.00
TOTAL (A-B)	2,460.00	2,945.00

**NOTE 6 - OTHER LONG TERM LIABILITIES**

(₹ in Lacs)

PARTICULARS	As at 31st March 2017	As at 31st March 2016
SECURITY DEPOSITS RECEIVED	73.57	42.08
TOTAL	73.57	42.08

**NOTE 7 - LONG TERM PROVISIONS**

(₹ in Lacs)

PARTICULARS	As at 31st March 2017	As at 31st March 2016
PROVISION FOR EMPLOYEE BENEFITS		
PROVISION FOR LEAVE ENCASHMENT	296.57	243.55
PROVISION FOR WARRANTY	66.57	49.86
TOTAL	<u>363.14</u>	<u>293.41</u>

**NOTE 8 - SHORT-TERM BORROWINGS**

(₹ in Lacs)

PARTICULARS	As at 31st March 2017	As at 31st March 2016
SECURED		
FROM BANKS:		
CASH CREDIT ACCOUNT	3,850.24	836.49
BUYERS CREDIT (Secured by First Charge by way of Hypothecation of stocks & receivables) Rate of Interest (CC): 1YR MCLR + 50 BPS Rate of Interest (Buyers Credit): LIBOR + 40 BPS to 68 BPS	3,118.25	—
	<u>6,968.49</u>	<u>836.49</u>
UNSECURED		
- WORKING CAPITAL LOAN FROM BANKS Rate of Interest : 8.45% to 8.50%	4,500.00	4,402.55
- BUYERS CREDIT ARRANGEMENTS FROM BANKS Rate of Interest : LIBOR + 40 BPS to 68 BPS	597.66	3,089.99
- COMMERCIAL PAPER Rate of Interest : 7.00 %	5,000.00	2,500.00
	<u>10,097.66</u>	<u>9,992.54</u>
TOTAL	<u>17,066.15</u>	<u>10,829.03</u>

**NOTE 9 - OTHER CURRENT LIABILITIES**

(₹ in Lacs)

PARTICULARS	As at 31st March 2017	As at 31st March 2016
CURRENT MATURITIES OF LONG-TERM DEBT	7,726.27	9,281.35
INTEREST ACCRUED BUT NOT DUE ON LOANS	151.09	154.86
UNCLAIMED DIVIDEND	33.68	32.85
DUE TO DIRECTORS	8.85	39.74
STATUTORY DUES	1,239.80	1,025.69
ADVANCE FROM CUSTOMERS	3,143.12	2,155.65
CREDITOR FOR CAPITAL EXPENDITURE	5,448.12	796.83
OTHER PAYABLES	8,485.28	6,438.88
TOTAL	<u>26,236.21</u>	<u>19,925.85</u>

**NOTE 10 - SHORT TERM PROVISIONS**

(₹ in Lacs)

PARTICULARS	As at 31st March 2017	As at 31st March 2016
PROVISION FOR EMPLOYEE BENEFITS		
PROVISION FOR LEAVE ENCASHMENT	27.62	25.72
OTHER PROVISIONS		
PROPOSED DIVIDEND	—	479.91
CORPORATE DIVIDEND TAX	—	97.70
PROVISION FOR WARRANTY	99.86	81.57
TOTAL	<u>127.48</u>	<u>684.90</u>

**NOTE 11 - FIXED ASSETS**

(₹ in Lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	COST AS ON 01.04.16	ADDITIONS	SALE/ ADJUSTMENTS	COST AS ON 31.03.2017	DEPRECIATION AS ON 01.04.16	DEPRECIATION FOR THE PERIOD*	SALE/ ADJUSTMENTS	TOTAL DEPRECIATION upto 31.03.2017	AS ON 31.03.2017	AS ON 31.03.2016
<u>TANGIBLE ASSETS</u>										
LAND										
LEASEHOLD	1,471.23	-	-	1,471.23	147.71	14.85	-	162.56	1,308.67	1,323.52
FREEHOLD	718.31	-	-	718.31	-	-	-	-	718.31	718.31
BUILDINGS	12,224.10	275.72	3,899.68	8,600.14	5,691.39	496.00	1,839.53	4,347.86	4,252.28	6,532.71
PLANT AND MACHINERY	77,357.51	5,194.00	11,331.42	71,220.09	45,849.48	6,092.76	6,916.12	45,026.12	26,193.97	31,508.03
FURNITURE AND FIXTURE	1,139.90	164.54	250.97	1,053.47	876.40	54.12	165.33	765.19	288.28	263.50
VEHICLES	1,149.83	148.71	121.65	1,176.89	797.77	133.19	106.95	824.01	352.88	352.06
OFFICE EQUIPMENTS	2,665.94	152.83	151.86	2,666.91	2,343.96	200.27	137.49	2,406.74	260.17	321.98
TOTAL	96,726.82	5,935.80	15,755.58	86,907.04	55,706.71	6,991.19	9,165.42	53,532.48	33,374.56	41,020.11
PREVIOUS YEAR	89,884.10	6,982.17	139.46	96,726.82	48,525.86	7,287.98	107.14	55,706.70	41,020.11	41,358.24
<u>INTANGIBLE ASSETS</u>										
SPECIALISED SOFTWARES	1,599.18	33.96	7.00	1,626.14	1,480.13	68.65	6.99	1,541.79	84.35	119.05
TECHNICAL KNOW HOW	7,940.64	2,404.14	-	10,344.78	3,136.05	570.63	-	3,706.68	6,638.10	4,804.59
DEVELOPMENT COST	14,560.37	640.74	-	15,201.11	4,192.34	1,388.69	-	5,581.03	9,620.08	10,368.03
TOTAL	24,100.19	3,078.84	7.00	27,172.03	8,808.52	2,027.97	6.99	10,829.50	16,342.53	15,291.67
PREVIOUS YEAR	19,465.92	4,634.26	-	24,100.18	7,191.97	1,616.54	-	8,808.51	15,291.67	12,273.95
GRAND TOTAL	1,20,827.01	9,014.64	15,762.58	1,14,079.07	64,515.23	9,019.16	9,172.41	64,361.98	49,717.09	56,311.78
PREVIOUS YEAR	1,09,350.02	11,616.44	139.46	1,20,827.00	55,717.83	8,904.52	107.14	64,515.22	56,311.78	53,632.19
CAPITAL WORK IN PROGRESS									12,412.59	4,328.20
INTANGIBLE ASSETS UNDER DEVELOPMENT									2,502.00	1,085.60

\*Note:- Includes Depreciation capitalised Rs. 228.06 Lacs (Previous Year Rs 268.96 lacs)

**NOTE 12 - NON CURRENT INVESTMENTS**

(₹ in Lacs)

PARTICULARS	As at 31st March 2017		As at 31st March 2016	
	No. of Shares	Value	No. of Shares	Value
LONG TERM INVESTMENT UNQUOTED TRADE INVESTMENTS (VALUED AT COST)				
<u>INVESTMENT IN SUBSIDIARIES</u>				
THAI SUBROS LTD.	999300	73.20	999300	73.20
FULLY PAID UP EQUITY SHARES OF BAHT 5 EACH				
<u>INVESTMENT IN JOINT VENTURE</u>				
DENSO SUBROS THERMAL ENGG CENTRE INDIA LTD	1767999	176.80	1767999	176.80
FULLY PAID UP EQUITY SHARES OF Rs. 10 EACH				
TOTAL		<u>250.00</u>		<u>250.00</u>

**NOTE 13 - LONG TERM LOANS AND ADVANCES**

(₹ in Lacs)

PARTICULARS	As at 31st March 2017	As at 31st March 2016
CAPITAL ADVANCES		
UNSECURED, CONSIDERED GOOD TO RELATED PARTIES (REFER NOTE:- 40) TO OTHERS	8.00 946.29	8.97 157.44
SECURITY DEPOSITS		
UNSECURED, CONSIDERED GOOD TO RELATED PARTIES (REFER NOTE:-40) TO OTHERS	238.74 628.20	240.52 576.72
ADVANCE TAX (NET)		
UNSECURED, CONSIDERED GOOD	179.43	153.72
MAT CREDIT RECOVERABLE		
UNSECURED, CONSIDERED GOOD	3,848.97	3,654.57
LOANS AND ADVANCES TO EMPLOYEE		
UNSECURED, CONSIDERED GOOD	22.03	35.62
TOTAL	<u>5,871.66</u>	<u>4,827.56</u>

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

(₹ in Lacs)

PARTICULARS	As at 31st March 2017	As at 31st March 2016
A. RAW MATERIAL & SPARES		
- IN HAND	16,144.20	13,387.11
- IN TRANSIT	52.85	133.11
	<u>16,197.05</u>	<u>13,520.22</u>
B. WORK IN PROGRESS	1,806.00	1,473.21
C. FINISHED GOODS	292.37	229.96
D. STORES	2,227.48	2,438.16
TOTAL	<u>20,522.90</u>	<u>17,661.55</u>

**NOTE 15 - TRADE RECEIVABLES**

(₹ in Lacs)

PARTICULARS	As at 31st March 2017	As at 31st March 2016
UNSECURED, CONSIDERED GOOD OUTSTANDING FOR A PERIOD EXCEEDING SIX MONTHS FROM THE DATE THEY ARE DUE FOR PAYMENT	92.03	72.04
OTHERS	12,928.56	9,783.55
TOTAL	<u>13,020.59</u>	<u>9,855.59</u>

Trade Receivable stated above include Debts due from related parties Rs. 2.03 Lacs  
(Previous year Rs.36.96 Lacs) (Refer Note No.-40)

**NOTE 16 - CASH AND BANK BALANCES**

(₹ in Lacs)

PARTICULARS	As at 31st March 2017	As at 31st March 2016
CASH AND CASH EQUIVALENTS		
BALANCE WITH BANKS - IN CURRENT A/C	189.97	77.90
CASH IN HAND	11.26	17.10
	<u>201.23</u>	<u>95.00</u>
OTHER BANK BALANCES		
- IN MARGIN MONEY A/C*	597.29	571.17
- IN UNPAID DIVIDEND A/C	33.68	32.85
	<u>630.97</u>	<u>604.02</u>
TOTAL	<u>832.20</u>	<u>699.02</u>

\* Margin Money include Fixed Deposits of Rs. 451.39 Lac (Previous year Rs.148.74 Lac) with maturity of more than 12 months

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

(₹ in Lacs)

PARTICULARS	As at 31st March 2017	As at 31st March 2016
ADVANCES TO RELATED PARTIES		
UNSECURED, CONSIDERED GOOD (Refer Note No-40)	141.86	148.90
ADVANCES TO OTHER PARTIES		
UNSECURED, CONSIDERED GOOD	6,301.46	4,807.43
LOAN TO EMPLOYEES		
UNSECURED, CONSIDERED GOOD	60.48	86.76
TOTAL	<u>6,503.80</u>	<u>5,043.09</u>

**NOTE 18 - OTHER CURRENT ASSETS**

(₹ in Lacs)

PARTICULARS	As at 31st March 2017	As at 31st March 2016
INTEREST ACCRUED ON DEPOSITS WITH BANK	25.51	22.52
INSURANCE CLAIM RECOVERABLE	3,133.54	—
OTHERS	1,74.63	—
TOTAL	<u>3,333.68</u>	<u>22.52</u>

**NOTE 19 - REVENUE FROM OPERATIONS**

(₹ in Lacs)

