

**SUBROS LIMITED**  
**2015-16**  
ANNUAL REPORT

## Our Board



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

## Top Management



Sitting left to right - Mr P Sabharwal, Mr T Murayama, Ms Shradha Suri Marwah, Mr Ramesh Suri, Mr M K Sethi, Mr S Oswal and Mr Y Negi  
Standing left to right - Mr N Sahani, Mr P K Yadav, Mr A K Jaiswal, Mr S Sawada, Mr N Pujari and Mr A Parashar

<b>Index</b>	<b>Page</b>
Corporate Information	2
Chairman Message	3
Managing Director's Message	4
Company Update	5-9
Management Discussion and Analysis	10-12
Statutory Reports	
• Directors' Report	13-32
• Corporate Governance Report	33-41
Financial Statements	
• Subros Limited - Standalone	42-70
• Thai Subros Limited	71-80
• Subros Limited - Consolidated	81-106

## Corporate Information

### Board of Directors

1. Mr. Ramesh Suri  
Chairman
2. Dr. Jyotsna Suri
3. Ms. Shradha Suri  
Managing Director
4. Mr Y. Makino  
(Representative of Denso Corporation, Japan)  
  
Mr. Y. Kajita  
(Alternate Director to Mr. Y Makino)
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

Dy. Company Secretary  
Hemant Kumar Agarwal

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

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

Statutory Auditors

M/s. V.K. Dhingra & Co.,  
Chartered Accountants  
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
- 4) Die Casting Plant  
B-216, Phase-II, Noida 201304  
Distt. Gautam Budh Nagar (U.P.)
- 5) Manesar Works  
Plot No.395/396, Sec-8, IMT  
Manesar, Dist. Gurgaon (Haryana)
- 6) Pune Plant  
Plot No.B-8 & 9, MIDC Indl. Area,  
Chakan, Pune (Maharashtra)
- 7) Chennai Plant  
A-20/1, SIPCOT Industrial Growth Centre  
Oragadam, Chennai, Tamil Nadu
- 8) Sanand Plant  
E-1, TML Vendor Park, Sanand, Gujrat

## From the desk of the Chairman



Dear Shareholders,

Warm greetings to the Subros family!

It gives me great pleasure to share with you that FY 15-16 was a significant milestone year for us, as we completed 30 years of making your drive comfortable with auto air conditioners.

Worldwide, the automotive industry has been enjoying a period of relatively strong growth and profitability, and annual sales have reached pre-recession levels in some regions. Yet there remains considerable uncertainty about the future.

The most immediate challenge is the unevenness of global markets. Auto industry experts are optimistic about the U.S. market, however, the outlook in Europe and Russia is much weaker. Growth in China the world's largest vehicle market has slowed down, even though investments by most original equipment manufacturers (OEMs), forecasting a surge in future demand, continue to ramp up.

Over the years we have witnessed plenty upward surges and downward slumps in the Indian market too. The Indian Automotive market's performance has seen a fair amount of volatility. This year too market witnessed ups and downs either from competition or government plans or recalls by OEMs, but the beneficiary of all situations has been the customer.

It has probably been the most eventful year for the automotive industry in India. Reacting strategically to these demand shifts will be an absolute priority for industry leaders in 2016-17.

At Subros, over the years, we have imbibed the good practices of Denso and Maruti Suzuki. Your Company has envisioned projects and made investments keeping the strong "Make in India" agenda in mind.

In absolute terms, your Company stands tall with over 10 million happy customers till date, no mean feat. Our consolidated sales increased by 11% to INR 1480 crore in FY15-16 translating to USD 227 Million. Our operating EBITDA for 2015-16 grew by 12.14% and the PBT and PAT increased by 29.65% and 18.1%.

Looking back with pride, I take this opportunity to thank every one of you who have, directly and indirectly, contributed to our momentous achievement. Our shareholders have always supported us and I am sure that we will continue to win your trust in the future.

I am thankful to our customers, our partners Denso Corporation and Suzuki Motor Corporation, and our bankers for their support and confidence in us.

Thank you

Ramesh Suri  
Chairman



## From the desk of the Managing Director



Dear Shareholders,

It gives me pleasure to share that your Company has delivered a good performance in FY 15-16.

We believe transformation is about reshaping the way we approach our business. It is driven by either a need for agile innovation to stay ahead of customer expectations or meet challenges to stay on the growth path and sustain industry leadership.

The Government of India aims to make automobile manufacturing the main driver of its 'Make in India' initiative; as highlighted in the Auto Mission Plan (AMP) 2016-26, which highlights that the passenger vehicles market will triple to 9.4 million units by 2026. Plans are also in the offing to promote eco-friendly cars in the country i.e. CNG based vehicle, hybrid vehicle, and electric vehicle, along with a mandatory of 5% ethanol blending in petrol. These are all positive for growth and evolution of the auto sector.

Last year saw the ban on high cc diesel engine driven passenger vehicles in Delhi, this was a challenge as it affected automobile sales. However, government initiatives

for the moderation of fuel prices led to a partial recovery. The automobile industry faced these roadblocks and still clocked a 3.5% growth in sales. Growth was fueled by positive customer sentiment in cities, gradual uptick in the economy and a hope that it will improve in the coming quarters. The passenger vehicle segment grew by 6.86% on account of moderation in fuel prices and buoyed with new launches by OEMs. We are happy to report that one of our most valued customers, MSIL, has ended 2015-16 with its highest-ever sales of 14.29L vehicles and a growth of 11%.

Gross Sales at Subros too, saw a positive trend as compared to last year. The Company posted a positive growth figure of 11%. We are pleased to report that your Company recorded a YoY in consolidated revenue growth of 9.04% with a consolidated sales turnover of INR 1310.72 crores and a consolidated EBIDTA position of INR 154.61 crores, (Consolidated), an improvement successfully achieved due to operational efficiencies and material cost realization. Management focus for 2015-16 is to further improve operating levels; and control material cost to further increase the operational profit margin.

The company continues to enjoy its ever-strengthened relationship with its joint venture partners, Denso Corporation Japan and Suzuki Motor Corporation Japan. With their support, the Company envisages providing better value to the customer.

I take this opportunity to thank our partners: Denso Corporation & Suzuki Motor Corporation; our customers: Maruti Suzuki, Tata Motors, Mahindra & Mahindra, Force Motors, and Renault-Nissan India and The Indian Railways for maintaining faith in our capabilities and giving us the opportunity to serve them. I am also grateful to our employees for their unrelenting support and confidence in our management. Above all, I would like to thank our bankers for continuously supporting us and our shareholders for their continued faith in the company, this has helped us emerge stronger and prepared for growth.

Thank you

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
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>



10 Million HVAC Celebration



Silver Trophy for ACMA HR Excellence Award in Special Category 2015

MD Ms. Shradha Suri Marwah and Mr. MK Sethi received the award at a glittering ceremony organized by ACMA on 3<sup>rd</sup> Sep 2015 from Honbl'e Union Minister for Heavy Industries and Public Enterprises Sh. Anant Geete in the august presence Mr. O Suzuki, & our Chairman Mr. Ramesh Suri during the Award Ceremony.



**MSIL award for Tier 2 Vendor Upgradation**  
 Ms Shradha Suri and Mr A Parashar recvg award from K Ayukawa san, T Hasuike san and Sr MSIL team names left to right - M Suzuki san, Y Suzuki san, A K Tomer san, T Hasuike san, A Parashar san, K Ayukawa san, Ms Shradha Suri, C V Raman san, D K Sethi san, Miki san



**MSIL award for IPL**  
 Ms Shradha Suri and Mr P K Duggal receiving award from K Ayukawa san, T Hasuike san and Sr MSIL team names left to right - Y Suzuki san, A K Tomer san, T Hasuike san, P K Duggal san, M Suzuki san, Ms Shradha Suri, K Ayukawa san, C V Raman san, D K Sethi san, Miki san



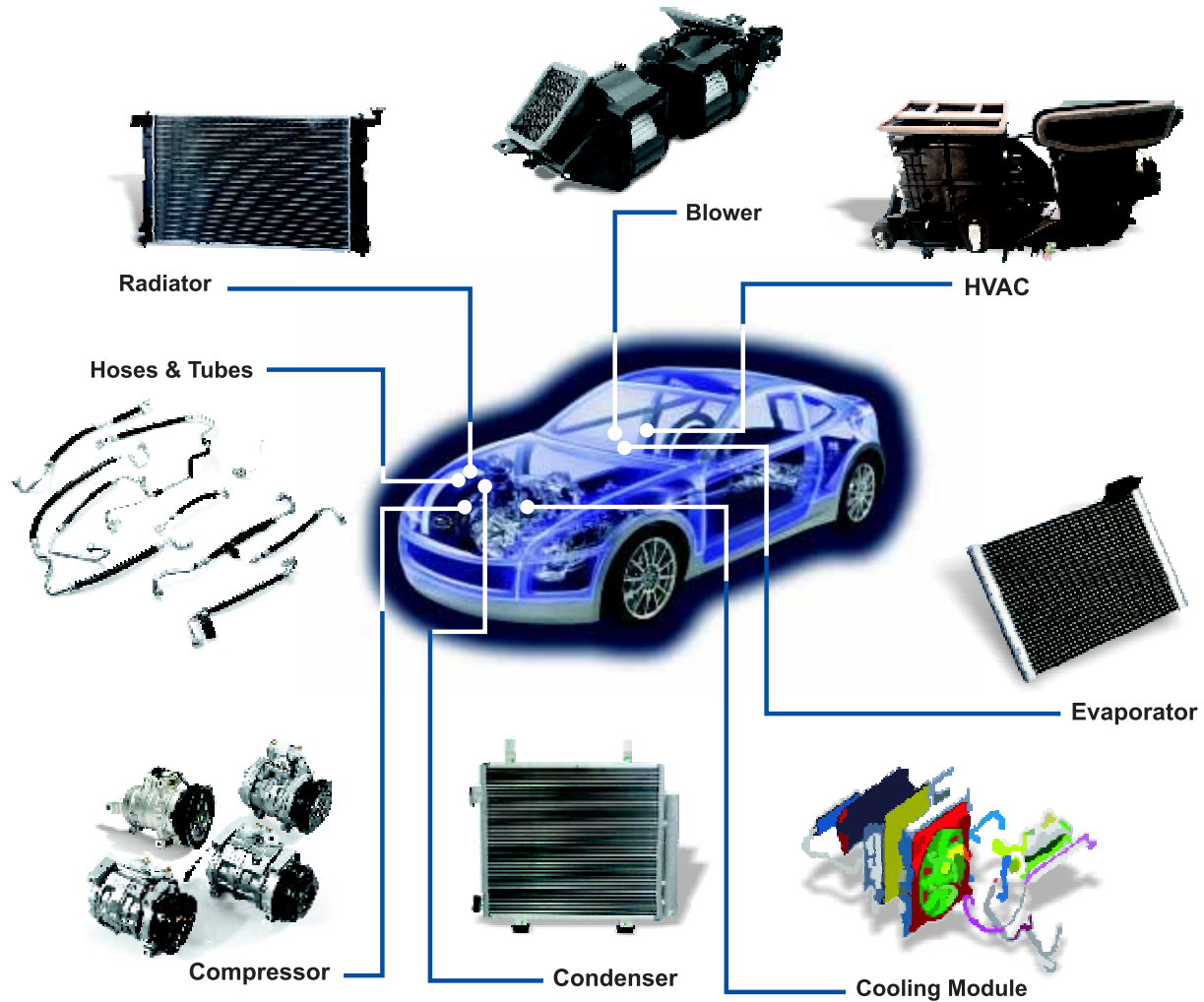


## Product Range

### 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.

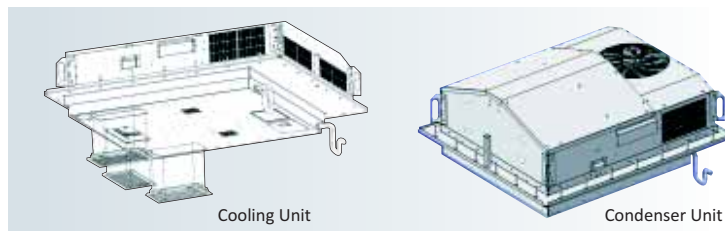
Subros products are backed by technology from its JV partner Denso who are the world leaders in their domain.