PARTICULARS	For the year ended 31st March 2017	For the year ended 31st March 2016
SALE OF PRODUCTS	1,75,134.48	1,47,963.10
LESS: EXCISE DUTY	20,635.77	17,670.77
NET SALES	<u>1,54,498.71</u>	<u>1,30,292.33</u>
OTHER OPERATING INCOME		
SALE OF SERVICES	362.54	321.32
SALE OF SCRAP	84.60	76.08
TOTAL	<u>1,54,945.85</u>	<u>1,30,689.73</u>

**NOTE 20 - OTHER INCOME**

(₹ in Lacs)

PARTICULARS	For the year ended 31st March 2017	For the year ended 31st March 2016
INTEREST ON :		
A) FIXED DEPOSITS WITH BANKS	264.68	48.03
B) OTHERS	17.24	2.33
GAIN FROM EXCHANGE RATE DIFFERENCE(NET)	-	160.41
MISCELLANEOUS INCOME	48.52	32.24
TOTAL	<u>330.44</u>	<u>243.01</u>

**NOTE 21 - COST OF MATERIAL CONSUMED**

(₹ in Lacs)

PARTICULARS	For the year ended 31st March 2017		For the year ended 31st March 2016	
RAW MATERIAL & COMPONENTS				
OPENING STOCK	13,520.22		13,246.63	
PURCHASE	<u>1,09,767.06</u>	1,23,287.28	<u>88,671.69</u>	1,01,918.32
LESS:- CLOSING STOCK		<u>16,197.05</u>		<u>13,520.22</u>
TOTAL		<u>1,07,090.23</u>		<u>88,398.10</u>

Additional informations are given in Notes:- 30 and 31

**NOTE 22 - CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS**

(₹ in Lacs)

PARTICULARS	For the year ended 31st March 2017	For the year ended 31st March 2016
FINISHED GOODS		
CLOSING STOCK	292.37	229.96
LESS:- OPENING STOCK	<u>229.96</u>	<u>319.46</u>
	<u>62.41</u>	<u>(89.50)</u>
WORK-IN-PROGRESS		
CLOSING STOCK	1,806.00	1,473.21
LESS:- OPENING STOCK	<u>1,473.21</u>	<u>1,330.48</u>
	<u>332.79</u>	<u>142.73</u>
DECREASE (INCREASE) IN EXCISE DUTY ON FINISHED GOODS	6.94	9.94
TOTAL	<u>402.14</u>	<u>63.17</u>

**NOTE 23 - EMPLOYEE BENEFIT EXPENSES**

(₹ in Lacs)

PARTICULARS	For the year ended 31st March 2017	For the year ended 31st March 2016
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES :		
- SALARIES, WAGES, BONUS ETC	12,891.38	10,785.04
- CONTRIBUTION TO PROVIDENT & OTHER FUNDS	695.17	531.32
- STAFF WELFARE EXPENSES	1,605.51	1,306.15
- DIRECTOR REMUNARATION	193.97	476.72
TOTAL	<u>15,386.02</u>	<u>13,099.23</u>

**NOTE 24 - FINANCE COST**

(₹ in Lacs)

PARTICULARS	For the year ended 31st March 2017	For the year ended 31st March 2016
INTEREST PAID TO BANK	3,969.01	4,002.97
INTEREST PAID TO OTHERS	252.56	169.59
TOTAL	<u>4,221.57</u>	<u>4,172.56</u>

**NOTE 25 - OTHER EXPENSES**

(₹ in Lacs)

PARTICULARS	For the year ended 31st March 2017	For the year ended 31st March 2016
STORE CONSUMED (Refer Note No-31)	3,527.18	2,717.16
POWER & FUEL	2,517.59	2,374.65
REPAIRS AND MAINTENANCE		
- BUILDING	17.27	47.77
- PLANT & MACHINERY	1,324.58	952.75
- OTHERS	235.09	208.69
RENT	341.31	328.31
INSURANCE	313.98	236.99
RATES AND TAXES	117.76	119.56
VEHICLE RUNNING AND MAINTENANCE	204.09	207.08
TRAVELLING AND CONVEYANCE	456.63	390.93
LEGAL AND PROFESSIONAL CHARGES	329.48	320.12
AUDIT FEES	19.75	18.50
ROYALTY	1,395.00	1,232.28
SELLING & DISTRIBUTION EXPENSES	2,167.63	1,946.13
LOSS FROM EXCHANGE RATE DIFFERENCE(NET)	44.36	—
LOSS ON SALE OF FIXED ASSETS	1.25	17.03
REBATE & DISCOUNT	1,461.24	1,228.17
CORPORATE SOCIAL RESPONSIBILITY (CSR EXPENSES)	44.15	46.92
DIRECTOR'S SITTING FEES	43.90	43.10
MISCELLANEOUS EXPENSES	1,605.28	1,609.95
TOTAL	<u>16,167.53</u>	<u>14,046.09</u>

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

- Net Outstanding commitments against Letter of Credits established by the Company: Rs.4,788.88 Lacs (Previous Year Rs.3,235.28 Lacs)
- Guarantees given by banks on behalf of the Company: Rs.682.34 Lacs (Previous Year: Rs. 1,463.14 Lacs)
- Claims against the company not acknowledged as debt :-

(₹ in Lacs)

Nature of Claim	As at 31.03.17	As at 31.03.16
Disputed Sales Tax Demands	139.36	139.36
Disputed Income Tax Demands	9.91	24.40
Other Claims	133.65	119.10

- As advised to the Company, no effect has been given to MAT Recoverable on account of certain disallowances in Income Tax Assessments for earlier years as the company would get full relief in appeals filed against the assessment orders.

**27. Estimated value of contracts on capital account remaining to be executed and not provided for (net of advances) including Re instatement of assets lost in fire at Manesar plant :Rs. 6,223.24 Lacs (Previous Year: Rs. 1,178.88 Lacs).**

28. In the opinion of Board, the value on realisation 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 and Stocks

PARTICULARS	Current Year Value (₹ in Lacs)	Previous Year Value (₹ in Lacs)
Opening Stock		
- Automotive Airconditioning Systems	-	-
- Fan Motor Assembly (Ventilators)	4.29	5.48
- Others Components of A.C. System	225.67	313.98
Sales (including samples)		
- Automotive Airconditioning Systems	1,54,712.90	1,32,950.83
- Fan Motor Assembly (Ventilators)	4,889.62	4,531.32
- Others Components of A.C. System	15,531.96	10,480.95
Closing Stock (Inclusive of Excise Duty)		
- Automotive Airconditioning Systems	-	-
- Fan Motor Assembly (Ventilators)	21.58	4.29
- Others Components of A.C. System	270.79	225.67

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*	1,07,090.23	88,398.10

\* Including Raw Materials/Components consumed for production of Fan Motor Assembly. It is not practicable to furnish information of individual components consumed in view of very large number of items consumed.

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	43	46,528.60	51	44,782.48
- Indigenous	57	60,561.63	49	43,615.62
<b>Total</b>	<b>100</b>	<b>107,090.23</b>	<b>100</b>	<b>88,398.10</b>
Stores and Spares				
- Imported	8	290.90	18	489.09
- Indigenous	92	3,236.28	82	2,228.07
<b>Total</b>	<b>100</b>	<b>3,527.18</b>	<b>100</b>	<b>2,717.16</b>

32. CIF Value of Imports

PARTICULARS	Current Year (₹ in Lacs)	Previous Year (₹ in Lacs)
a) Raw Materials/Components	44,565.10	41,210.90
b) Stores & Consumables	261.87	310.14
c) Plant & Machinery	3,295.79	1,425.43

## 33. Expenditure in Foreign Currency

PARTICULARS	Current Year Value (₹ in Lacs)	Previous Year Value (₹ in Lacs)
a) Fees for Technical Services/Technical Know How	2,537.62	439.52
b) Interest	369.22	336.17
c) Travelling	159.00	88.22
d) Royalty	1,380.66	1,232.28
e) Salary	116.10	16.52
f) Repair of Plant & Machinery (CIF Value)	412.13	272.15
g) Dividend		
No. of Non-Resident Shareholders	2	2
No. of Shares of Rs.2/- each	15600000	15600000
Amount Remitted	124.80	109.20
h) Others	127.98	17.11

## 34. Earnings in Foreign Currency

PARTICULARS	Current Year Value (₹ in Lacs)	Previous Year Value (₹ in Lacs)
FOB Value of Exports	41.84	13.62

## 35. Amount paid/payable to Auditors

PARTICULARS	Current Year (₹ in Lacs)	Previous Year (₹ in Lacs)
a) Audit Fees	19.75	18.50
b) Tax Audit Fees	2.12	2.00
c) Fees for Income Tax Matters	5.35	9.73
d) Fee for Limited Review	3.94	3.75
e) Other Services	3.05	3.31
f) Reimbursement of expenses	1.25	1.13

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

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	131.43	112.43
Add: Provisions made during the year	191.05	110.87
	<u>322.48</u>	<u>223.30</u>
Less: Amount utilised during the year	<u>156.05</u>	<u>91.87</u>
Balance at the end of the year	<u>166.43</u>	<u>131.43</u>

Note: 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.



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

(₹ in Lacs)

Particulars	Current year	Previous year
Purchase of Materials		
- Prima Telecom Ltd.	114.68	24.29
Sale of Goods		
- Rohan Motors Ltd.	11.23	14.18
- Tempo Automobiles (P) Ltd.	84.71	112.23
Purchase of Fixed Assets		
- Rohan Motors Ltd.	25.66	10.17
- Prima Telecom Ltd.	31.12	4.72
- Fibcom India Ltd.	-	11.45
Sale of Fixed Assets		
- Rohan Motors Ltd.	0.69	2.95
Receiving of Services		
- SHS Transport (P) Ltd.	940.72	736.97
Reimbursement (Received)		
- Prima Telecom Ltd.	-	2.90
- Fibcom India Ltd.	-	1.45
Rent/License Agreement		
- Ms. Shradha Suri	4.68	21.86
- Prima Infratech Pvt. Ltd.	248.34	248.39
Remuneration to Company Secretary		
- Mr. Rakesh Arora	22.55	-
- Mr. Hemant Agarwal	15.55	35.67
Directors Remuneration/Sitting Fee		
- Mr. Ramesh Suri	56.85	79.07
- Ms. Shradha Suri	137.12	182.83
- Mr. D.M.Reddy	-	214.82

41. Monthly Remuneration paid to the Managing Director during the year as minimum remuneration as approved by the Shareholders has exceeded the limits prescribed u/s 197 read with Schedule V of the Companies Act, 2013 by an aggregate amount of Rs. 78.70 Lacs (Previous Year of Rs 157.10 Lacs). The Company has already sought/is in the process of seeking requisite approvals from the Central Government. The company will take appropriate steps to recover the said excess amount from the concerned Directors in case requisite approvals are not granted by the Central Government.