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.

## Social Responsibilities

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

### Environmental Activities

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

### Social Activities

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



*Blood donation camp on Founder's Day*



*Social activities around the year*

*CSR Activity Cloths Distribution Saranalaya Children's Home*

*Tree plantation on World Environment Day*



*Greening at Plants*



# Management Discussion and Analysis 2016

## 1. Industry Outlook

- 1.1 The automobile industry is one of the key drivers that boost the economic growth of the country. Since the de-licensing of the sector in 1991 and subsequent opening up of 100 percent FDI through automatic route, Indian automobile sector has come a long way. Today, 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.
- 1.2 Further strengthening the sign of economic recovery with the government's initiatives to bring in more foreign direct investment into the country, and speedy clearance of infrastructure projects, are key reasons for the Indian auto industry's performance 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 (NATRIIP) centers as well as a National Automotive Board to act as facilitator between the government and the industry.
- 1.3 The Indian automobile industry has a promising future in India. Apart from meeting the advancing domestic demands, it is penetrating the international market too. Favoured with various benefits such as globally competitive auto-ancillary industry; production of steel at lowest cost; inexpensive and high skill manpower; entrenched testing and R & D centers etc., the industry provides immense investment and employment opportunities.
- 1.4 Further, contraction in Fuel Price Differential and de-regulation in diesel prices have impacted the demand between petrol and diesel based vehicles.
- 1.5 Consumer purchase decisions are majorly impacted by the fuel economy and demand for greater fuel efficiency. This will bring leading companies, across two-wheeler and four-wheeler segment, to focus on delivering performance-oriented products. Further, a sturdy legal and banking infrastructure, increased affordability, and surging incomes have heightened demand in the small car segment.
- 1.6 Indian economy has shown a moderate growth of approximately 7% in 2015-16 and is projected to grow at 7-8% in 2016-17. This is sure to have a positive impact on the auto sector.
- 1.7 Indian auto industry has shown growth in line with GDP growth. The industry has registered moderate growth of 6% in 2015-16 in passenger cars, while the commercial vehicle segment has grown by 12%. Our key customers have seen a surge as well. Maruti Suzuki, has grown by 14%, Mahindra and Mahindra by 6%. The 2016-17 outlooks for the Indian auto industry looks positive and we expect a growth of 7-8% in the sector.
- 1.8 However, inflation rates, interest rates, and foreign exchange fluctuation may also have a sobering impact on the industry.

## 2 Financial & Operational Performance

- 2.1 The Company's Gross Sales have increased Rs. 1480 Crores in 2015-16 (last Year Rs. 1,333 Crores) an increase of around 11 % in sale over the previous year. The operational profit (EBIDTA) has improved due to operational efficiencies and material cost down realisation. The management is focused on further improvement of operating levels and material cost control in 2016-17. The aim is to further increase the operational profit margins.
- 2.2 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 has contributed in Material cost reduction, and also reduced import exposure. There are other such localization projects in implementation stage.
- 2.3 The Company has witnessed continuous improvements in operation activities and has received various awards and recognition from the Customer and other external agencies. The details are mentioned herein below:
  - a) MSIL- Tier 2 Up gradation
  - b) MSIL- Inner part Localisation
  - c) MSIL- VAVE activities
  - d) M&M- Sustainability & Green Supply Chain
  - e) Economic Time Platinum Award- Manufacturing Excellence-Noida Plant
  - f) Economic Time Gold Award- Manufacturing Excellence-Manesar Plant
  - g) ACMA Silver award for Manufacturing Excellence- Manesar Plant
  - h) ACMA-HR Excellence Award
- 2.4 The Company values the contribution of and its 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 their upgradation through cluster programs.
- 2.5 Subros Tool Engineering Centre (STEC) contributed to business by localisation of Molds, Tools and Dies in-house. Currently, all our captive requirements of Molds, Tools Dies, Jigs and Fixtures are met by STEC. This has not only reduced our import exposure, but also reduced the cost and lead-time of manufacturing. This is one of the major activities for de-risking. In addition, the STEC has started taking business orders from our collaborator and other customers.

## 3. Research & Development

- 3.1 R&D Centre at Noida is fully 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. This enables harnessing the expertise and experience of Denso engineers to work with Indian talent and develop high technology solution at low cost with short lead time for Indian market. Further, our Engineering Application Centre at Chennai is completely focused on product development related to Commercial Vehicle segment to meet the customer demand.



#### 4. Information Technology

- 4.1 IT system (SAP) strongly supports important business processes of production, logistics, upstream and downstream supply chain operations, finance and accounting systems of the Company.
- 4.2 The combination of Japanese management wisdom on shop floor management (Monuzukri), Team Leader Activities, MPS, and Indian IT systems is a potent one. The Company has strong Information Technology deployment for Decision Support System such as SAP, PLM, CAD, CAE, Project Management system, Vendor Extranet etc. This helps generate process efficiencies and streamlines operations. It also helps manage complexity and scale, both, in-house and with vendors.
- 4.3 The Company's Vendor Management System using Information Technology tools enhanced its coverage across the network of Vendor throughout the country. The system enables the Company and its Vendor to have real time access to information to Vendor operations, Vendor information and feedback.

#### 5. Internal Controls and their Adequacy

- 5.1 Your Company has systems of internal control in place. These are corresponding to the size and nature of operations. They are designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use or losses, executing transactions with proper authorization, and ensuring compliance of corporate policies. Further, internal audit and management reviews are conducted regularly and the reports are submitted for review to the Audit Committee of the Board of Directors.
- 5.2 The Company's Audit Committee reviews all audit reports submitted by the internal auditors; follows up on the implementation of various recommendations, meets the Company's statutory auditors to ascertain their views on the adequacy of internal control systems; and keeps the Company's Board of Directors informed of major operations on a periodic basis.

#### 6. Risks and concerns

- 6.1 The Company is exposed to external and internal risks associated with the business. The operations of the Company are directly dependent on the growth of Indian automotive industry. General economic conditions impact the automotive industry, and, in turn, the operations of the Company.
- 6.2 To counter these risks, the Company continues to broaden its product portfolio, increase customer profile, and geographic reach. Keeping 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 its 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 planning capacity expansion 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 remain competitive in the market place.

#### 7. Future Plan

- 7.1 The Government of India encourages foreign investment in the automobile sector and allows 100 per cent FDI under the automatic route. Government of India aims to make automobiles manufacturing the main driver of 'Make in India' initiative; passenger vehicles market is expected to triple to 9.4 million units by 2026, as highlighted in the Auto Mission Plan (AMP) 2016-26. Additionally, the Government also plans to promote eco-friendly cars in the country i.e. CNG based vehicle, hybrid vehicle, and electric vehicle. The Automobile Mission Plan (AMP) for the period 2006-2016, is aimed at accelerating and sustaining growth in the automobile sector. Also, the well-established Regulatory Framework under the Ministry of Shipping, Road Transport and Highways, plays a part in providing a boost to this sector.
- 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.
- 7.3 In view of the growth opportunities in domestic market and proactively observing the cost pressure of the market, your Company has made extensive localisation plans and VAVE plans for the key components. The objective is to develop capabilities to provide latest technology product to the customer at low costs. Further, this will help the Company to sustain growth profitably and minimize the impact of fluctuation in economic indicators.
- 7.4 Considering the growth in the Automobile sector in general, the Company has planned capacity expansion at its existing facilities at Noida, Manesar, Pune, and Chennai to cater to the increased demand from existing and new automobiles manufacturers in India.
- 7.5 In view of Suzuki Motor Corporation setting up plants in Gujarat, and to realise the business potential, the Company has decided to use its existing facility at Sanand to realise this business. However, based on future requirement of customer, the Company will decide to enhance its production capacity within the existing facility or set up additional facility in Gujarat.
- 7.6 The Company has undertaken various new projects ranging from development of new models and new segments also. These projects are at various stages of planning and execution. Though the Company employs sophisticated techniques and processes to forecast the demand of

new products, yet the same is subject to margin of error. Timely introduction of new products, their acceptability in the market place, and managing complexity of operations across various manufacturing locations would be the key to sustain competitiveness.

## 8. Human Resources

- 8.1 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.
- 8.2 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
- 8.3 The Company is widely acclaimed for its people development practices and has reinforced its position in this area. This, coupled with the ability to attract best talent, provides a competitive edge to the organization. Employee training activities are also well emphasized in the company. They are in line with competency matrix and training need identified through performance review of each employee. This provides an in-depth, focused approach for individual skill enhancement.

## 9. Marketing

The Company objectives are customer satisfaction, cost leadership, and growth with profitability. Your Company has a clear strategic plan to spear head into the future with these objectives. The plan includes:

- Enhancing the share of business on current platforms and with existing customers through entry into newer platforms.
- The Company has already added a new customer namely, Renault Nissan.
- Your Company has shown a good performance in CV segment and plans to carry on in this direction in years to come. The Company has already introduced a full range of Bus ACs to take care of almost every segment.
- The Company also has aggressive plans to explore new opportunities in Transport Refrigeration Industry.
- Subros has kick started its business in Railways during the year.
- There is a sharp focus on after market business. The Company has built a strong reputation in the market with ever increasing product range. Subros has an efficient network to support sales, and service needs of the customers, while providing attractive trade schemes.
- The Company reinforces its efforts with strong promotion and media presence.

## 10. Product Range

Subros has a big basket of products already in its kitty and has the capability of developing new range at competitive rates. It is the only fully integrated and largest manufacturing facility in India for Auto Airconditioning Systems. While the company has fairly large range of AC parts in Passenger Car Segment, it has also developed an exhaustive range of products in Commercial Vehicle Segment. The company has developed products in Transport Refrigeration Systems, Railway Engine application as well as parts for Home Airconditioners.

## 11. Corporate Social Responsibility

Your company is a socially active company which is investing by way of manpower and resources on various social causes. The company invests on green technology and various such practices which are supportive to environment.

Company has strong focus on greening activities in Delhi NCR region. It has adopted sections of roads and parks as its drive to improve green belt in the region. Company also goes on regular drives for afforestation and maintaining cleanliness in the cities. As part of Swachh Bharat Programme company has donated dustbins to schools and goes for regular cleanliness drive in localities.

As part of CSR drive the company supports poor children in their education by way of donations for books, bags, clothes and computers. Company regularly supports poor by way of food and clothes distribution. Company actively encourages and conducts Blood Donation camps in all its plants.

## 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 31<sup>st</sup> Annual Report of the Company together with the audited financial statements for the year ended March 31, 2016.

### FINANCIAL RESULTS

PARTICULARS	Standalone		Consolidated	
	Current year 2015-16 (₹ in Lacs)	Previous year 2014-15 (₹ in Lacs)	Current year 2015-16 (₹ in Lacs)	Previous year 2014-15 (₹ in Lacs)
Gross Profit before financial charges and depreciation	15,453	13,781	15,461	13,768
Less: Financial Charges	4,172	3,872	4,172	3,873
Less: Depreciation	8,636	7,869	8,650	7,886
Net profit before Taxation	2,645	2,040	2,639	2,009
Less: Taxation	244	8	244	8
Profit after Taxation	2,401	2,032	2,395	2,001
Add: Profit brought forward	19,086	17,764	19,032	17,741
Profit Available for appropriation	21,487	19,796	21,427	19,742
Less: Proposed Dividend	480	420	480	420
Less:- Tax on Dividend	99	85	99	85
Less:- Transfer to General Reserves	250	205	250	205
Balance carried over to Balance Sheet	20,658	19,086	20,598	19,032

### BUSINESS OPERATIONS

Your Company recorded a gross turnover of Rs. 1,480 crores during the year as against Rs. 1,333 crores in the previous year, clocking an increase of around 11%.

Your Company is continuing with investments in building the capacity, technology upgradation, new product development and localization to sustain its market leadership in line with Company's growth plans. The Indian automobile industry has registered a growth of 6% in 2015-16 while our volume of air conditioning systems has grown by 16%. The robust growth has happened due to addition of new customers and localization. The Company has made significant efforts to sustain its margins through various value analysis/value engineering activities, cost management and other optimization initiatives.

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 looks forward to 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. The facility for production of radiators has been commissioned in March, 2016 at the Manesar works. In the current year, the Company is planning for capacity expansion at its existing facilities at Noida, Manesar, Pune, Sanand and Chennai to cater to the increased demand from existing and new automobiles manufacturers.

The Company's Tool Engineering Centre has enabled to focus on in-house development of all Molds/Dies required for new product development. This will help the Company to shorten the lead-time of product development at reduced costs.

The Company expects growth in coming years due to increased share of business from its existing customers and expansion of business in new business domains like bus air conditioning, truck refrigeration and radiators. Your Company will continue to concentrate on cost management initiatives to be more competitive and also to spread out to new related domains.

### DIVIDEND

Your Company has earned a net profit (after tax) of Rs. 2,401 Lacs as against Rs. 2,032 Lacs in the previous year. The Directors are pleased to recommend a dividend of Rs. 0.80 per share i.e. 40% on the paid-up equity share capital of the Company for the financial year ended March 31, 2016 as against Rs. 0.70 per share i.e. 35% declared in the previous year. The dividend, if approved by the Members at the ensuing Annual General Meeting, shall absorb a sum of Rs. 480 Lacs (approx), exclusive of dividend tax.

### TRANSFER TO RESERVES

Your Company proposes to transfer Rs. 250 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. Katsuhisa Shimokawa resigned as Nominee Director (Representative of Denso Corporation, Japan) with effect from January 25, 2016
  - b) Mr. Yoshitaka Kajita resigned as an Alternate Director (Alternate to Mr. Katsuhisa Shimokawa) with effect from January 25, 2016
  - c) Mr. Yoshikazu Makino was appointed as Nominee Director (Representative of Denso Corporation, Japan) with effect from January 25, 2016
  - d) Mr. Yoshitaka Kajita was appointed as an Alternate Director (Alternate to Mr. Yoshikazu Makino) with effect from January 25, 2016
  - e) Mr. Devireddy Madhusudhana Reddy resigned as Executive Director with effect from March 31, 2016.
- ii) Pursuant to the provisions of Section 152 of the Companies Act, 2013 Dr. Jyotsna Suri, Non Executive Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offers herself for reappointment. The brief resume of Dr. Jyotsna Suri as required under the Listing Regulations is provided in the Notice of the 31<sup>st</sup> Annual General Meeting of the Company. The requisite resolutions 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. Manoj Kumar Sethi was appointed as Chief Financial Officer with effect from May 14, 2015.
- iv) Declaration from Independent Director: The Company has received necessary declaration from all the Independent Directors of the Company as laid down under Section 149(7) of the Companies Act, 2013 confirming that they meet with 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 during the year adopted a formal mechanism for evaluation of its performances as well as that of its committees and individual Directors, including the Chairman of the Board. Nomination & Remuneration Committee has approved the draft evaluation formats for the Board, Executive & 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 five times during the financial year 2015-16, 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 Agreement with the Stock Exchanges, 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 5.28 Lacs as against THB 14.86 lacs in the previous year.

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. 1,469.34 Lacs as against Rs. 1,463.03 Lacs during the previous financial year, a marginal increase over the last year. The Company earned a profit of Rs. 11.23 Lacs (unaudited) during the year as against loss of Rs. 0.98 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 were appointed as Statutory Auditors at the 30<sup>th</sup> Annual General Meeting of the Company to hold office from the conclusion of the Annual General Meeting held in the year 2015 till the conclusion of the Annual General Meeting to be held in the year 2017, subject to ratification by Members at every subsequent Annual General Meetings. The Members are requested to ratify the appointment of M/s V.K. Dhingra & Co, Chartered Accountants (Firm Registration No.000250N) as Statutory Auditors of the Company for the financial year 2016-17. 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 2016-17. The ratification of remuneration payable to Cost Auditors for the financial year 2016-17 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, 2016. The Secretarial Audit Report for the financial year ended March 31, 2016 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

Four meetings of the Risk Management Committee were 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.

## 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).

**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. The Company received one complaint under the Policy and the same was disposed of.

**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), National Stock Exchange of India Limited (NSE) and Delhi Stock Exchange Limited (DSE). The listing fees for the year 2015-16 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 Company has carried out evaluation of Board, Executive Directors, Independent Directors and Chairperson. It is opined that the Company's Board composition, structure, processes and working procedure are well laid. 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 employee 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 Dy. Company Secretary at the registered office of the Company.

**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

Place: New Delhi  
Dated: 26<sup>th</sup> May, 2016

RAMESH SURI  
Chairman  
DIN: 00176488

## 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 emphasizing on the energy conservation in every possible areas in its plants. Various measures are being initiated to minimize the consumption of energy by 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 lead to huge saving in power cost.</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>Implementation of New VA/VE ideas &amp; localization in the field of</p> <ol style="list-style-type: none"> <li>i. HVAC</li> <li>ii. Heater core</li> <li>iii. Condenser</li> <li>iv. RS Evaporator</li> <li>v. Piston and Swash Localization for compressor.</li> <li>vi. Compressor Swash Plate coating for heavy duty use</li> <li>vii. Compressor Shaft and Armature raw material localization.</li> </ol>
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	<ol style="list-style-type: none"> <li>i. Development of new models for existing customers has resulted in continuity of our relationship with key customers.</li> <li>ii. Development activity with new customer started.</li> <li>iii. Development of new in-house and localized product has resulted in convincing new customers.</li> <li>iv. Localization and VA/VE ideas have resulted in reduction in product weight, keeping same performance on product and vehicle level, ultimately reduction in material cost and reducing the number of part thus bringing down the cost of final product. Our Customers, have recognized our efforts in Inner Part Localization.</li> <li>v. Focus on continuous upkeep and up gradation of R &amp; D test facilities resulted in significant data quality improvement which is leading to more reliable and efficient product validation.</li> <li>vi. Regular OJTs, Monthly R&amp;D symposium with a recognition system and NTDs are stabilizing Engineers retention which should contribute the effective company growth strategy.</li> <li>vii. Indigenously developed technology will result in reduced development cost, improved performance, light weight and compact in terms of overall size.</li> <li>viii. The better understanding of the exact development cycle of technology will assist in providing better solutions to the customer and will lead to its satisfaction apart from cost reduction.</li> <li>ix. Future new refrigerant development&amp; introduction will give better edge to the company against the competitors.</li> </ol>

		x. Improvement in process, productivity and quality and cost due to new techniques and localization of parts. xi. It contributes to retain capable engineers giving proactive motivation. xii. Proactive presence in international and national conferences is giving Subros a certain R&D status value in front of OEMs representatives.																		
(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 new Technical Assistance Agreement(s) with Denso Corporation, Japan for transfer of technology of MF Condenser, Compressor and HVAC for new models, RS Evaporator, Heater Core, 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 systems, technology transfer is under implementation under new TAAs.																		
(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	During the year, various major activities in the field of Research & Development were carried out by the Company in the areas of: <ul style="list-style-type: none"> <li>• New product development</li> <li>• Design and application engineering</li> <li>• New technology heat exchanger</li> <li>• Water cooler intercooler</li> <li>• In-house testing facility upgradation</li> </ul>																		
		<i>(Rs. In lacs)</i>																		
		<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: right; border-bottom: 1px solid black;">2015-16</th> <th style="text-align: right; border-bottom: 1px solid black;">2014-15</th> </tr> </thead> <tbody> <tr> <td>(i) Capital</td> <td style="text-align: right;">19.60</td> <td style="text-align: right;">137.18</td> </tr> <tr> <td>(ii) Recurring</td> <td style="text-align: right;">1,672.13</td> <td style="text-align: right;">2039.00</td> </tr> <tr> <td>(iii) Total Expenditure</td> <td style="text-align: right;">1,691.73</td> <td style="text-align: right;">2,176.18</td> </tr> <tr> <td>(iv) Total R&amp;D expenditure as a percentage of turnover</td> <td style="text-align: right;">1.30%</td> <td style="text-align: right;">1.82%</td> </tr> </tbody> </table>		2015-16	2014-15	(i) Capital	19.60	137.18	(ii) Recurring	1,672.13	2039.00	(iii) Total Expenditure	1,691.73	2,176.18	(iv) Total R&D expenditure as a percentage of turnover	1.30%	1.82%			
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(ii) CIF value of imports (Capital Expenditure)	1,425.43	2,108.35																		
(iii) Expenditure in foreign currency	2,511.17	3,014.31																		