## 42. Research and Development Expenses

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

(₹ in Lacs)

Particulars	Financial Year			
	2016-2017		2015-2016	
	Noida	Pune	Noida	Pune
Capital Expenses	7.65	—	19.60	—
Revenue Expenses	1,945.81	85.95	1,581.44	90.69
Total	1,953.46	85.95	1,601.04	90.69

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

## 43. Details of Specified Bank Notes:-

The details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 is provided below:-

Particulars	SBNs (Rs.)	Other Denomination Notes (₹)	Total (₹)
Closing cash in hand as on 08.11.2016	3,404,500	349,310	3,753,810
(+) Permitted receipts	-	1,324,466	1,324,466
(-) Permitted payments	-	977,463	977,463
(-) Amount deposited in Banks	3,404,500	-	3,404,500
Closing cash in hand as on 30.12.2016	-	696,313	696,313

## 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	2016-17	2015-16
a) Net profit after Tax (Rs. In lacs)	Rs. 1,403.56	Rs. 2,400.39
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. 2.34	Rs. 4.00

## 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)	31	14.72	25	14.35
- In Japanese Yen (Million)	25	1,094.41	3	175.00
- In Japanese Yen/US \$ (Millions)	18	841.81	16	830.68
- Equivalent (Rs. in Lacs)		15,884.42		10,649.03

- 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	
	31.03.17	31.03.16	31.03.17	31.03.16
Creditors, Buyer's Credit and Forex Loan (Net)	0.71	-	GBP 0.0009	-
	-	587.46	-	JPY 98.32
	32.96	48.89	Euro 0.0476	Euro 0.064
	-	5.06	-	USD 0.007

- d) Difference between forward rates and Spot rates to be recognized in Subsequent years Rs. 319.88 Lacs (Previous Year Rs.255.45 Lacs)

## 46. Following Construction/Development Period Expenses (other than Borrowing Cost) incurred on making Dies &amp; Tools and Building &amp; 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	2,437.75	1,680.65
Power & Fuel	191.14	194.73
Rent	224.36	234.24
Repair and Maintenance	137.13	133.55
Depreciation	228.06	268.96
Other Overheads	888.69	608.39
Total	4,107.13	3,120.52

## 47. Borrowing cost amounting to Rs. 230 lacs (Previous Year : Rs 515 lacs) has been capitalised with the cost of fixed assets as per Accounting Standard 16 on "Borrowing Cost".

## 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)	
	31.03.17	31.03.16
Employer's Contribution to Provident Fund	441.22	400.21
Employer's Contribution to Superannuation Fund	2.08	12.47
Employer's Contribution to Employees State Insurance Scheme	117.74	72.75

## 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)	
	31.03.17	31.03.16	31.03.17	31.03.16
Defined Benefit obligation at beginning of the year	811.84	783.90	269.27	247.35
Current Service Cost	105.74	87.63	51.08	43.95
Interest Cost	62.92	60.75	20.87	19.17
Actuarial (gain)/loss	39.77	(33.22)	50.15	16.85
Benefits paid	(40.80)	(87.22)	(67.18)	(58.05)
Defined Benefit obligation at year end	979.47	811.84	324.19	269.27

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

Particulars	Gratuity (Funded)	
	31.03.17	31.03.16
Fair value of plan assets at beginning of the year	900.28	828.92
Expected return on plan assets	76.52	74.60
Actuarial (Loss)/gain	(2.23)	(5.34)
Employer contribution	46.32	2.09
Benefits paid/Withdrawn	(40.80)	-
Fair value of plan assets at year end	980.09	900.28

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

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
	31.03.17	31.03.16	31.03.17	31.03.16
Fair value of plan assets	980.09	900.28	-	-
Present value of obligation	979.47	811.84	324.19	269.27
Amount recognized in Balance Sheet	(0.63)	(88.44)	324.19	269.27

## IV. Expense recognized during the year

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

(₹ in Lacs)

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
	31.03.17	31.03.16	31.03.17	31.03.16
Current Service Cost	105.74	87.63	51.08	43.95
Interest Cost	62.92	60.75	20.87	19.17
Expected return on plan assets	(76.52)	(74.60)	-	-
Actuarial (Gain)/Loss	42.00	(27.88)	50.15	16.85
Total	134.14	45.90	122.10	79.97

## V. Investment Details - Gratuity

Particulars	% Invested
Insurer Managed Fund	100%

## VI. Actuarial assumptions

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
	31.03.17	31.03.16	31.03.17	31.03.16
Mortality Table (LIC)	1994-96	1994-96	1994-96	1994-96
Discount rate (per annum)	7.54%	7.75%	7.54%	7.75%
Expected rate of return on plan assets (per annum)	8.25%	8.50%	NA	NA
Rate of escalation in salary (per annum)	5.50%	5.50%	5.50%	5.50%

The estimates of rate of escalation in salary as considered in actuarial valuation takes 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 policy for plan assets management and past returns.

49. The Board of Directors of the company in their meeting held on May 23, 2017 have proposed dividend of Rs. 0.50 per share amounting to Rs. 299.94 Lacs subject to approval of shareholders in forthcoming annual general meeting.

In view of revision of Accounting Standard 4 'Contingencies and Events occurring after Balance Sheet Date' effective from April 1, 2016, the proposed dividend (Rs. 299.94 Lacs) and dividend distribution tax thereon (Rs. 61.06 Lacs) has not been provided as at March 31, 2017. This has resulted into increase in reserves & surplus and reduction in Short term provisions by Rs 361.00 Lacs as at March 31, 2017.

## 50. Exceptional Items/Fire Incident

There was a major fire incident in one of the plants of the Company situated at Manesar on May 29, 2016. The Fire has severally impacted the building, stocks, plant & machinery. These assets were adequately insured with reinstatement clause and a claim has been made with the insurance company. Special/urgent actions to restart supplies to the customer post fire incident has temporarily resulted into additional costs during the year under review which have been included in "Exceptional Items" in the Statement of Profit and Loss. The company has already received insurance claim against inventory loss. The short claim received against the same has also been included in exceptional items. Insurance claim settlement in respect of building, plant & machinery and other fixed assets is under progress as the reinstatement of assets is also in progress. However, company has received interim payments from the Insurance Company. The detail of exceptional items under major heads is as under:-

Particulars	Current Year (Rs. Lacs)	Previous Year (Rs. Lacs)
Material Cost (including loss by fire)	2,078.92	—
Staff Welfare Expenses	58.53	—
Freight & Cartage (Outward)	783.03	—
Rent	110.31	—
Other Expenses	72.35	—
Total	3,103.14	—

51. (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 Foreseeable Losses.  
(iii) The Company has deposited an amount of Rs 3.72 Lacs (Previous Year Rs. 4.60 Lacs) during the year in Investor Education and Protection Fund. Further, no amount is pending for deposition in Investor Education and Protection Fund.
52. As informed there was no supplier who was registered under "The Micro, Small and Medium Enterprises (Development) Act, 2006".
53. Balance confirmations have not been received from some of the parties showing debit/credit balances. Management does not expect to have any material differences affecting the financial statements for the year upon confirmation.
54. Previous year's figures have been regrouped/rearranged wherever considered necessary to confirm to this year's classification.

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  
Membership No : 14467  
Place : New Delhi  
Date : 23<sup>rd</sup> May, 2017

RAMESH SURI  
Chairman  
H.K. AGARWAL  
Sr GM (Finance)

SHRADHA SURI  
Managing Director  
MANOJ K SETHI  
Sr VP (Finance)

RAKESH ARORA  
Company Secretary

## Form AOC-I

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

Statement containing salient features of the financial statement of Subsidiaries/Associate Companies and Joint Ventures

### Part "A": Subsidiaries

Sl. No.	(Information in respect of each subsidiary to be presented with amounts in Rs. In Lacs )	
1	Name of Subsidiary	Thai Subros Limited
2	Reporting period for the subsidiary concerned	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 31/03/2017 1 THB = Rs1.888
4	Share capital (Paid Up Share Capital)	94.40
5	Reserves & surplus	(24.94)
6	Total assets	73.77
7	Total Liabilities	73.77
8	Investments	—
9	Turnover	—
10	Profit before taxation * (At average rate)	(12.69)
11	Provision for taxation	—
12	Profit after taxation * (At average rate)	(12.69)
13	Proposed Dividend	—
14	% of shareholding	100%

\* Average exchange rate for 2016-17 1 THB = Rs. 1.8822

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

### 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 Centre India Limited (INR in Lacs)
1	Latest audited Balance Sheet Date	31-03-2017
2	Shares of Associate/Joint Ventures held by the company on the year end	
	No.	1767999
	Amount of Investment in Associates/Joint Venture	176.80
	Extent of Holding %	26%
3	Description of how there is significant influence	Joint Venture
4	Reason why the associate/joint venture is not consolidated	Consolidated
5	Networth attributable to Shareholding as per latest audited Balance Sheet	139.35
6	Profit / (Loss) for the year	
	i. Considered in Consolidation	4.59
	ii. Not Considered in Consolidation	-

Notes:- 1. Names of joint ventures which are yet to commence operations NA  
 2. Names of joint ventures which have been liquidated or sold during the year. NA

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

Partner

Chairman

Managing Director

Membership No : 14467

Place : New Delhi

H.K. AGARWAL

MANOJ K SETHI

RAKESH ARORA

Date : 23<sup>rd</sup> May, 2017

Sr GM (Finance)

Sr VP (Finance)

Company Secretary

## Directors' Report - Thai Subros Limited

To  
The Members

Your Directors are pleased to present the Ninth Annual Report of the Company together with the audited accounts for the year ended on 31st March, 2017.

### FINANCIAL RESULTS

During the financial year, the Company has gross revenue of THB 0.098 Lacs as against THB 1.98 Lacs during the previous year. The Company has reported loss before tax of THB 6.74 Lac as against loss of THB 5.28 Lac during the previous year.

During the year, the company has no operation due to sluggish demand from customer and loss incurred is on account of fixed administrative expenses.

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

### FUTURE PROSPECTS

There are no business operations during the year under review as orders are not forthcoming from the customers. However Company is exploring other revival options in Thailand for our domain.

### DIRECTORS' RESPONSIBILITY STATEMENT

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

- (a) the Directors have selected suitable accounting policy and then applied them consistently and made judgments and estimates that are reasonable and prudent.
- (b) 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;
- (c) the Directors had prepared the annual accounts on a going concern basis;

### AUDITORS

M/s. C.A. International Audit Limited were appointed as Statuary Auditor of the company and being recommended for re-appointment for the next financial year. The Notes to accounts referred to in the Auditors Report are self explanatory. The auditor report does not contain any qualification or adverse remark

### ACKNOWLEDGMENT

Your Board of Directors wishes and thanks all Members, Customers, Vendors, Business Associates and Employees for their continued support, cooperation and confidence reposed in the Company.

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

For and on behalf of Board of Directors

Dated: 23<sup>rd</sup> May, 2017

(RAMESH SURI)  
Chairman

## Independent Auditor's Report - Thai Subros Limited

### *Opinion*

I have audited the financial statements of Thai Subros Limited which comprise the statement of financial position as at March 31, 2017, the statements of income and statements of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Thai Subros Limited as at March 31, 2017 and its financial performance for the year then ended in accordance with the Thai Financial Reporting Standards for Non-Publicly Accountable Entities (TFRS for NPAEs).