## ANNEXURE - 2 TO THE DIRECTORS' REPORT

Form No. MGT-9  
EXTRACT OF ANNUAL RETURN  
as on the financial year ended on 31.03.2016

[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. SHARE HOLDING 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	
<b>A. Promoters</b>									
1. Indian									
a) Individual/ HUF	72,06,240	--	72,06,240	12.00	72,06,240	--	72,06,240	12.00	--
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>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds	6,99,514	--	6,99,514	1.17	11,28,175	--	11,28,175	1.88	0.71
b) Banks/FI	4,110	--	4,110	0.01	39,668	--	39,668	0.07	0.06
c) Central Govt.	--	--	--	--	--	--	--	--	--
d) State Govt (s)	--	--	--	--	--	--	--	--	--
e) Venture Capital Funds	--	--	--	--	--	--	--	--	--
f) Insurance Companies	3,34,743	--	3,34,743	0.56	1,28,144	--	1,28,144	0.22	-0.34
g) FIs	3,500	6,000	9,500	0.02	--	6,000	6,000	0.01	-0.01
h) Foreign Venture Capital Funds	--	--	--	--	--	--	--	--	--
i) Others (specify)	--	--	--	--	--	--	--	--	--
Sub-total (B) (1)	10,41,867	6,000	10,47,867	1.76	12,95,987	6,000	13,01,987	2.18	0.42
2. Non-Institutions									
a) Bodies Corp.									
i. Indian	20,21,912	28,48,860	48,70,772	8.12	18,63,267	28,48,860	47,12,127	7.85	-0.27
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>b) Individuals</b>									
<b>i. Individual shareholders holding nominal share capital upto Rs.1 lakh</b>	89,58,418	10,39,888	99,98,306	16.67	84,71,072	10,06,010	94,77,082	15.80	-0.87
<b>ii. Individual shareholders holding nominal share capital in excess of Rs.1 lakh</b>	27,11,592	13,37,640	40,49,232	6.75	31,56,724	13,37,640	44,94,364	7.50	0.75
<b>c) Others (specify)</b>									
<b>i. NRI</b>	4,16,423	—	4,16,423	0.69	3,99,040	—	3,99,040	0.66	-0.03
<b>ii. Foreign Collaborator</b>	78,00,000	78,00,000	156,00,000	26.00	78,00,000	78,00,000	156,00,000	26.00	—
<b>iii. Clearing Members</b>	—	—	—	—	—	—	—	—	—
<b>iv. Trust &amp; Foundations</b>	6,000	—	6,000	0.01	4,000	—	4,000	0.01	—
<b>Sub-total (B) (2)</b>	<b>219,14,345</b>	<b>130,26,388</b>	<b>349,40,733</b>	<b>58.24</b>	<b>216,94,103</b>	<b>129,92,510</b>	<b>346,86,613</b>	<b>57.82</b>	<b>-0.42</b>
<b>Total Public Shareholding (B) = (B) 1+(B) 2</b>	<b>229,56,212</b>	<b>130,32,388</b>	<b>359,88,600</b>	<b>60.00</b>	<b>229,90,090</b>	<b>129,98,510</b>	<b>359,88,600</b>	<b>60.00</b>	<b>—</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	—	—	—	—	—	—	—	—	—
<b>Grand Total (A+B+C)</b>	<b>469,56,212</b>	<b>130,32,388</b>	<b>599,88,600</b>	<b>100.00</b>	<b>469,90,090</b>	<b>129,98,510</b>	<b>599,88,600</b>	<b>100.00</b>	<b>—</b>

**ii) Share Holding 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 Shares of the Company	% of Shares pledged/ encumbered to total shares	No. of Shares	% of total Shares 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	--	--
<b>Total</b>	<b>24000000</b>	<b>40.00</b>	<b>--</b>	<b>24000000</b>	<b>40.00</b>	<b>--</b>	<b>--</b>

**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 and Holders of GDRs and ADRs)**

S. No.	Shareholding						Cumulative Shareholding during the year	
	Name of the Shareholder	No. of Shares held as on 31/03/2015	% 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	31/03/2015	-	-	7800000	13.00
2	Denso Corporation	7800000	13.00	31/03/2015	-	-	7800000	13.00
3	Sejal Rikeen Dalal	-	-	31/03/2015	-	-	-	-
				31/07/2015	340229	Transfer	340229	0.57
				7/8/2015	200428	Transfer	540657	0.90
				21/08/2015	50887	Transfer	591544	0.99
				4/9/2015	54023	Transfer	645567	1.08
				11/9/2015	54433	Transfer	700000	1.17
4	UTI Transportation and Logistics Fund	525000	0.88	31/03/2015	-	-	525000	0.88
				19/06/2015	3604	Transfer	528604	0.88
				17/07/2015	2497	Transfer	531101	0.89



S. No.	Shareholding						Cumulative Shareholding during the year	
	Name of the Shareholder	No. of Shares held as on 31/03/2015	% of total Shares of the company	Date	Increase/ Decrease in shareholding	Reason for Change	No. of Shares	% of total Shares of the company
5	Ajay	75000	0.13	31/03/2015	-	-	75000	0.13
				17/04/2015	68114	Transfer	143114	0.24
				24/04/2015	58821	Transfer	201935	0.34
				1/5/2015	5065	Transfer	207000	0.35
				8/5/2015	8000	Transfer	215000	0.36
				26/06/2015	10131	Transfer	225131	0.38
				30/06/2015	3379	Transfer	228510	0.38
				3/7/2015	1490	Transfer	230000	0.38
				17/07/2015	35000	Transfer	265000	0.44
				31/07/2015	6304	Transfer	271304	0.45
	7/8/2015	108696	Transfer	380000	0.64			
	4/12/2015	120000	Transfer	500000	0.84			
6	IFB Automotive Private Limited	513990	0.86	31/03/2015	-	-	513990	0.86
				7/8/2015	-46500	Transfer	467490	0.78
7	Ajay Upadhyay	425000	0.71	31/03/2015	-	-	425000	0.71
8	Andreys Purushottam	-	-	31/03/2015	-	-	-	-
				25/12/2015	162930	Transfer	162930	0.27
				8/1/2016	33455	Transfer	196385	0.33
				15/01/2016	10000	Transfer	206385	0.34
	29/01/2016	37605	Transfer	243990	0.41			
9	Sundaram Mutual Fund	110000	0.18	31/03/2015	-	-	110000	0.18
				1/5/2015	14669	Transfer	124669	0.21
				15/05/2015	1897	Transfer	126566	0.21
				22/05/2015	8103	Transfer	134669	0.22
				26/06/2015	35848	Transfer	170517	0.28
				10/7/2015	2794	Transfer	173311	0.29
				17/07/2015	5000	Transfer	178311	0.30
	21/08/2015	12354	Transfer	190665	0.32			
10	Jayant	166060	0.28	31/03/2015	-	-	166060	0.28

## 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
1.	At the beginning of the year	14,19,040	2.36	14,19,040	2.36
2.	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity, etc.	-	-	-	-
3.	At the End of the year	14,19,040	2.36	14,19,040	2.36

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

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

## 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	36,238.11	5,729.04	--	41,967.15
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	184.92	--	--	184.92
<b>Total (i+ii+iii)</b>	<b>36,423.03</b>	<b>5,729.04</b>	<b>--</b>	<b>42,152.07</b>
Change in Indebtedness during the financial year				
• Addition	--	4,263.50	--	4,263.50
• Reduction	7,253.40	--	--	7,253.40
<b>Net Change</b>	<b>(7,253.40)</b>	<b>4,263.50</b>	<b>--</b>	<b>(2989.90)</b>
Indebtedness at the end 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
<b>Total (i+ii+iii)</b>	<b>29,169.63</b>	<b>9,992.54</b>	<b>--</b>	<b>39,162.17</b>

## 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.)	Total Amount (in Rs.)
		Mr. Ramesh Suri (Chairman)	Ms. Shradha Suri (Managing Director)	Total Amount (in Rs.)		
1.	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961	48,00,000	182,82,516	230,82,516	188,37,922	419,20,438
	(b) Value of perquisites u/s 17(2) Income-Tax Act, 1961	79,200	79,200	1,58,400	--	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	21,73,503	--	21,73,503	33,07,250	54,80,753
	Others, specify	--	--		--	--
5.	Others (Gratuity)	--	--		57,24,580	57,24,580
	TOTAL (A)	70,52,703	183,61,716	254,14,419	278,69,752	532,84,171
	Ceiling as per the Act	Rs 319.62 lacs*				

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

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

 B. Remuneration to other Directors  
 Independent Directors

S. No.	Particulars of Remuneration	Name of Directors						Total Amount (in Rs.)
		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	11,70,000	10,30,000	4,50,000	5,10,000	2,70,000	3,80,000	38,10,000
	• Commission	--	--	--	--	--	--	--
	• Others, please specify	--	--	--	--	--	--	--
	TOTAL (1)	11,70,000	10,30,000	4,50,000	5,10,000	2,70,000	3,80,000	38,10,000

**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	
2.	<ul style="list-style-type: none"> <li>• Fee for attending Board/Committee Meetings</li> <li>• Commission</li> <li>• Others, please specify</li> </ul>	2,00,000	1,00,000	2,00,000	5,00,000
		--	--	--	--
		--	--	--	--
	TOTAL (2)	2,00,000	1,00,000	2,00,000	5,00,000
	TOTAL (B) = 1+2				***43,10,000
	Total Managerial Remuneration				*575,94,171
	Overall Ceiling as per the Act	Rs 31.96 Lacs**			

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

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

\*\*\*The total amount of Rs.43,10,000 paid sitting fee for Board and Committee meetings which is not the part of 1% ceiling as per the Act.

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

S.No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount (in Rs.)
		Mr. Hemant K Agarwal (GM finance & Dy Company Secretary)	Mr. Manoj K. Sethi (CFO)	
1.	Gross salary	35,66,605	58,47,564	94,14,169
	(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	35,66,605	59,24,364	94,90,969

**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
<b>A. COMPANY</b>					
Penalty			None		
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			None		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			None		
Punishment					
Compounding					

## ANNEXURE - 3 TO DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2016

*[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  
LGE, 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, 2016 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, 2016 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. (Not applicable to the Company during the audit period);
  - (f) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the audit period);

- (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/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;
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) The Listing Agreements entered into by the Company with the stock exchange(s) and 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 / Debenture / Sweat Equity;
  - (ii) Redemption / Buy-back of Securities;
  - (iii) Merger / Amalgamation / Reconstruction etc.;

For RSM & CO.  
Company Secretaries

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

Dated : 26<sup>th</sup> May, 2016  
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. 2,132.93 Lacs
4. Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above): Rs. 42.66 Lacs
5. Details of CSR spent during the financial year.
  - a) Total amount to be spent for the financial year: Rs. 42.66 Lacs
  - b) Amount unspent, if any: NIL
  - c) Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	CSR project or activity identified.	Sector in which the Project is covered	Projects or programs (1) Local area or other  (2) Specify the State and 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	36.20	36.20	Direct
2	Education for under-privileged children	Promoting education	Noida	Program wise	6.02	6.02	Direct
3	Distribution of blankets during floods in J&K	Socio-economic	Jammu & Kashmir	Program wise	4.68	4.68	Direct
	TOTAL				46.90	46.90	

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	125.65	May, 13 2015	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	23.09
Ms. Shradha Suri - Managing Director	53.39
Mr. D.M. Reddy - Executive Director	62.74

(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. D.M. Reddy - Executive Director	10%
Mr. Manoj Kumar Sethi - SVP & CFO	8%
Mr. Hemant K. Agarwal - Dy. Company Secretary	15.24%

(iii) the percentage increase in the median remuneration of employees in the financial year: 8.89%

(iv) the number of permanent employees on the rolls of Company: 2054

(v) the explanation on the relationship between average increase in remuneration and Company performance:

The turnover and profit before tax has increased by 11% and 29.65% 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	11.00
Percentage increase in PAT	18.10
Percentage increase in net EBIDTA	12.14
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 31-3-2016	As at 31-3-2015
Price Earnings Ratio	22.04	16.83
Closing stock price	88.2	57
EPS	4.00	3.39
Market capitalisation (in Rs. Crores)*	529	342

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. 882 as on March 31, 2016 indicating a Compounded Annual Growth Rate of 17.01%. 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:

	31.03.16
% increase in median salary of employees'	8.77
% increase in average salary of managerial personnel	9.10

- (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, 2016. 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 2015-16 is given below:

Name	Category	No. of Board Meetings held during 2015-16	No. of Board Meetings attended during 2015-16	Whether attended AGM held on 27th July, 2015	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	5	5	Yes	9	2	3
Ms. Shradha Suri Managing Director	Not Independent & Executive	5	5	Yes	8	-	2
Dr . Jyotsna Suri	Not Independent & Non -Executive	5	4	No	8	1	1
Mr. M.A. Pathan	Independent & Non -Executive	5	5	Yes	-	-	-
Mr. G.N. Mehra	Independent & Non -Executive	5	5	Yes	4	5	2
Mr. Shailendra Swarup	Independent & Non -Executive	5	5	No	5	-	2
Mr. K.R. Ramamoorthy	Independent & Non -Executive	5	4	Yes	4	3	3
Mr. Hanuwant Singh	Independent & Non Executive	5	3	Yes	5	1	1
Mr. D.M. Reddy* Executive Director	Not Independent & Executive	5	4	Yes	2	-	-
Ms. Meena Sethi	Independent & Non Executive	5	4	Yes	-	-	-
Mr. Kenichi Ayukawa	Not Independent & Non -Executive	5	4	No	5	-	2
Mr. Yoshikazu Makino**	Not Independent & Non -Executive	5	-	No	-	-	-
Mr. Katsuhisa Shimokawa #	Not Independent & Non -Executive	5	1	No	-	-	-
Mr. Yoshitaka Kajita \$ ## Alternate Director	Not Independent & Non -Executive	5	2	Yes	-	-	-

@Represents Chairperson/Member of Audit Committee and Stakeholders Relationship Committee. | \* Resigned w.e.f March 31, 2016.

# Resigned as Director w.e.f January 25, 2016 | \$ Resigned as Alternate Director to Mr. Katsuhisa Shimokawa on January 25, 2016

\*\* Appointed as Director w.e.f January 25, 2016 | ##Appointed as Alternate director to Mr. Yoshikazu Makino w.e.f January 25, 2016

Number of Board Meetings

During the Year under review, five Board meetings were held on May 14, 2015; July 27, 2015; October 30, 2015; January 25, 2016 and March 28, 2016. 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 and Mr. G.N. Mehra holds 19,000 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 2015-16	Attended during 2015-16
1.	Mr. G.N. Mehra	Chairman	Independent/ Non-Executive	4	4
2.	Mr. Hanuwant Singh	Member	Independent/ Non-Executive	4	3
3.	Mr. K.R. Ramamoorthy	Member	Independent/ Non-Executive	4	4

During the period under review, four Audit Committee Meetings were held on May 13, 2015; July 27, 2015; October 30, 2015 and January 25, 2016.

Statutory Auditors and Senior Executives of the Company are invited to the Meetings for deliberations. Dy. 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 2015-16	Attended during 2015-16
1.	Mr. Hanuwant Singh	Chairman	Independent/ Non-Executive	3	2
2.	Mr. G. N. Mehra	Member	Independent/ Non-Executive	3	3
3.	Mr. Shailendra Swarup	Member	Independent/ Non-Executive	3	3

During the year under review, Three Nomination & Remuneration Committees were held on April 27, 2015; May 13, 2015 and January 22, 2016.

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 the following processes for evaluation of performance of Independent Director:

- (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 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 2015-16	Attended during 2015-16
1.	Mr. M. A. Pathan	Chairman	Independent/ Non-Executive	4	4
2.	Mr. Hanuwant Singh	Member	Independent/ Non-Executive	4	3
3.	Mr. Shailendra Swarup	Member	Independent/ Non-Executive	4	3

The Risk Management Committee held four meetings on May 13, 2015; July 25, 2015; October 29, 2015 and January 22, 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
1.	Ms. Meena Sethi	Chairperson	Independent/ Non-Executive
2.	Mr. Ramesh Suri	Member	Executive
3.	Ms. Shradha Suri	Member	Executive

The CSR Policy of the Company has been uploaded and can be viewed on Company's website [www.subros.com](http://www.subros.com). During the year one Meeting of CSR Committee was held on May 14, 2015 wherein all Members attended the meeting.

#### (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 of the Board or Committees thereof. The details of sitting fee paid during the year 2015-16 is as given below:-

S. N o.	Name of Director	Sitting Fee for Board Meetings (Rs.)	Sitting Fee for Committee Meetings (Rs.)	Total (Rs.)
1	Dr. Jyotsna Suri	2,00,000	—	2,00,000
2	Mr. Kenichi Ayukawa	2,00,000	—	2,00,000
3	Mr. Y. Kajita	1,00,000	—	1,00,000
4	Mr. G.N. Mehra	2,50,000	9,20,000	11,70,000
5	Mr. K.R. Ramamoorthy	2,00,000	2,50,000	4,50,000
6	Mr. Shailendra Swarup	2,50,000	2,60,000	5,10,000
7	Mr. Hanuwant Singh	1,50,000	8,80,000	1,030,000
8	Ms. Meena Sethi	2,00,000	70,000	2,70,000
9	Mr. M.A. Pathan	2,50,000	1,30,000	3,80,000
	GRAND TOTAL			43,10,000

Except payment of rent 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, the Managing Director and Executive Director for the year 2015-16 is as given below:

S. No.	Name of the Director	Period of appointment	Salary & Allowances	Contributions (*)	Commission	Other Benefits	Total
1	Mr. Ramesh Suri	16.09.2015 - 15.09.2018	48.00	—	31.07	—	79.07
2	Ms. Shradha Suri	12.05.2013 - 11.05.2016	182.83	22.44	—	— <sup>+</sup>	205.27
3	Mr. D.M. Reddy#	01.04.2015 - 31.03.2018	188.38	9.53	26.44	57.25	281.60
		TOTAL	419.21	31.97	57.51	57.25	565.94

# Resigned as Executive Director w.e.f March 31, 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 2015-16	No. of Meetings attended during the year 2015-16
1	Mr. G.N. Mehra	Chairman	26	26
2	Mr. Ramesh Suri	Member	26	26
3	Mr. Hanuwant Singh	Member	26	26

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

SEBI Complaints Redress Systems (SCORES)

The investor Complaints are processed in a centralized web-based complaints redress system. The salient features of this system are: centralized web-based complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the Compliant and its current status. All the requests and complaints received from the shareholders were attended to within the stipulated time and no complaint was pending for disposal at the end of the year.

Investor Grievances Redressal

The number of Complaints received and redressed during the year 2015-2016 is as follows:

Sl. No.	Nature of complaint	Nature of Shareholder's Complaint received during 2015-16	Number not resolved	Number of pending complaints
1	Non-receipt of annual report	1	0	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.	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.
2.	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.
3.	28 <sup>th</sup> AGM in respect of the year (2012-13)	July 29, 2013	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
30 <sup>th</sup> AGM in respect of the year (2014-15)	<ul style="list-style-type: none"> <li>a) Re-appointment of Executive Director.</li> <li>b) To approve continuation of Chairman</li> <li>c) Re-appointment of Chairman</li> <li>d) To approve the Material Related Contracts/Transactions for Rs. 1,500 crores</li> <li>e) To approve the Material Related Contracts/Transactions for Rs. 150 crores</li> </ul>
29 <sup>th</sup> AGM in respect of the year (2013-14)	<ul style="list-style-type: none"> <li>a) Approve the Borrowing Power under section 180(1)(c)</li> <li>b) Approval for the Creation of Mortgage/Charge under section 180(1)(a)</li> </ul>
28 <sup>th</sup> AGM in respect of the year (2012-13)	<ul style="list-style-type: none"> <li>(a) Re-appointment of Managing Director</li> </ul>

Postal Ballots

During the year under review, no resolution was passed through postal ballot.

#### (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 Economic Times (English), Delhi & Mumbai and Nav Bharat Times, Delhi & Mumbai and other vernacular newspaper. These results are also displayed on the Company's web-site [www.subros.com](http://www.subros.com) and as well as on the website of Securities Exchange Board of India (SEBI) under EDIFAR. The Company also uses other modes of communication with its stakeholders, such as announcements and press releases in newspapers. Besides, the Company has also been responding to the financial analyst's queries from time to time.