### *Basis for Opinion*

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of His Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

(Mr. Chatchawat Setthee)  
C.P.A. Registration No. 5535  
17 May 2017

## Thai Subros Limited – Balance Sheet

AS AT MARCH 31, 2017 AND 2016

### ASSETS

Particulars	Note	(Baht)	
		2017	2016
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	14,60,485.25	20,51,268.51
Trade and other receivables	5	24,27,390.35	25,81,155.51
<b>TOTAL CURRENT ASSETS</b>		<u>38,87,875.60</u>	<u>46,32,424.02</u>
<b>NON - CURRENT ASSETS</b>			
Equipment	6	579.24	3,028.02
Intangible assets	7	17,251.45	20,751.43
<b>TOTAL NON - CURRENT ASSETS</b>		<u>17,830.69</u>	<u>23,779.45</u>
<b>TOTAL ASSETS</b>		<u>39,05,706.29</u>	<u>46,56,203.47</u>

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

### LIABILITIES AND SHAREHOLDERS' EQUITY

Particulars	Note	(Baht)	
		2017	2016
<b>CURRENT LIABILITIES</b>			
Other payables	8	1,96,686.80	2,77,043.15
<b>TOTAL CURRENT LIABILITIES</b>		<u>1,96,686.80</u>	<u>2,77,043.15</u>
<b>NON - CURRENT LIABILITIES</b>			
Employee benefit obligations	9	29,925.19	26,184.54
<b>TOTAL NON - CURRENT LIABILITIES</b>		<u>29,925.19</u>	<u>26,184.54</u>
<b>TOTAL LIABILITIES</b>		<u>2,26,611.99</u>	<u>3,03,227.69</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital			
Authorized share capital			
1,000,000 ordinary shares of par Baht 5 each		50,00,000.00	50,00,000.00
Paid - up share capital			
1,000,000 ordinary shares of par Baht 5 each		50,00,000.00	50,00,000.00
Retained earnings (Deficits)		(13,20,905.70)	(6,47,024.22)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<u>36,79,094.30</u>	<u>43,52,975.78</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u>39,05,706.29</u>	<u>46,56,203.47</u>

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

## Thai Subros Limited – Statement of Income

FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

Particulars	(Baht)	
	2017	2016
<b>REVENUES</b>		
Gain on exchange rate	-	1,87,229.77
Other income	9,806.60	10,835.42
Total Revenues	<u>9,806.60</u>	<u>1,98,065.19</u>
<b>EXPENSES</b>		
Administrative expenses	6,28,492.73	7,25,612.31
Loss on exchange rate	55,195.35	-
Total Expenses	<u>6,83,688.08</u>	<u>7,25,612.31</u>
<b>NET PROFIT ( LOSS ) FOR THE YEARS</b>	<u>(6,73,881.48)</u>	<u>(5,27,547.12)</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, 2017 AND 2016

(Unit : Baht)

Particulars	Note	Paid-up share capital	Retained Earnings (Deficits)	Total
Balance as at March 31, 2015		50,00,000.00	(1,19,477.10)	48,80,522.90
Net Profit (Loss) for the year 2015		-	(5,27,547.12)	(5,27,547.12)
Balance as at March 31, 2016		50,00,000.00	(6,47,024.22)	43,52,975.78
Net Profit (Loss) for the year 2016		-	(6,73,881.48)	(6,73,881.48)
Balance as at March 31, 2017		50,00,000.00	(13,20,905.70)	36,79,094.30

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

## Thai Subros Limited – Statement of Cash Flows

FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

Particulars	(Baht)	
	2017	2016
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit (loss) before income tax	(6,73,881.48)	(5,27,547.12)
Adjustment to reconcile profit (loss) to net cash		
Depreciation	2,448.78	6,642.00
Amortization	3,499.98	3,500.00
Unrealized (gain) loss on exchange rate	55,195.35	(1,87,229.77)
Operating assets decrease (increase)		
Trade and other accounts receivable	98,569.81	57,500.16
Inventories	-	-
Other non - current assets	-	-
Operating liabilities increase (decrease)		
Trade and other accounts payable	(80,356.35)	76,159.44
Employee benefits obligations	3,740.65	3,740.65
Net cash from (used in) operating activities	<u>(5,90,783.26)</u>	<u>(5,67,234.64)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Machinery and equipment	-	-
Net cash (used in) investing activities	<u>-</u>	<u>-</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>	<u>(5,90,783.26)</u>	<u>(5,67,234.64)</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>20,51,268.51</u>	<u>26,18,503.15</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<u>14,60,485.25</u>	<u>20,51,268.51</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, 2017 AND 2016

Particulars	(Baht)	
	2017	2016
Salary & other allowances	4,80,972.00	4,80,972.00
Bonus	32,000.00	64,000.00
Social security	9,000.00	9,000.00
Workmen compensation	892.50	2,805.00
Audit fee	25,000.00	25,000.00
Professional & consultant fee	67,000.00	67,300.00
Bank charges	200.00	865.00
Legal fee	100.00	200.00
Postage & courier	2,878.17	1,886.00
Miscellaneous expenses	701.12	201.94
Depreciation and amortization	5,948.76	10,142.00
Non-deductible expenses	59.53	59,499.72
Employee benefits	3,740.65	3,740.65
<b>Total Administrative Expenses</b>	<u>6,28,492.73</u>	<u>7,25,612.31</u>

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

## Thai Subros Limited – Notes of financial statements as March 31, 2017 and 2016

### 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. (The Company did not operate in this accounting period)

### 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 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
Office Equipment	5

#### 3.5 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.

#### 3.6 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.

## 3.7 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.

## 3.8 Use of accounting estimates

Preparation of financial statements in conformity with financial reporting principles for NPAs 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)
	2017
Cash in Banks - Current Account	20,51,268.51
Total	20,51,268.51

## 5. TRADE AND OTHER RECEIVABLES

	(Baht)
	2017
Trade accounts receivable	24,65,296.29
Other receivables	
- Prepaid expenses	540.00
- A/R-Revenue Department	1,03,487.75
- Deferred input vat	11,831.47
TOTAL	25,81,155.51

## 6. EQUIPMENT

	(Baht)			
	As at April 1, 2016	Movement during the year		As at March 31, 2017
		Addition	Deduction	
Cost :				
Office equipment	33,210.56	-	-	33,210.56
Total	33,210.56	-	-	33,210.56
Accumulated Depreciation:				
Office equipment	30,182.54	2,448.78	-	32,631.32
TOTAL	30,182.54	2,448.78	-	32,631.32
Net	3,028.02			579.24
Depreciation (included in statements of income)				
Year 2017				2,448.78
Year 2016				6,642.00

## 7. INTANGIBLE ASSETS

	(Baht)
	2017
Computer Software	35,000.00
Less Accumulated amortization	(17,748.55)
Intangible assets - net	20,751.43

8. TRADE AND OTHER PAYABLES		(Baht)	
		<u>2017</u>	<u>2016</u>
Other payable	- Accrued expenses	1,92,216.00	2,38,277.47
	- Withholding tax remittable	540.40	1,138.88
	- Accrued social security	1,500.00	1,500.00
	- Others	2,430.40	36,126.80
	Total	<u>1,96,686.80</u>	<u>2,77,043.15</u>

#### 9. EMPLOYEE BENEFIT OBLIGATIONS

The Company has changed the estimate of provisions as follows.

		(Baht)	
		<u>2017</u>	<u>2016</u>
Employee benefit obligations at beginning of year		26,184.54	22,443.89
Increase		3,740.65	3,740.65
(Decrease)		-	-
Employee benefit obligations at end of year		<u>29,925.19</u>	<u>26,184.54</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.

#### 10. RECLASSIFICATION OF ACCOUNTS

Certain accounts in the financial statements for the year ended March 31, 2016 have been reclassified to conform with the presentation of accounts in the financial statements for the year ended March 31, 2017 without any effect on profit (loss) or shareholders' equity as previously reported.

#### 11. APPROVAL OF FINANCIAL STATEMENTS

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

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF  
SUBROS LIMITED

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of SUBROS LIMITED (hereinafter referred to as "the Holding Company") and its subsidiary and its jointly controlled entity (together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2017, 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 prepared based on the relevant records (hereinafter referred to as "the consolidated financial statement").

Management's Responsibility for the Consolidated Financial Statements

2. 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 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 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

3. 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, and the Rules made there under including the accounting and auditing standards and matter which are required to be included in the audit report.
4. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements 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.
5. 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. 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.
6. 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 8 of the Other Matters paragraph below, other than the unaudited financial statements as certified by the management and referred to in sub-paragraph 9 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at 31st March 2017 and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

8. We did not audit the financial statements of the subsidiary company incorporated outside India whose financial statements reflect total assets of Rs 73.77 Lacs as at 31st March, 2017 and total revenues of Rs.0.18 Lacs and net cash out flows amounting to Rs. 11.16 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) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary is based solely on the report of the other auditor.

9. We did not audit the financial statements of one joint venture company whose financial statements reflect total assets of Rs. 234.67 Lacs as at 31st March 2017 and total revenues of Rs. 408.57 Lacs and net cash flows amounting to Rs. 8.45 Lacs for the year ended 31st March, 2017, as considered in the consolidated financial statements. These financial statements/financial information are unaudited and have 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 Joint Venture company, insofar as it relates to the aforesaid Joint Venture 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

10. 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 of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law maintained by the Group including relevant record relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the records of the Holding Company and reports of the other auditors in respect of entity audited by them and representation received from management for entity unaudited.
- (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.
- (e) On the basis of written representations received from the directors of the Holding Company as on 31st March, 2017 taken on record by the Board of Directors of the Holding Company and the representation received from the management of entity un-audited and incorporated in India (also refer paragraph 8 & 9 above), none of the directors of the Group companies is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
- (g) 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. Refer Note 38 (i) to the consolidated financial statements.
  - ii. The Group do not have any material foreseeable losses on long-term contracts including derivative contracts. Refer Note 38 (ii) 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. Refer Note 38 (iii) to the consolidated financial statements.
  - iv. The Group has provided requisite disclosures in its consolidated financial statements as to holding as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedure and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Group and as produced to us by the management. Refer Note 38 (iv) to the consolidated financial statements.

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

PLACE: NEW DELHI  
 DATED: 23<sup>rd</sup> MAY, 2017

(V. K. DHINGRA)  
 PARTNER  
 M. No. 014467

## ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT

REFERRED TO IN PARAGRAPH 10(F) OF THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED 31 MARCH 2017 TO THE MEMBER OF SUBROS LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act.

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial control over financial reporting of Subros limited (hereinafter referred to as "the Holding Company") and its subsidiary and its jointly controlled entity (together referred as "the Group"), which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding company and its jointly controlled entity, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.
5. We believe that the audit evidence we have obtained and the representation received from the management for entity un-audited referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

8. In our opinion, the Holding Company and jointly controlled entity, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

## Other Matters

9. Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting, insofar as it relates to the unaudited jointly controlled entity is based on representations received from the management (also refer para 8 & 9 of the Independent Auditors' Report above). Our opinion is not qualified in respect of this matter.