#### (9) GENERAL SHAREHOLDER INFORMATION

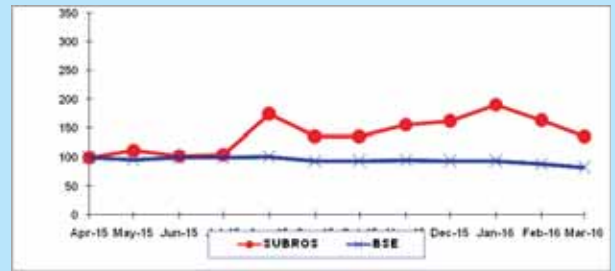
S.No.	Items	Particulars																																																																					
(a)	AGM Date AGM Time AGM Venue	Monday, the August 8, 2016 11.00 A.M. KAMANI AUDITORIUM, 1, Copernicus Marg, NEW DELHI - 110001																																																																					
(b)	Financial year	April 1, 2015 to March 31, 2016																																																																					
(c)	Dividend Payment Date	September 7, 2016																																																																					
(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  The Stock Exchange Mumbai Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001  National Stock Exchange of India Ltd., 'Exchange Plaza' Bandra-Kurla Complex, Bandra (East), Mumbai-400051  Listing Fee(s) has been paid to the Stock Exchange, Mumbai and National Stock Exchange of India Ltd.  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 2015-16 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, 2015</td> <td>74.00</td> <td>57.00</td> <td>74.25</td> <td>56.10</td> </tr> <tr> <td>May, 2015</td> <td>65.80</td> <td>58.05</td> <td>65.95</td> <td>56.10</td> </tr> <tr> <td>June, 2015</td> <td>63.30</td> <td>51.00</td> <td>63.50</td> <td>50.04</td> </tr> <tr> <td>July, 2015</td> <td>102.00</td> <td>58.15</td> <td>102.00</td> <td>57.65</td> </tr> <tr> <td>August, 2015</td> <td>102.00</td> <td>66.40</td> <td>102.20</td> <td>65.95</td> </tr> <tr> <td>September, 2015</td> <td>89.90</td> <td>71.10</td> <td>89.90</td> <td>74.20</td> </tr> <tr> <td>October, 2015</td> <td>94.50</td> <td>74.00</td> <td>99.00</td> <td>75.10</td> </tr> <tr> <td>November, 2015</td> <td>95.45</td> <td>78.75</td> <td>95.35</td> <td>79.00</td> </tr> <tr> <td>December, 2015</td> <td>117.30</td> <td>88.80</td> <td>118.40</td> <td>88.95</td> </tr> <tr> <td>January, 2016</td> <td>113.20</td> <td>80.40</td> <td>113.00</td> <td>79.70</td> </tr> <tr> <td>February, 2016</td> <td>97.10</td> <td>73.20</td> <td>96.80</td> <td>73.00</td> </tr> <tr> <td>March, 2016</td> <td>94.00</td> <td>77.00</td> <td>93.50</td> <td>77.80</td> </tr> </tbody> </table>	Month	Bombay Stock Exchange		National Stock Exchange		High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)	April, 2015	74.00	57.00	74.25	56.10	May, 2015	65.80	58.05	65.95	56.10	June, 2015	63.30	51.00	63.50	50.04	July, 2015	102.00	58.15	102.00	57.65	August, 2015	102.00	66.40	102.20	65.95	September, 2015	89.90	71.10	89.90	74.20	October, 2015	94.50	74.00	99.00	75.10	November, 2015	95.45	78.75	95.35	79.00	December, 2015	117.30	88.80	118.40	88.95	January, 2016	113.20	80.40	113.00	79.70	February, 2016	97.10	73.20	96.80	73.00	March, 2016	94.00	77.00	93.50	77.80
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(g) Stock performance comparison to NSE S&P CNX NIFTY



NOTE :- Both prices are indexed at 100 as on 31 March-2016

Stock performance comparison to BSE Index



NOTE: - Both prices are indexed at 100 as on 31 March-2016

(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, 2016 ( Face Value Rs. 2/- per share )

Shareholdings of Nominal Value of Rs.	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholders
0,001 - 0,500	56585	94.01	1958501	3.26
0,501 - 01,000	1664	2.76	1444319	2.41
01,001 - 02,000	1033	1.72	1655437	2.76
02,001 - 03,000	249	0.41	655861	1.09
03,001 - 04,000	149	0.25	526608	0.88
04,001 - 05,000	145	0.24	707016	1.18
05,001 - 10,000	179	0.30	1385552	2.31
10,001 - 50,000	134	0.22	2745376	4.58
50,001 - 1,00,000	20	0.03	1396137	2.33
100001 and above	33	0.06	47513793	79.20
Total	60191	100.00	59988600	100.00

Shareholding Pattern as on March 31, 2016

Type	NSDL (Demat)	CDSL (Demat)	Physical	Total Shares
Promoters	24000000	-	-	24000000
Foreign Collaborators	7800000	-	7800000	15600000
Mutual Funds and UTI	1128175	-	-	1128175
Financial Institutions /Bank	39668	-	-	39668
Insurance Co's	128144	-	-	128144
Foreign Institutional Investors	-	-	-	6000
Corporate Bodies	1481583	381684	6000	4712127
Non Resident Indian	385774	13266	2848860	399040
Trust and Fund	-	4000	-	4000
Indian Public	8263279	3364517	2343650	13971446
Total	43226623	3763467	12998510	59988600

S.No.	Items	Particulars
(l)	Dematerialisation of shares & liquidity	As at March 31, 2016 Demat: - 18466 Shareholders (30.68% of the Total Shareholders) Demat: - 4,69,90,090 Shares (78.33 % 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, 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, 2016, 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, 2016.

Place: New Delhi  
Dated: 26<sup>th</sup> May, 2016

SHRADHA SURI  
MANAGING DIRECTOR  
DIN: 00176902

**Auditors' Certificate on Corporate Governance**

To,  
The Members of  
SUBROS LIMITED

1. We have examined the compliance of conditions of Corporate Governance by SUBROS LIMITED for the year ended 31<sup>st</sup> March, 2016, as stipulated in Clause 49 of the listing agreement ('Listing Agreement') of the Company with the stock exchanges for the period from April 1, 2015 to November 30, 2015 and as per relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15(2) of Listing Regulations for the period from December 1, 2015 to March 31, 2016.
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 above mentioned Listing Agreements/ 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: 26<sup>th</sup> May, 2016

(SANJAY JINDAL)  
PARTNER  
Membership No. 087085

## 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 31<sup>st</sup> March, 2016, 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 standard 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 31<sup>st</sup> March, 2016 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, 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 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 49 (i) to the financial statements
    - ii. The Company is not required to make any provision, under any law or accounting standards as the company does not have long-term contracts including derivative contracts Refer Note 49 (ii) to the financial statements
    - iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2016. Refer Note 49(iii) to the financial statements.

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

PLACE: NEW DELHI  
DATED: 26<sup>th</sup> MAY, 2016

(SANJAY JINDAL)  
PARTNER  
M. No. 087085

## 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 31<sup>ST</sup> MARCH, 2016 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, 2016 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	2011-12	24.40	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. 157.10 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: 26<sup>th</sup> MAY, 2016

(SANJAY JINDAL)  
PARTNER  
M. No. 087085



## 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<sup>ST</sup> MARCH 2016 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, 2016 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, 2016 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: 26<sup>th</sup> MAY, 2016

(SANJAY JINDAL)  
PARTNER  
M. No. 087085

## Balance Sheet as at 31.03.2016

(₹ in Lacs)

PARTICULARS	NOTE NO.	AS AT 31ST MARCH 2016	AS AT 31ST MARCH 2015
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS:</b>			
(A) SHARE CAPITAL	2	1,199.77	1,199.77
(B) RESERVES AND SURPLUS	3	32,336.78	30,514.00
<b>NON-CURRENT LIABILITIES</b>			
(A) LONG-TERM BORROWINGS	4	18,896.94	21,430.68
(B) DEFERRED TAX LIABILITIES (NET)	5	2,945.00	2,700.11
(C) OTHER LONG-TERM LIABILITIES	6	42.08	36.58
(D) LONG-TERM PROVISIONS	7	293.41	262.67
<b>CURRENT LIABILITIES</b>			
(A) SHORT-TERM BORROWINGS	8	10,829.03	11,879.19
(B) TRADE PAYABLES		12,931.15	11,033.22
(C) OTHER CURRENT LIABILITIES	9	19,925.85	17,607.39
(D) SHORT-TERM PROVISIONS	10	684.90	602.51
<b>TOTAL</b>		<u>1,00,084.91</u>	<u>97,266.12</u>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
<b>(A) FIXED ASSETS</b>			
(I) TANGIBLE ASSETS	11	41,020.11	41,358.24
(II) INTANGIBLE ASSETS	11	15,291.67	12,273.95
(III) CAPITAL WORK-IN-PROGRESS	11	4,328.20	5,145.20
(IV) INTANGIBLE ASSETS UNDER DEVELOPMENT	11	1,085.60	3,701.74
(B) NON-CURRENT INVESTMENTS	12	250.00	250.00
(C) LONG-TERM LOANS AND ADVANCES	13	4,827.56	4,593.08
<b>CURRENT ASSETS</b>			
(A) INVENTORIES	14	17,661.55	17,341.70
(B) TRADE RECEIVABLES	15	9,855.59	7,760.67
(C) CASH AND BANK BALANCES	16	699.02	692.13
(D) SHORT-TERM LOANS AND ADVANCES	17	5,043.09	4,121.10
(E) OTHER CURRENT ASSETS	18	22.52	28.31
<b>TOTAL</b>		<u>1,00,084.91</u>	<u>97,266.12</u>
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	1		
THE NOTES FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS			

AS PER ATTACHED REPORT OF EVEN DATE

FOR V. K. DHINGRA &amp; CO.

For and on behalf of the Board of Directors

Chartered Accountants

SANJAY JINDAL

Partner

Membership No : 087085

Place : New Delhi

 Date : 26<sup>th</sup> May, 2016

RAMESH SURI

Chairman

MANOJ K SETHI

Sr VP (Finance)

SHRADHA SURI

Managing Director

H K AGARWAL

Dy. Company Secretary &amp; GM (Finance)

## Statement of Profit and Loss for the Year Ended 31.03.2016

(₹ in Lacs)

PARTICULARS	NOTE NO.	FOR THE YEAR ENDED ON 31.03.2016	FOR THE YEAR ENDED ON 31.03.2015
REVENUE FROM OPERATIONS	19	1,30,689.73	1,19,715.33
OTHER INCOME	20	243.01	103.67
<b>TOTAL REVENUE</b>		<b>1,30,932.74</b>	<b>1,19,819.00</b>
EXPENSES:			
COST OF MATERIALS CONSUMED	21	88,398.10	80,834.95
CHANGES IN INVENTORIES OF FINISHED GOODS & WIP - (INCREASE) / DECREASE	22	(63.17)	575.10
EMPLOYEE BENEFIT EXPENSE	23	13,099.23	11,597.77
FINANCE COST	24	4,172.56	3,872.49
DEPRECIATION AND AMORTISATION EXPENSE		8,635.56	7,868.28
OTHER EXPENSES	25	14,046.09	13,030.64
<b>TOTAL EXPENSES</b>		<b>1,28,288.37</b>	<b>1,17,779.23</b>
<b>PROFIT BEFORE TAX</b>		<b>2,644.37</b>	<b>2,039.77</b>
TAX EXPENSE:			
- CURRENT TAX (MAT)		567.91	433.55
- MAT CREDIT ENTITLEMENT		(567.91)	(427.55)
- NET CURRENT TAX		-	6.00
- DEFERRED TAX EXPENSE		244.89	4.00
- TAX IN RESPECT OF EARLIER YEARS		(0.91)	(2.07)
<b>PROFIT FOR THE YEAR</b>		<b>2,400.39</b>	<b>2,031.84</b>
EARNING PER EQUITY SHARE OF FACE VALUE OF Rs. 2 EACH			
BASIC & DILUTED (Rs.)		4.00	3.39
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

 SANJAY JINDAL  
Partner  
Membership No : 087085  
Place : New Delhi  
Date : 26<sup>th</sup> May, 2016

 RAMESH SURI  
Chairman  
MANOJ K SETHI  
Sr VP (Finance)

 SHRADHA SURI  
Managing Director  
H K AGARWAL  
Dy. Company Secretary & GM (Finance)

## Statement of Cash Flow for the year ended 31<sup>st</sup> March 2016

(₹ in Lacs)

PARTICULARS	2015-2016		2014-2015	
I. CASH FLOW FROM OPERATING ACTIVITIES				
Profit Before Taxation		2,644.37		2,039.77
Adjustments Add:				
i) Depreciation	8,635.56		7,868.28	
ii) Loss on Assets Sold / Discarded	17.03			
iii) Interest & Financial Charges	4,172.56	12,825.15	3,872.49	11,740.77
Less:				
i) Interest Income	50.35		72.94	
ii) Surplus on Assets sold / discarded	-	50.35	0.24	73.18
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		<b>15,419.17</b>		<b>13,707.36</b>
Adjustment for:				
i) Trade & Other receivable	(3,046.38)		(1,821.81)	
ii) Inventories	(319.86)		382.48	
iii) Trade & Other payables	3,387.25	21.01	2,375.96	936.63
<b>CASH GENERATED FROM OPERATIONS</b>		<b>15,440.18</b>		<b>14,643.99</b>
Less:				
Direct Taxes paid (Net)		(579.02)		(439.53)
Add:				
Interest received		56.14		64.84
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>14,917.30</b>		<b>14,269.30</b>
II. CASH FLOW FROM INVESTING ACTIVITIES				
i) Purchase of Fixed Assets/ CWIP		(6,792.45)		(9,598.39)
ii) Sale of Fixed Assets		15.29		22.62
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(6,777.16)</b>		<b>(9,575.77)</b>

(₹ in Lacs)

PARTICULARS	2015-2016		2014-2015	
III. CASH FLOW FROM FINANCING ACTIVITIES				
i) Proceeds of long term secured loans		6,788.60		6,000.00
ii) Repayment of long term loans		(8,698.29)		(7,974.57)
iii) Working Capital Loans from Banks (Net)		(1,050.16)		2,588.71
iv) Dividend and Corporate Dividend Tax paid		(505.42)		(491.29)
v) Interest Paid		(4,717.63)		(4,908.58)
NET CASH FROM FINANCING ACTIVITIES		<u>(8,182.90)</u>		<u>(4,785.73)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS (I+II+III)		(42.76)		(92.20)
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR		137.76		229.96
CASH AND CASH EQUIVALENTS AS AT THE CLOSING OF THE YEAR		<u>95.00</u>		<u>137.76</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

SANJAY JINDAL  
Partner  
Membership No : 087085  
Place : New Delhi  
Date : 26<sup>th</sup> May, 2016

RAMESH SURI  
Chairman  
MANOJ K SETHI  
Sr VP (Finance)

SHRADHA SURI  
Managing Director  
H K AGARWAL  
Dy. Company Secretary & GM (Finance)



## Notes Annexed to and Forming Part of the Balance Sheet as at 31<sup>st</sup> March, 2016 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 & PAID UP SHARE CAPITAL**
*(₹ in Lacs)*

PARTICULARS	As at 31st March 2016	As at 31st March 2015
AUTHORISED: 75,000,000 EQUITY SHARES OF RS. 2/- EACH	1,500.00	1,500.00
ISSUED: 5,99,94,300 EQUITY SHARES OF RS. 2/- EACH	1,199.89	1,199.89
SUBSCRIBED AND PAID UP 5,99,88,600 EQUITY SHARES OF RS. 2/- EACH FULLY PAID UP	1,199.77	1,199.77
<b>TOTAL</b>	<b>1,199.77</b>	<b>1,199.77</b>

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

PARTICULARS	As at 31st March 2016		As at 31st March 2015	
	(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 2016		As at 31st March 2015	
	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 & SURPLUS**

(₹ in Lacs)

PARTICULARS	As at 31st March 2016	As at 31st March 2015
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	11,425.48	11,220.48
ADD: TRANSFERRED FROM SURPLUS	250.00	205.00
CLOSING BALANCE	<u>11,675.48</u>	<u>11,425.48</u>
SURPLUS		
OPENING BALANCE	19,084.87	17,763.44
ADD: PROFIT FOR THE YEAR	2,400.39	2,031.84
	<u>21,485.26</u>	<u>19,795.28</u>
LESS: APPROPRIATIONS		
PROPOSED DIVIDEND ON EQUITY SHARE*	479.91	419.92
PROVISION FOR TAX ON PROPOSED DIVIDEND	97.70	85.49
TRANSFERRED TO GENERAL RESERVE	250.00	205.00
CLOSING BALANCE	<u>20,657.65</u>	<u>19,084.87</u>
TOTAL	<u>32,336.78</u>	<u>30,514.00</u>

\*Rs. 0.80 Per Equity Share(Previous Year Rs. 0.70 per Equity Share)

**NOTE 4 - LONG - TERM BORROWINGS**

(₹ in Lacs)

PARTICULARS	As at 31st March 2016	As at 31st March 2015
SECURED LOANS		
TERMS LOANS:		
FROM BANKS	17,063.64	18,667.47
FROM OTHERS	1,833.30	2,763.21
TOTAL	<u>18,896.94</u>	<u>21,430.68</u>

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

NATURE OF SECURITY	TERMS OF REPAYMENT
Term loan amounting to Rs. NIL lacs (March 31, 2015: Rs. 1,395 lacs) is secured by Exclusive first charge on specific equipments	Repayment in sixteen quarterly instalments (@ Rs 348.91 lacs each) commencing from June 2014. Last instalment in March 2017. Rate of interest 9.70% P.A. (Previous year 9.70%)
Term loan amounting to Rs. NIL lacs (March 31, 2015: Rs. 37.50 Lacs) is secured by Exclusive first charge on specific equipments.	Repayment in sixteen quarterly instalments @ Rs 37.50 lacs each commencing from August 2012. Last instalment in June 2016. Rate of interest SBIBR+1.90% P.A. as at year end. (SBIBR + 1.90% P.A.)
Term loan amounting to Rs. 1,354 lacs (March 31, 2015: Rs 3,522 lacs) is Secured by way of first charge on specific machineries & Sub Servient 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. 625 lacs (March 31, 2015: Rs 1,875 lacs) is Secured by way of first charge on specific machineries, equitable mortgage on Pune Land & Bldg., Personal Gaurantee of Chairman of the Company	Repayment in sixteen 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. 4,500 lacs (March 31, 2015: Rs. 6,000 Lacs) is secured by equitable mortgage on Manesar Land & Bldg., Personal Gaurantee of Chairman of the Company.	Repayment in twenty Quarterly equal instalments commencing from June 2015. Last instalment in March 2020. Rate of interest 9.85% P.A. (Previous year 10.95% P.A.)
Term loan amounting to Rs. 375 lacs (March 31, 2015: Rs. 1,125 lacs) is secured by equitable mortgage on Manesar Land & Bldg., Personal Gaurantee of Chairman of the Company.	Repayment in sixteen Quarterly equal instalments commencing from Dec. 2014. Last instalment in September 2017. Rate of interest 9.85% P.A. (Previous year 11.10% P.A.)
Term loan amounting to Rs. 1,833.30 lacs (March 31, 2015: Rs 2,725.60 Lacs) is Secured by way of first charge on specific machineries.	Repayment in Eighteen Quarterly instalments commencing from October 2015. Last instalment in February 2019. Rate of interest 10.05% P.A. (Previous year 10.75% P.A.)
Term loan amounting to Rs. 3,750 lacs (March 31, 2015: Rs. 4,750 Lacs) is secured by equitable mortgage on Manesar Land & Bldg., Personal Gaurantee of the Chairman of the Company	Repayment in twenty Quarterly equal instalments commencing from March 2016. Last instalment in Dec 2020. Rate of interest 9.85% P.A. (Previous year 10.95%)
Term loan amounting to Rs. 2,959 lacs (March 31, 2015: NIL) 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 Nil)
Term loan amounting to Rs. 3,500 lacs (March 31, 2015: Rs. NIL) is secured by equitable mortgage on Manesar Land & Bldg., Personal Gaurantee of the Chairman of the Company.	Repayment in Twenty Quarterly equal instalments commencing from March 2017. Last instalment in Dec 2021. Rate of interest 9.85% P.A. (Previous year NA)

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

PARTICULARS	As at 31st March 2016	As at 31st March 2015
DEFERRED TAX LIABILITY		
DEPRECIATION	3,186.00	2,836.07
TOTAL DEFERRED TAX LIABILITY(A)	3,186.00	2,836.07
DEFERRED TAX ASSETS		
EXPENSES ALLOWABLE ON PAYMENT BASIS (NET)	241.00	135.96
TOTAL DEFERRED TAX ASSETS( B)	241.00	135.96
TOTAL (A-B)	2,945.00	2,700.11

**NOTE 6 - OTHER LONG TERM LIABILITIES**
*(₹ in Lacs)*

PARTICULARS	As at 31st March 2016	As at 31st March 2015
SECURITY DEPOSITS RECEIVED	42.08	36.58
TOTAL	42.08	36.58

**NOTE 7 - LONG TERM PROVISIONS**

(₹ in Lacs)

PARTICULARS	As at 31st March 2016	As at 31st March 2015
PROVISION FOR EMPLOYEE BENEFITS		
PROVISION FOR LEAVE ENCASHMENT	243.55	219.75
PROVISION FOR WARRANTY	49.86	42.92
TOTAL	<u>293.41</u>	<u>262.67</u>

**NOTE 8 - SHORT-TERM BORROWINGS**

(₹ in Lacs)