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

PLACE: NEW DELHI  
DATED: 23<sup>rd</sup> MAY, 2017

(V. K. DHINGRA)  
PARTNER  
M. No. 014467

## Consolidated Balance Sheet as at 31<sup>st</sup> March 2017

(₹ in Lacs)

PARTICULARS	NOTE NO.	AS AT 31ST MARCH 2017	AS AT 31ST MARCH 2016
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS:</b>			
(A) SHARE CAPITAL	2	1,199.77	1,199.77
(B) RESERVES AND SURPLUS	3	33,703.64	32,307.90
<b>NON-CURRENT LIABILITIES</b>			
(A) LONG-TERM BORROWINGS	4	15,842.25	18,896.94
(B) DEFERRED TAX LIABILITIES (NET)	5	2,460.00	2,945.00
(C) OTHER LONG-TERM LIABILITIES	6	73.57	42.08
(D) LONG-TERM PROVISIONS	7	363.14	293.41
<b>CURRENT LIABILITIES</b>			
(A) SHORT-TERM BORROWINGS	8	17,066.15	10,829.03
(B) TRADE PAYABLES		17,828.35	12,956.59
(C) OTHER CURRENT LIABILITIES	9	26,315.13	19,950.72
(D) SHORT-TERM PROVISIONS	10	127.48	684.90
<b>TOTAL</b>		<u><u>1,14,979.48</u></u>	<u><u>1,00,106.34</u></u>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
(A) FIXED ASSETS			
(I) TANGIBLE ASSETS	11	33,385.20	41,032.92
(II) INTANGIBLE ASSETS	11	16,350.02	15,298.72
(III) CAPITAL WORK-IN-PROGRESS	11	12,412.59	4,328.20
(IV) INTANGIBLE ASSETS UNDER DEVELOPMENT	11	2,502.00	1,085.60
(B) LONG-TERM LOANS AND ADVANCES	12	5,953.07	4,885.39
<b>CURRENT ASSETS</b>			
(A) INVENTORIES	13	20,522.90	17,661.55
(B) TRADE RECEIVABLES	14	13,105.37	9,937.79
(C) CASH AND BANK BALANCES	15	905.08	774.79
(D) SHORT-TERM LOANS AND ADVANCES	16	6,500.19	5,075.10
(E) OTHER CURRENT ASSETS	17	3,343.06	26.28
<b>TOTAL</b>		<u><u>1,14,979.48</u></u>	<u><u>1,00,106.34</u></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  
Membership No : 14467  
Place : New Delhi  
Date : 23<sup>rd</sup> May, 2017

 RAMESH SURI  
Chairman  
H.K. AGARWAL  
Sr GM (Finance)

 SHRADHA SURI  
Managing Director  
MANOJ K SETHI  
Sr VP (Finance)

 RAKESH ARORA  
Company Secretary

## Consolidated Statement of Profit and Loss for the Year Ended 31<sup>st</sup> March 2017

(₹ in Lacs)

PARTICULARS	NOTE NO.	FOR THE YEAR ENDED ON 31.03.2017	FOR THE YEAR ENDED ON 31.03.2016
REVENUE FROM OPERATIONS	18	1,55,352.44	1,31,071.97
OTHER INCOME	19	333.50	251.06
TOTAL REVENUE		<u>1,55,685.94</u>	<u>1,31,323.03</u>
EXPENSES:			
COST OF MATERIALS CONSUMED	20	1,07,090.23	88,398.10
CHANGES IN INVENTORIES OF FINISHED GOODS & WIP - (INCREASE) / DECREASE	21	(402.14)	(63.17)
EMPLOYEE BENEFIT EXPENSE	22	15,665.52	13,370.89
FINANCE COST	23	4,221.57	4,172.94
DEPRECIATION AND AMORTISATION EXPENSE		8,799.43	8,650.73
OTHER EXPENSES	24	16,297.44	14,155.38
TOTAL EXPENSES		<u>1,51,672.05</u>	<u>1,28,684.87</u>
PROFIT BEFORE TAX & EXCEPTIONAL ITEMS		<u>4,013.89</u>	<u>2,638.16</u>
EXCEPTIONAL ITEMS		3,103.14	-
PROFIT BEFORE TAX		<u>910.75</u>	<u>2,638.16</u>
TAX EXPENSE:			
-CURRENT TAX (MAT)		194.15	568.47
-MAT CREDIT ENTITLEMENT		(194.15)	(568.47)
-NET CURRENT TAX		-	-
-DEFERRED TAX EXPENSE		(485.00)	244.89
-TAX IN RESPECT OF EARLIER YEARS		0.28	(0.91)
PROFIT FOR THE YEAR		<u><u>1,395.47</u></u>	<u><u>2,394.18</u></u>
EARNING PER EQUITY SHARE OF FACE VALUE OF Rs. 2 EACH			
BASIC & DILUTED (Rs.)		2.33	3.99
SIGNIFICANT ACCOUNTING POLICIES	1		
THE NOTES FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS			

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  
Membership No : 14467  
Place : New Delhi  
Date : 23<sup>rd</sup> May, 2017

RAMESH SURI  
Chairman  
H.K. AGARWAL  
Sr GM (Finance)

SHRADHA SURI  
Managing Director  
MANOJ K SETHI  
Sr VP (Finance)

RAKESH ARORA  
Company Secretary

## Consolidated Statement of Cash Flow for the Year Ended 31<sup>st</sup> March 2017

(₹ in Lacs)

PARTICULARS	2016-2017		2015-2016	
I. CASH FLOW FROM OPERATING ACTIVITIES				
Profit Before Taxation		910.75		2,638.16
Adjustments				
Add:				
i) Depreciation	8,799.43		8,650.73	
ii) Loss on Assets Sold / Discarded	0.79		17.03	
iii) Interest & Financial Charges	4,221.57	13,021.79	4,172.94	12,840.70
		13,932.54		15,478.86
Less:				
i) Interest Income	283.34		50.35	
ii) Surplus on Assets sold / discarded	-	283.34	-	50.35
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		13,649.20		15,428.51
Adjustment for:				
i) Trade & Other receivable	(7,957.82)		(2,958.42)	
ii) Inventories	(2,861.35)		(319.86)	
iii) Trade & Other payables	8,238.09	(2,581.08)	3,548.16	269.88
CASH GENERATED FROM OPERATIONS		11,068.12		15,698.39
Less:				
Direct Taxes paid (Net)		(231.11)		(631.91)
Add:				
Interest received		282.76		52.38
Effect of Exchange Fluctuation on Consolidation		0.27		1.83
NET CASH FLOW FROM OPERATING ACTIVITIES		11,120.04		15,120.69
II. CASH FLOW FROM INVESTING ACTIVITIES				
i) Purchase of Fixed Assets/ CWIP		(14,200.54)		(6,955.68)
ii) Sale of Fixed Assets (Including Insurance Claim)		6,589.42		15.28
NET CASH USED IN INVESTING ACTIVITIES		(7,611.12)		(6,940.40)

(₹ in Lacs)

PARTICULARS	2016-2017	2015-2016
III. CASH FLOW FROM FINANCING ACTIVITIES		
i) Proceeds of long term secured loans	5,000.00	6,788.61
ii) Repayment of long term loans	(9,609.77)	(8,698.28)
iii) Working Capital Loans from Banks (Net)	5,566.66	(1,072.26)
iv) Dividend and Corporate Dividend Tax paid	(577.61)	(505.41)
v) Interest Paid	(4,455.33)	(4,718.01)
vi) Buyers Credit (Capex)	670.47	-
NET CASH FROM FINANCING ACTIVITIES	<u>(3,405.58)</u>	<u>(8,205.35)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS (I+II+III)	103.34	(25.06)
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR	170.77	195.83
CASH AND CASH EQUIVALENTS AS AT THE CLOSING OF THE YEAR	<u>274.11</u>	<u>170.77</u>

- Note: i) Cash Flow Statement is prepared using Indirect Method as prescribed in AS -3.  
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  
Membership No : 14467  
Place : New Delhi  
Date : 23<sup>rd</sup> May, 2017

RAMESH SURI  
Chairman  
H.K. AGARWAL  
Sr GM (Finance)

SHRADHA SURI  
Managing Director  
MANOJ K SETHI  
Sr VP (Finance)

RAKESH ARORA  
Company Secretary

## Notes Annexed to and Forming Part of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2017 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 & PAID UP SHARE CAPITAL

(₹ in Lacs)

PARTICULARS	As at 31st March 2017	As at 31st March 2016
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
TOTAL	1,199.77	1,199.77

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

(₹ in Lacs)

PARTICULARS	As at 31st March 2017		As at 31st March 2016	
	(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 2017		As at 31st March 2016	
	NO. OF SHARES HELD	% OF HOLDING	NO. OF SHARES HELD	% OF HOLDING
DEEKSHA HOLDING 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 pro-portion 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 2017	As at 31st March 2016
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	11,675.48	11,425.48
ADD: TRANSFERRED FROM SURPLUS	150.00	250.00
CLOSING BALANCE	<u>11,825.48</u>	<u>11,675.48</u>
SURPLUS		
OPENING BALANCE	20,598.67	19,032.10
ADD: PROFIT FOR THE YEAR	1,395.47	2,394.18
	<u>21,994.14</u>	<u>21,426.28</u>
LESS: APPROPRIATIONS		
PROPOSED DIVIDEND ON EQUITY SHARE	—	479.91
PROVISION FOR TAX ON PROPOSED DIVIDEND	—	97.70
TRANSFERRED TO GENERAL RESERVE	150.00	250.00
CLOSING BALANCE	<u>21,844.14</u>	<u>20,598.67</u>
FOREIGN CURRENCY TRANSLATION RESERVE		
OPENING BALANCE	30.10	28.27
ADD/LESS:- DURING THE YEAR	0.27	1.83
CLOSING BALANCE	<u>30.37</u>	<u>30.10</u>
TOTAL	<u>33,703.64</u>	<u>32,307.90</u>

**NOTE 4 - LONG - TERM BORROWINGS**

(₹ in Lacs)

PARTICULARS	As at 31st March 2017	As at 31st March 2016
SECURED LOANS		
TERMS LOANS:		
FROM BANKS	14,897.80	17,063.64
FROM OTHERS	944.45	1,833.30
TOTAL	<u>15,842.25</u>	<u>18,896.94</u>

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

NATURE OF SECURITY	TERMS OF REPAYMENT
Term loan amounting to Rs. 2,625 lacs (March 31, 2016: Rs. NIL lacs) is secured by Exclusive first charge on specific equipments	Repayment in 16 quarterly instalments (@ Rs 187.50 lacs each) commencing from Dec 2017. Last instalment in Sep 2021. Rate of interest 9.29% P.A. (Previous year NIL)
Term loan amounting to Rs. 1,750 lacs (March 31, 2016: Rs. NIL lacs) is secured by Exclusive first charge on specific equipments.	Repayment in 16 quarterly instalments (@ Rs 125.00 lacs each) commencing from Dec 2017. Last instalment in Sep 2021. Rate of interest 8.95% P.A. (Previous year NIL)
Term loan amounting to Rs. NIL lacs (March 31, 2016: Rs 1,354 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. NIL lacs (March 31, 2016: Rs 625 lacs) is Secured by way of first charge on specific machineries and equitable mortgage on Pune Land & Bldg.	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. 3,000 lacs (March 31, 2016: Rs. 4,500 Lacs) is secured by equitable mortgage on Manesar Land & Bldg.	Repayment in twenty Quarterly equal instalments commencing from June 2015. Last instalment in March 2020. Rate of interest 8.95% P.A. (Previous year 9.85% P.A.)
Term loan amounting to Rs. NIL lacs (March 31, 2016: Rs. 375 lacs) is secured by equitable mortgage on Manesar Land & Bldg.	Repayment in sixteen Quarterly equal instalments commencing from Dec. 2014. Last instalment in September 2017. Rate of interest 8.95% P.A. (Previous year 9.85% P.A.)
Term loan amounting to Rs. 944.45 lacs (March 31, 2016: Rs 1,833.30 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 9.70% P.A. (Previous year 10.05% P.A.)
Term loan amounting to Rs. 2,750 lacs (March 31, 2016: Rs. 3,750 Lacs) is secured by equitable mortgage on Manesar Land & Bldg.	Repayment in twenty Quarterly equal instalments commencing from March 2016. Last instalment in Dec 2020. Rate of interest 8.95% P.A. (Previous year 9.85%)
Term loan amounting to Rs. 1,972.80 lacs (March 31, 2016: Rs. 2,959 lacs) is Secured by way of first charge on specific machineries & Sub Survient Charge on Moveable Fixed assets.	Repayment in Eight Half yearly instalments commencing from September 2016. Last instalment in March 2020. Rate of interest 9.50% P.A. (Previous year 9.50%)
Term loan amounting to Rs. 2,800 lacs (March 31, 2016: Rs. 3,500 lacs) is secured by equitable mortgage on Manesar Land & Bldg.	Repayment in Twenty Quarterly equal instalments commencing from March 2017. Last instalment in Dec 2021. Rate of interest 8.95% P.A. (Previous year 9.85%)

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

(₹ in Lacs)

PARTICULARS	As at 31st March 2017	As at 31st March 2016
DEFERRED TAX LIABILITY		
DEPRECIATION	2,703.20	3,186.00
TOTAL DEFERRED TAX LIABILITY(A)	2,703.20	3,186.00
DEFERRED TAX ASSETS		
EXPENSES ALLOWABLE ON PAYMENT BASIS (NET)	243.20	241.00
TOTAL DEFERRED TAX ASSETS(B)	243.20	241.00
TOTAL (A-B)	2,460.00	2,945.00

**NOTE 6 - OTHER LONG TERM LIABILITIES**

(₹ in Lacs)

PARTICULARS	As at 31st March 2017	As at 31st March 2016
SECURITY DEPOSITS RECEIVED	73.57	42.08
TOTAL	73.57	42.08

**NOTE 7 - LONG TERM PROVISIONS**

(₹ in Lacs)

PARTICULARS	As at 31st March 2017	As at 31st March 2016
PROVISION FOR EMPLOYEE BENEFITS		
PROVISION FOR LEAVE ENCASHMENT	296.57	243.55
PROVISION FOR WARRANTY	66.57	49.86
TOTAL	363.14	293.41

**NOTE 8 - SHORT-TERM BORROWINGS**

(₹ in Lacs)

PARTICULARS	As at 31st March 2017	As at 31st March 2016
SECURED		
FROM BANKS:		
CASH CREDIT ACCOUNT	3,850.24	836.49
BUYERS CREDIT (Secured by First Charge by way of Hypothecation of stocks & receivables,  Rate of Interest (CC): 1YR MCLR + 50 BPS Rate of Interest (Buyers Credit): LIBOR + 40 BPS to 68 BPS	3,118.25	—
	6,968.49	836.49
UNSECURED		
- WORKING CAPITAL LOAN FROM BANKS Rate of Interest : 8.45% to 8.50%	4,500.00	4,402.55
BUYERS CREDIT ARRANGEMENTS FROM BANKS Rate of Interest : LIBOR + 40 BPS to 68 BPS	597.66	3,089.99
- COMMERCIAL PAPER Rate of Interest : 7.00 %	5,000.00	2,500.00
	10,097.66	9,992.54
TOTAL	17,066.15	10,829.03

**NOTE 9 - OTHER CURRENT LIABILITIES**

(₹ in Lacs)

PARTICULARS	As at 31st March 2017	As at 31st March 2016
CURRENT MATURITIES OF LONG-TERM DEBT	7,726.27	9,281.35
INTEREST ACCRUED BUT NOT DUE ON LOANS	151.09	154.86
UNCLAIMED DIVIDEND	33.68	32.85
DUE TO DIRECTORS	8.85	39.74
STATUTORY DUES	1,246.52	1,032.85
ADVANCE FROM CUSTOMERS	3,143.12	2,155.65
CREDITOR FOR CAPITAL EXPENDITURE	5,448.12	796.83
OTHER PAYABLES	8,557.48	6,456.59
TOTAL	26,315.13	19,950.72

**NOTE 10 - SHORT TERM PROVISIONS**

PARTICULARS	As at 31st March 2017	As at 31st March 2016
PROVISION FOR EMPLOYEE BENEFITS		
PROVISION FOR LEAVE ENCASHMENT	27.62	25.72
OTHER PROVISIONS		
PROPOSED DIVIDEND	—	479.91
CORPORATE DIVIDEND TAX	—	97.70
PROVISION FOR WARRANTY	99.86	81.57
TOTAL	127.48	684.90

**NOTE 11 - FIXED ASSETS**

(₹ in Lacs)

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	COST AS ON 01.04.16	ADDITIONS	SALE/ ADJUSTMENTS	COST AS ON 31.03.2017	DEPRECIATION AS ON 01.04.16	DEPRECIATION FOR THE PERIOD*	SALE/ ADJUSTMENTS	TOTAL DEPRECIATION upto 31.03.2017	AS ON 31.03.2017	AS ON 31.03.2016
<b>TANGIBLE ASSETS</b>										
LAND LEASEHOLD	1,471.24	-	-	1,471.24	147.45	14.85	-	162.30	1,308.94	1,323.79
FREEHOLD	718.31	-	-	718.31	0.26	-	-	0.26	718.05	718.05
BUILDINGS	12,224.10	275.72	3,899.68	8,600.14	5,691.39	496.00	1,839.53	4,347.86	4,252.28	6,532.71
PLANT AND MACHINERY	77,375.50	5,196.66	11,331.42	71,240.74	45,861.20	6,094.60	6,916.12	45,039.68	26,201.06	31,514.30
FURNITURE AND FIXTURE	1,141.45	164.54	251.56	1,054.43	877.95	54.13	165.91	766.17	288.26	263.50
VEHICLES	1,169.88	148.71	122.72	1,195.87	814.21	135.04	108.02	841.23	354.64	355.67
OFFICE EQUIPMENTS	2,681.62	152.85	152.18	2,682.29	2,356.72	201.38	137.78	2,420.32	261.97	324.90
TOTAL	96,782.10	5,938.48	15,757.56	86,963.02	55,749.18	6,996.00	9,167.36	53,577.82	33,385.20	41,032.92
PREVIOUS YEAR	89,933.88	6,988.25	140.03	96,782.10	48,562.30	7,294.60	107.72	55,749.18	41,032.92	41,371.58
<b>INTANGIBLE ASSETS</b>										
SPECIALISED SOFTWARES	1,642.60	37.92	7.00	1,673.52	1,516.49	72.14	6.99	1,581.64	91.88	126.11
TECHNICAL KNOW HOW	7,940.67	2,404.14	-	10,344.81	3,136.06	570.66	-	3,706.72	6,638.09	4,804.61
DEVELOPMENT COST	14,560.35	640.74	-	15,201.09	4,192.35	1,388.69	-	5,581.04	9,620.05	10,368.00
TOTAL	24,143.62	3,082.80	7.00	27,219.42	8,844.90	2,031.49	6.99	10,869.40	16,350.02	15,298.72
PREVIOUS YEAR	19,506.72	4,636.90	-	24,143.62	7,219.80	1,625.10	-	8,844.90	15,298.72	12,286.92
GRAND TOTAL	1,20,925.72	9,021.28	15,764.56	1,14,182.44	64,594.08	9,027.49	9,174.35	64,447.22	49,735.22	56,331.64
PREVIOUS YEAR	1,09,440.60	11,625.15	140.03	1,20,925.72	55,782.10	8,919.70	107.72	64,594.08	56,331.64	53,658.50
CAPITAL WORK IN PROGRESS									12,412.59	4,328.20
INTANGIBLE ASSETS UNDER DEVELOPMENT									2,502.00	1,085.60

\*Note:- Includes Depreciation capitalised Rs. 228.06 Lacs (Previous Year Rs 268.96 lacs)

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

(₹ in Lacs)

PARTICULARS	As at 31st March 2017	As at 31st March 2016
CAPITAL ADVANCES		
UNSECURED, CONSIDERED GOOD TO RELATED PARTIES (REFER NOTE:- 33)	8.00	8.97
TO OTHERS	946.29	157.44
SECURITY DEPOSITS		
UNSECURED, CONSIDERED GOOD TO RELATED PARTIES (REFER NOTE:- 33)	238.74	240.52
TO OTHERS	631.26	580.52
ADVANCE TAX (NET)		
UNSECURED, CONSIDERED GOOD	244.19	207.75
MAT CREDIT RECOVERABLE		
UNSECURED, CONSIDERED GOOD	3,848.97	3,654.57
LOANS AND ADVANCES TO EMPLOYEE		
UNSECURED, CONSIDERED GOOD	35.62	35.62
TOTAL	<u>5,953.07</u>	<u>4,885.39</u>

**NOTE 13 - INVENTORIES** (Valued at lower of cost or net realisable value)

(₹ in Lacs)

PARTICULARS	As at 31st March 2017	As at 31st March 2016
A. RAW MATERIAL & SPARES		
- IN HAND	16,144.20	13,387.11
- IN TRANSIT	52.85	133.11
	<u>16,197.05</u>	<u>13,520.22</u>
B. WORK IN PROGRESS	1,806.00	1,473.21
C. FINISHED GOODS	292.37	229.96
D. STORES	2,227.48	2,438.16
TOTAL	<u>20,522.90</u>	<u>17,661.55</u>

**NOTE 14 - TRADE RECEIVABLES**

(₹ in Lacs)

PARTICULARS	As at 31st March 2017	As at 31st March 2016
UNSECURED, CONSIDERED GOOD OUTSTANDING FOR A PERIOD EXCEEDING SIX MONTHS FROM THE DATE THEY ARE DUE FOR PAYMENT	92.03	72.04
OTHERS	<u>13,013.34</u>	<u>9,865.75</u>
TOTAL	<u>13,105.37</u>	<u>9,937.79</u>

Trade Receivable stated above include Debts due from related parties Rs. 2.03Lacs  
(Previous year Rs.36.96 Lacs) (Refer Note No.-33)

**NOTE 15 - CASH AND BANK BALANCES**

(₹ in Lacs)

PARTICULARS	As at 31st March 2017	As at 31st March 2016
CASH AND CASH EQUIVALENTS		
BALANCE WITH BANKS - IN CURRENT A/C	262.81	153.56
CASH IN HAND	11.30	17.21
	<u>274.11</u>	<u>170.77</u>
OTHER BANK BALANCES		
- IN MARGIN MONEY A/C*	597.29	571.17
- IN UNPAID DIVIDEND A/C	33.68	32.85
	<u>630.97</u>	<u>604.02</u>
TOTAL	<u>905.08</u>	<u>774.79</u>

\* Margin Money include Fixed Deposits of Rs. 451.39 Lac (Previous year Rs. 148.74 Lac) with maturity of more than 12 months

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

(₹ in Lacs)

PARTICULARS	As at 31st March 2017	As at 31st March 2016
ADVANCES TO RELATED PARTIES		
UNSECURED, CONSIDERED GOOD (Refer Note No-33)	141.85	148.90
ADVANCES TO OTHER PARTIES		
UNSECURED, CONSIDERED GOOD	6,309.55	4,838.10
LOAN TO EMPLOYEES		
UNSECURED, CONSIDERED GOOD	48.79	88.10
TOTAL	<u>6,500.19</u>	<u>5,075.10</u>

**NOTE 17 - OTHER CURRENT ASSETS**

(₹ in Lacs)

PARTICULARS	As at 31st March 2017	As at 31st March 2016
INTEREST ACCRUED ON BANK DEPOSITS WITH BANK	26.86	26.28
INSURANCE CLAIM RECOVERABLE	3,141.57	-
OTHERS	174.63	-
TOTAL	<u>3,343.06</u>	<u>26.28</u>

**NOTE 18 - REVENUE FROM OPERATIONS**

(₹ in Lacs)

PARTICULARS	For the year ended 31st March 2017	For the year ended 31st March 2016
SALE OF PRODUCTS	1,75,134.48	1,47,963.10
LESS: EXCISE DUTY	20,635.77	17,670.77
NET SALES	<u>1,54,498.71</u>	<u>1,30,292.33</u>
OTHER OPERATING INCOME		
SALE OF SERVICES	768.94	703.35
SALE OF SCRAP	84.79	76.29
TOTAL	<u>1,55,352.44</u>	<u>1,31,071.97</u>

**NOTE 19 - OTHER INCOME**

(₹ in Lacs)

PARTICULARS	For the year ended 31st March 2017	For the year ended 31st March 2016
INTEREST ON :		
A) FIXED DEPOSITS WITH BANKS	265.74	48.03
B) OTHERS	17.60	2.33
GAIN FROM EXCHANGE RATE DIFFERENCE(NET)	-	162.20
MISCELLANEOUS INCOME	50.16	38.50
TOTAL	<u>333.50</u>	<u>251.06</u>

**NOTE 20 - COST OF MATERIAL CONSUMED**

(₹ in Lacs)

PARTICULARS	For the year ended 31st March 2017		For the year ended 31st March 2016	
	RAW MATERIAL & COMPONENTS			
OPENING STOCK	13,520.22		13,246.63	
PURCHASE	<u>1,09,767.06</u>	1,23,287.28	<u>88,671.69</u>	1,01,918.32
LESS:- CLOSING STOCK		<u>16,197.05</u>		<u>13,520.22</u>
TOTAL		<u>1,07,090.23</u>		<u>88,398.10</u>

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

(₹ in Lacs)

PARTICULARS	For the year ended 31st March 2017	For the year ended 31st March 2016
FINISHED GOODS		
CLOSING STOCK	292.37	229.96
LESS:- OPENING STOCK	<u>229.96</u>	<u>319.46</u>
	<u>62.41</u>	<u>(89.50)</u>
WORK-IN-PROGRESS		
CLOSING STOCK	1,806.00	1,473.21
LESS:- OPENING STOCK	<u>1,473.21</u>	<u>1,330.48</u>
	<u>332.79</u>	<u>142.73</u>
DECREASE (INCREASE) IN EXCISE DUTY ON FINISHED GOODS	6.94	9.94
TOTAL	<u>402.14</u>	<u>63.17</u>

**NOTE 22 - EMPLOYEE BENEFIT EXPENSES**

(₹ in Lacs)

PARTICULARS	For the year ended 31st March 2017	For the year ended 31st March 2016
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES :		
- SALARIES, WAGES, BONUS ETC	13,157.62	11,039.89
- CONTRIBUTION TO PROVIDENT & OTHER FUNDS	703.56	541.93
- STAFF WELFARE EXPENSES	1,610.37	1,312.35
- DIRECTOR REMUNERATION	193.97	476.72
TOTAL	<u>15,665.52</u>	<u>13,370.89</u>

**NOTE 23 - FINANCE COST**

(₹ in Lacs)

PARTICULARS	For the year ended 31st March 2017	For the year ended 31st March 2016
INTEREST PAID TO BANK	3,969.01	4,003.35
INTEREST PAID TO OTHERS	252.56	169.59
TOTAL	<u>4,221.57</u>	<u>4,172.94</u>

**NOTE 24 - OTHER EXPENSES**

(₹ in Lacs)

PARTICULARS	For the year ended 31st March 2017	For the year ended 31st March 2016
STORE CONSUMED	3,527.18	2,717.16
POWER & FUEL	2,520.40	2,377.94
REPAIRS AND MAINTENANCE		
-BUILDING	17.27	47.77
-PLANT & MACHINERY	1,324.58	952.75
-OTHERS	263.53	231.67
RENT	356.89	343.93
INSURANCE	316.69	238.62
RATES AND TAXES	118.16	119.85
VEHICLE RUNNING AND MAINTENANCE	213.29	216.80
TRAVELLING AND CONVEYANCE	464.31	396.63
LEGAL AND PROFESSIONAL CHARGES	350.86	345.83
AUDIT FEES	23.08	21.47
ROYALTY	1,395.00	1,232.28
SELLING & DISTRIBUTION EXPENSES	2,170.60	1,946.65
LOSS FROM EXCHANGE RATE DIFFERENCE(NET)	56.10	-
LOSS ON SALE OF FIXED ASSETS	0.79	17.03
REBATE & DISCOUNT	1,461.24	1,228.17
CORPORATE SOCIAL RESPONSIBILITY (CSR EXPENSES)	44.15	46.92
DIRECTOR'S SITTING FEES	43.90	43.10
MISCELLANEOUS EXPENSES	1,629.42	1,630.81
TOTAL	<u>16,297.44</u>	<u>14,155.38</u>

## 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, 2017	Percentage of voting power as at March 31, 2016
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, 2017	Percentage of voting power as at March 31, 2016
Denso Subros Thermal Engineering Centre India Ltd	India	26%	26%

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

- a) Net Outstanding commitments against Letter of Credits established by the Group: Rs. 4,788.88 Lacs (Previous Year Rs. 3,235.28 Lacs)
- b) Guarantees given by banks on behalf of the Group: Rs.682.34 Lacs (Previous Year: Rs. 1,463.14 Lacs)
- c) Claims against the Group not acknowledged as debt :-

(₹ in Lacs)

Nature of claim	As at 31.03.17	As at 31.03.16
Disputed Sales Tax Demands	139.36	139.36
Disputed Income Tax Demands	9.91	24.40
Other claims	133.65	119.10

- d) As advised to the Group, no effect has been given to MAT Recoverable on account of certain disallowances in Income Tax Assessments for earlier years as the Group would get full relief in appeals filed against the assessments orders.

## 27. Estimated value of contracts on capital account remaining to be executed and not provided for (net of advances) including Re instatement of assets lost in fire at Manesar plant :Rs 6,223.24 Lacs (Previous Year: Rs. 1,178.88 Lacs)

## 28. In the opinion of Board, the value on realisation 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 on "Leases".

## 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	131.43	112.43
Add: Provisions made during the year	191.05	110.87
	322.48	223.30
Less: Amount utilised during the year	156.05	91.87
Balance at the end of the year	166.43	131.43

Note: 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. Manoj Kumar Sethi- Senior Vice President Finance
    - Mr. Hemant Kumar Agarwal- Dy. Company Secretary (upto 7.8.2016) & Sr. General Manager-Finance
    - Mr. Rakesh Arora-Company Secretary (from 8.8.2016)

- ii. Relatives of Key Management Personnel
  - Mrs. Ritu Suri (Wife of Mr. Ramesh Suri)
- iii. Joint Venture Company
  - Denso Subros Thermal Engineering Centre India Ltd. (DSEC)
- iv. 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	-	-	-	-	-	-	115.21	24.37
- Sale of goods	-	-	-	-	-	-	114.46	131.72
- Purchase of fixed assets	426.96	318.56	-	-	-	-	56.77	26.34
- Sale of Fixed Assets	-	-	-	-	-	-	0.69	2.95
- Sale of Services	10.49	-	-	-	-	-	-	-
- Receiving of Service	-	-	-	-	-	-	1,079.64	784.68
- Rent/License Agreements	-	-	4.68	21.86	27.45	26.10	306.20	308.14
- Directors' Remuneration*	-	-	193.97	476.72	-	-	-	-
- Retirement Benefits Paid	-	-	-	57.25	-	-	-	-
- Rental Income	22.13	21.37	-	-	-	-	-	-
- Reimbursement of expenses received	10.81	12.66	-	-	-	-	-	4.35
- Salary and Other Amenities	-	-	-	-	-	-	0.22	-
- Security Deposits/ Advance rent given	-	-	-	-	-	-	-	-
- Security Deposits/ Advance rent (refund)	-	-	-	-	1.50	-	-	-
- Remuneration Paid to Senior Vice President - Finance	-	-	66.19	59.24	-	-	-	-
- Remuneration Paid to Company Secretary	-	-	38.10	35.67	-	-	-	-
Closing Balances								
- Amount payable	56.20	58.97	8.85	39.74	-	-	67.53	83.35
- Amount Receivable	-	-	-	-	-	-	151.88	194.83
- Security Deposit (Rent)	-	-	-	1.50	13.05	13.05	225.69	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.	114.68	24.29
Sale of Goods		
- Rohan Motors Ltd.	11.23	14.18
- Tempo Automobiles (P) Ltd.	84.71	112.23
Purchase of Fixed Assets		
- Rohan Motors Ltd.	25.66	10.17
- Prima Telecom Ltd.	31.12	4.72
- Fibcom India Ltd.	-	11.45
Sale of Fixed Assets		
- Rohan Motors Ltd.	0.69	2.95
Receiving of Services		
- SHS Transport (P) Ltd.	940.72	736.97
Reimbursement (Received)		
- Prima Telecom Ltd.	-	2.90
- Fibcom India Ltd.	-	1.45
Rent/Licence Agreement		
- Ms. Shradha Suri	4.68	21.86
- Prima Infratech Pvt Ltd.	248.34	248.39
Remuneration to Company Secretary		
-Mr. Rakesh Arora	22.55	-
-Mr. Hemant Agarwal	15.55	35.67
Directors Remuneration/Sitting Fee		
- Mr. Ramesh Suri	56.85	79.07
- Ms. Shradha Suri	137.12	182.83
- Mr. D.M.Reddy	-	214.82

## 34. 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	2016-17	2015-16
a) Net profit after Tax(Rs. In lacs)	Rs. 1,395.47	Rs. 2,394.18
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. 2.33	Rs. 3.99

\*There were no potential equity shares.

## 35. 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 Group 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)	31	14.72	25	14.35
- In Japanese Yen (Million)	25	1,094.41	3	175.00
- In Japanese Yen/US \$ (Millions)	18	841.81	16	830.68
- Equivalent (Rs. in Lacs)		15,884.42		10,649.03

- 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	
	31.03.17	31.03.16	31.03.17	31.03.16
Creditors, Buyer's Credit and Forex Loan (Net)	0.71	-	GBP 0.0009	-
	-	587.46	-	JPY 98.32
	32.96	48.89	Euro 0.0476	Euro 0.064
	-	5.06	-	USD 0.007

- d) Difference between forward rates and Spot rates to be recognized in Subsequent years Rs.319.88 Lacs  
(Previous Year Rs.255.45 Lacs)

36. 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	2,437.75	1,680.65
Power & Fuel	191.14	194.73
Rent	224.36	234.24
Repair and Maintenance	137.13	133.55
Depreciation	228.06	268.96
Other Overheads	888.69	608.39
Total	4,107.13	3,120.52

37. Employees Benefits

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

#### Defined Contribution Plan

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

Particulars	Amount (₹ in Lacs)	
	31.03.17	31.03.16
Employer's Contribution to Provident Fund	447.87	400.21
Employer's Contribution to Superannuation Fund	6.73	12.47
Employer's Contribution to Employees State Insurance Scheme	117.74	72.75

#### 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)	
	31.03.17	31.03.16	31.03.17	31.03.16
Defined Benefit obligation at beginning of the year	811.84	783.90	269.27	247.35
Current Service Cost	105.74	87.63	51.08	43.95
Interest Cost	62.92	60.75	20.87	19.17
Actuarial (gain)/loss	39.77	(33.22)	50.15	16.85
Benefits paid	(40.80)	(87.22)	(67.18)	(58.05)
Defined Benefit obligation at year end	979.47	811.84	324.19	269.27

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

Particulars	Gratuity (Funded)	
	31.03.17	31.03.16
Fair value of plan assets at beginning of the year	900.28	828.92
Expected return on plan assets	76.52	74.60
Actuarial (Loss)/gain	(2.23)	(5.34)
Employer contribution	46.32	2.09
Benefits paid/Withdrawn	(40.80)	—
Fair value of plan assets at year end	980.09	900.28

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

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
	31.03.17	31.03.16	31.03.17	31.03.16
Fair value of plan assets	980.09	900.28	-	-
Present value of obligation	979.47	811.84	324.19	269.27
Amount recognized in Balance Sheet	(0.63)	(88.44)	324.19	269.27

IV. Expense recognized during the year  
(Under the head "Employee Benefit Expenses - Refer Note '22') (₹ in Lacs)

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
	31.03.17	31.03.16	31.03.17	31.03.16
Current Service Cost	105.74	87.63	51.08	43.95
Interest Cost	62.92	60.75	20.87	19.17
Expected return on plan assets	(76.52)	(74.60)	-	-
Actuarial (Gain)/Loss	42.00	(27.88)	50.15	16.85
Total	134.14	45.90	122.10	79.97

## V. Investment Details Gratuity

Particulars	% Invested
Insurer Managed Fund	100%

## VI. Actuarial assumptions

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
	31.03.17	31.03.16	31.03.17	31.03.16
Mortality Table (LIC)	1994-96	1994-96	1994-96	1994-96
Discount rate (per annum)	7.54%	7.75%	7.54%	7.75%
Expected rate of return on plan assets (per annum)	8.25%	8.50%	N.A.	N.A.
Rate of escalation in salary (per annum)	5.50%	5.50%	5.50%	5.50%

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.

38. (i) The Group does not have pending litigations which would impact its Financial Position.  
 (ii) The Group do not have any Long term Contracts including derivative contracts which require any provision for forceable Losses.  
 (iii) The Group has deposited an amount of Rs 3.72 Lacs (Previous Year Rs. 4.60 Lacs) during the year in Investor Education and Protection Fund. Further, no amount is pending for deposition in Investor Education and Protection Fund.  
 iv) The details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 is provided below:-

Particulars	SBNs (Rs.)	Other Denomination Notes (Rs.)	Total (Rs.)
Closing cash in hand as on 08.11.2016	3,435,500	349,544	3,785,044
(+) Permitted receipts	8,000	1,374,916	1,382,916
(-) Permitted payments	—	993,463	993,463
(-) Amount deposited in Banks	3,443,500	—	3,443,500
Closing cash in hand as on 30.12.2016	—	730,997	730,997

Note: Joint ventures' cash values are considered at full value and not at 26% basis.

39. Borrowing Cost amounting to Rs. 230 lacs (Previous Year Rs. 515 lacs has been capitalized with the cost of fixed assets as per Accounting Standard-16 on "Borrowing Cost".
40. As informed there was no supplier who was registered under "The Micro, Small and Medium Enterprises (Development) Act, 2006".
41. Balance confirmations have not been received from some of the parties showing debit/credit balances. Management does not except to have any material differences effecting the financial statements for the year upon confirmation.
42. ADDITIONAL STATUTORY INFORMATION PURSUANT TO SCHEDULE III OF THE COMPANIES ACT, 2013

Name of the Companies	Net Assets/(Liabilities) (total assets minus total liabilities)				Share in Profit/(loss)			
	31st March, 2017		31st March, 2016		31st March, 2017		31st March, 2016	
	Amount (Rs. in Lacs)	As % of consolidated net assets	Amount (Rs. in Lacs)	As % of consolidated net assets	Amount (Rs. in Lacs)	As % of consolidated profit/loss	Amount (Rs. in Lacs)	As % of consolidated profit/loss
Parent								
Subros Limited	34,690.92	99.39	33,287.62	99.48	1,403.56	100.58	2,400.39	100.26
Foreign Subsidiaries								
Thai Subros Limited	69.49	0.20	81.64	0.11	(12.69)	(0.91)	(10.01)	(0.42)
Joint Ventures								
Indian								
Denso Subros Thermal Engineering Centre India Limited	142.98	0.41	138.41	0.41	4.59	0.33	3.80	0.16
Total	34,903.39	100.00	33,507.67	100.00	1,395.46	100.00	2,394.18	100.00

43. The Board of Directors of the company in their meeting held on May 23, 2017 have proposed dividend of Rs. 0.50 per share amounting to Rs. 299.94 Lacs subject to approval of shareholders in forthcoming annual general meeting.

In view of revision of Accounting Standard 4 'Contingencies and Events occurring after Balance Sheet Date' effective from April 1, 2016, the proposed dividend (Rs. 299.94 Lacs) and dividend distribution tax thereon (Rs. 61.06 Lacs) has not been provided as at March 31, 2017. This has resulted into increase in reserves & surplus and reduction in Short term provisions by Rs 361.00 Lacs as at March 31, 2017.

44. Exceptional Items/Fire Incident

There was a major fire incident in one of the plants of the Company situated at Manesar on May 29, 2016. The Fire has severely impacted the building, stocks, plant & machinery. These assets were adequately insured with reinstatement clause and a claim has been made with the insurance company. Special/urgent actions to restart supplies to the customer post fire incident has temporarily resulted into additional costs during the year under review which have been included in "Exceptional Items" in the Statement of Profit and Loss. The company has already received insurance claim against inventory loss. The short claim received against the same has also been included in exceptional items. Insurance claim settlement in respect of building, plant & machinery and other fixed assets is under progress as the reinstatement of assets is also in progress. However, company has received interim payments from the Insurance Company. The detail of exceptional items under major heads is as under:-

Particulars	Current Year (Rs. Lacs)	Previous Year (Rs. Lacs)
Material Cost (Including loss by fire)	2,078.92	—
Staff Welfare Expenses	58.53	—
Freight & Cartage (Outward)	783.03	—
Rent	110.31	—
Other Expenses	72.35	—
		—
Total	3,103.14	—

45. Previous year's figures have been regrouped/rearranged wherever considered necessary to confirm to this year's classification.

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  
Membership No : 14467  
Place : New Delhi  
Date : 23<sup>rd</sup> May, 2017

RAMESH SURI  
Chairman  
SHRADHA SURI  
Managing Director

H.K. AGARWAL  
Sr GM (Finance)  
MANOJ K SETHI  
Sr VP (Finance)  
RAKESH ARORA  
Company Secretary

# 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)



Die Casting Plant



Subros Tool Engineering Centre



Noida Plant



R&D Centre



Manesar Plant



Gujarat Plant



Pune Plant



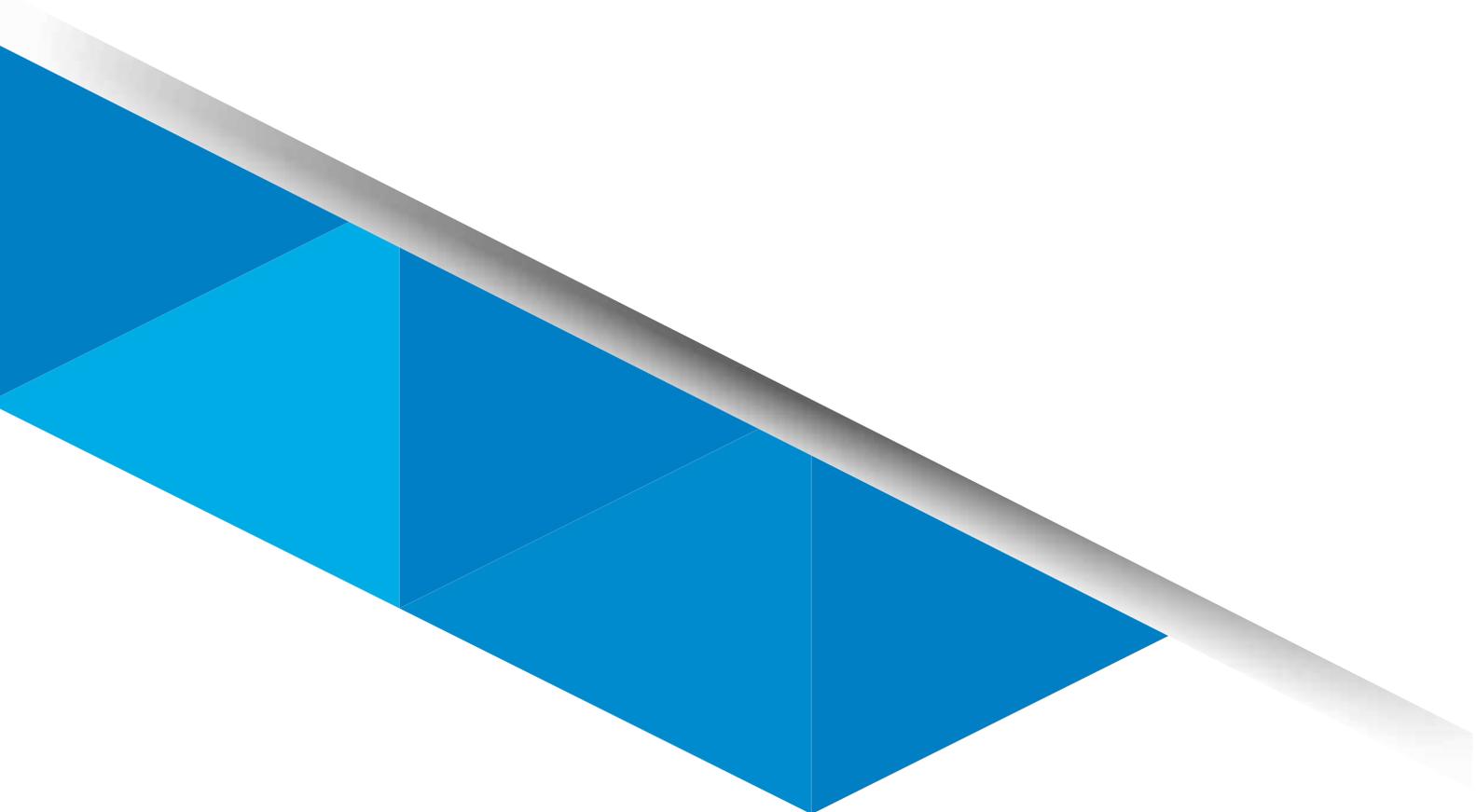
Chennai Plant



Plants

Regional Offices





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