PARTICULARS	As at 31st March 2016	As at 31st March 2015
SECURED		
FROM BANKS:		
CASH CREDIT ACCOUNT (Secured by First Charge by way of Hypothecation of stocks, receivables, existing Plant & Machinery and Miscellaneous Fixed Assets and equitable mortgage of two factory premises and also by way of personal guarantee of the Chairman of the company.) Rate of Interest ; CB Base Rate + 1.50%	<u>836.49</u>	<u>5,368.39</u>
UNSECURED		
- WORKING CAPITAL LOAN FROM BANKS Rate of Interest : 9.95 %	4,402.55	3,556.55
- BUYERS CREDIT ARRANGEMENTS FROM BANKS Rate of Interest : LIBOR + 0.40% to 0.68% [(Against personal guarantee of the Chairman of the Company Rs. NIL Lacs (Previous year : Rs. 781.76)]	3,089.99	2,954.25
- COMMERCIAL PAPER Rate of Interest : 8.40 %	2,500.00	—
	<u>9,992.54</u>	<u>6,510.80</u>
TOTAL	<u>10,829.03</u>	<u>11,879.19</u>

**NOTE 9 - OTHER CURRENT LIABILITIES**

(₹ in Lacs)

PARTICULARS	As at 31st March 2016	As at 31st March 2015
CURRENT MATURITIES OF LONG-TERM DEBT	9,281.35	8,657.28
INTEREST ACCRUED BUT NOT DUE ON LOANS	154.86	184.92
UNCLAIMED DIVIDEND	32.85	33.06
DUE TO DIRECTORS	39.74	30.63
STATUTORY DUES	1,025.69	856.36
ADVANCE FROM CUSTOMERS	2,155.65	1,769.64
CREDITOR FOR CAPITAL EXPENDITURE	796.83	564.87
OTHER PAYABLES	<u>6,438.88</u>	<u>5,510.63</u>
TOTAL	<u>19,925.85</u>	<u>17,607.39</u>



**NOTE 10 - SHORT TERM PROVISIONS**

(₹ in Lacs)

PARTICULARS	As at 31st March 2016	As at 31st March 2015
PROVISION FOR EMPLOYEE BENEFITS		
PROVISION FOR LEAVE ENCASHMENT	25.72	27.60
OTHER PROVISIONS		
PROPOSED DIVIDEND	479.91	419.92
CORPORATE DIVIDEND	97.70	85.49
TAX PROVISION FOR WARRANTY	81.57	69.50
TOTAL	<u>684.90</u>	<u>602.51</u>

**NOTE 11 - FIXED ASSETS**

(₹ in Lacs)

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	COST AS ON 01.04.15	ADDITIONS	SALE/ ADJUSTMENTS	COST AS ON 31.03.2016	DEPRECIATION AS ON 01.04.15	DEPRECIATION FOR THE PERIOD*	SALE/ ADJUSTMENTS	TOTAL DEPRECIATION upto 31.03.2016	AS ON 31.03.2016	AS ON 31.03.2015
<u>TANGIBLE ASSETS</u>										
LAND										
LEASEHOLD	1,471.23	—	—	1,471.23	132.85	14.86	—	147.71	1,323.52	1,338.38
FREEHOLD	718.31	—	—	718.31	—	—	—	—	718.31	718.31
BUILDINGS	11,801.37	422.73	—	12,224.10	4,961.56	729.83	—	5,691.39	6,532.71	6,839.81
PLANT AND MACHINERY	71,076.17	6,313.40	32.06	77,357.51	39,832.68	6,028.03	11.23	45,849.48	31,508.03	31,243.49
FURNITURE AND FIXTURE	1,124.03	15.98	0.11	1,139.90	775.47	101.01	0.08	876.40	263.50	348.56
VEHICLES	1,084.01	138.31	72.49	1,149.83	747.39	113.01	62.63	797.77	352.06	336.62
OFFICE EQUIPMENTS	2,608.98	91.76	34.80	2,665.94	2,075.91	301.25	33.20	2,343.96	321.98	533.07
TOTAL	89,884.10	6,982.18	139.46	96,726.82	48,525.86	7,287.99	107.14	55,706.71	41,020.11	41,358.24
PREVIOUS YEAR	81,488.60	8,529.08	133.58	89,884.10	41,939.77	6,697.29	111.20	48,525.86	41,358.24	39,548.83
<u>INTANGIBLE ASSETS</u>										
SPECIALISED SOFTWARES	1,571.15	28.03	—	1,599.18	1,407.21	72.92	—	1,480.13	119.05	163.94
TECHNICAL KNOW HOW	6,741.39	1,199.25	—	7,940.64	2,596.80	539.25	—	3,136.05	4,804.59	4,144.59
DEVELOPMENT COST	11,153.38	3,406.99	—	14,560.37	3,187.96	1,004.38	—	4,192.34	10,368.03	7,965.42
TOTAL	19,465.92	4,634.27	—	24,100.19	7,191.97	1,616.55	—	8,808.52	15,291.67	12,273.95
PREVIOUS YEAR	14,797.31	4,668.61	—	19,465.92	6,020.98	1,170.99	—	7,191.97	12,273.95	8,776.33
GRAND TOTAL	1,09,350.02	11,616.45	139.46	1,20,827.01	55,717.83	8,904.54	107.14	64,515.23	56,311.78	53,632.19
PREVIOUS YEAR	96,285.91	13,197.69	133.58	1,09,350.02	47,960.75	7,868.28	111.20	55,717.83	53,632.19	48,325.16
CAPITAL WORK IN PROGRESS	—	—	—	—	—	—	—	—	4,328.20	5,145.20
INTANGIBLE ASSETS UNDER DEVELOPMENT	—	—	—	—	—	—	—	—	1,085.60	3,701.74

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

**NOTE 12 - NON CURRENT INVESTMENTS**

(₹ in Lacs)

PARTICULARS	As at 31st March 2016		As at 31st March 2015	
	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. FULLY PAID UP EQUITY SHARES OF BAHT 5 EACH	999300	73.20	999300	73.20
<u>INVESTMENT IN JOINT VENTURE</u>				
DENSO SUBROS THERMAL ENGG CENTRE INDIA LTD FULLY PAID UP EQUITY SHARES OF Rs. 10 EACH	1767999	176.80	1767999	176.80
TOTAL		<u>250.00</u>		<u>250.00</u>

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

(₹ in Lacs)

PARTICULARS	As at 31st March 2016	As at 31st March 2015
CAPITAL ADVANCES		
UNSECURED, CONSIDERED GOOD TO RELATED PARTIES (REFER NOTE:- 40) TO OTHERS	8.97 157.44	5.75 535.56
SECURITY DEPOSITS		
UNSECURED, CONSIDERED GOOD TO RELATED PARTIES (REFER NOTE:-40) TO OTHERS	240.52 576.72	246.52 529.78
ADVANCE TAX (NET)	153.72	136.71
UNSECURED, CONSIDERED GOOD		
MAT CREDIT RECOVERABLE	3,654.57	3,091.66
UNSECURED, CONSIDERED GOOD		
LOANS AND ADVANCES TO EMPLOYEE	35.62	47.10
UNSECURED, CONSIDERED GOOD		
TOTAL	<u>4,827.56</u>	<u>4,593.08</u>

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

(₹ in Lacs)

PARTICULARS	As at 31st March 2016	As at 31st March 2015
A. RAW MATERIAL & SPARES		
- IN HAND	13,387.11	13,119.25
- IN TRANSIT	133.11	127.38
	<u>13,520.22</u>	<u>13,246.63</u>
B. WORK IN PROGRESS	1,473.21	1,330.48
C. FINISHED GOODS	229.96	319.46
D. STORES	2,438.16	2,445.13
TOTAL	<u>17,661.55</u>	<u>17,341.70</u>

**NOTE 15 - TRADE RECEIVABLES**

(₹ in Lacs)

PARTICULARS	As at 31st March 2016	As at 31st March 2015
UNSECURED, CONSIDERED GOOD OUTSTANDING FOR A PERIOD EXCEEDING SIX MONTHS FROM THE DATE THEY ARE DUE FOR PAYMENT	72.04	74.90
OTHERS	9,783.55	7,685.77
TOTAL	<u>9,855.59</u>	<u>7,760.67</u>

Trade Receivable stated above include Debts due from related parties Rs.36.96 Lacs (Previous year Rs.38.24 Lacs)  
(Refer Note No.-40)

**NOTE 16 - CASH AND BANK BALANCES**

(₹ in Lacs)

PARTICULARS	As at 31st March 2016	As at 31st March 2015
CASH AND CASH EQUIVALENTS		
BALANCE WITH BANKS - IN CURRENT A/C	77.90	116.46
CASH IN HAND	17.10	21.30
	<u>95.00</u>	<u>137.76</u>
OTHER BANK BALANCES		
- IN MARGIN MONEY A/C*	571.17	521.31
- IN UNPAID DIVIDEND A/C	32.85	33.06
	<u>604.02</u>	<u>554.37</u>
TOTAL	<u>699.02</u>	<u>692.13</u>

\* Margin Money include Fixed Deposits of Rs. 148.74 Lac (Previous year Rs.44.86 Lac) with maturity of more than 12 months

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

(₹ in Lacs)

PARTICULARS	As at 31st March 2016	As at 31st March 2015
ADVANCES TO RELATED PARTIES		
UNSECURED, CONSIDERED GOOD (Refer Note No-40)	148.90	136.32
ADVANCES TO OTHER PARTIES	4,807.43	3,904.97
UNSECURED, CONSIDERED GOOD		
LOAN TO EMPLOYEES		
UNSECURED, CONSIDERED GOOD	86.76	79.81
TOTAL	<u>5,043.09</u>	<u>4,121.10</u>

**NOTE 18 - OTHER CURRENT ASSETS**

(₹ in Lacs)

PARTICULARS	As at 31st March 2016	As at 31st March 2015
INTEREST ACCRUED ON DEPOSITS WITH BANK	22.52	28.31
TOTAL	<u>22.52</u>	<u>28.31</u>

**NOTE 19 - REVENUE FROM OPERATIONS**

(₹ in Lacs)

PARTICULARS	For the year ended 31st March 2016	For the year ended 31st March 2015
SALE OF PRODUCTS	1,47,963.10	1,33,299.87
LESS: EXCISE DUTY	17,670.77	14,039.71
NET SALES	<u>1,30,292.33</u>	<u>1,19,260.16</u>
OTHER OPERATING INCOME		
SALE OF SERVICES	321.32	124.93
SALE OF SCRAP	76.08	62.99
INDUSTRIAL PROMOTION SUBSIDY	—	267.25
TOTAL	<u>1,30,689.73</u>	<u>1,19,715.33</u>

**NOTE 20 - OTHER INCOME**

(₹ in Lacs)

PARTICULARS	For the year ended 31st March 2016	For the year ended 31st March 2015
INTEREST ON :		
A) FIXED DEPOSITS WITH BANKS	48.03	72.68
B) OTHERS	2.33	0.26
PROFIT ON SALE OF FIXED ASSETS	-	0.24
GAIN FROM EXCHANGE RATE DIFFERENCE(NET)	160.41	5.79
MISCELLANEOUS INCOME	32.24	24.70
TOTAL	<u>243.01</u>	<u>103.67</u>

**NOTE 21 - COST OF MATERIAL CONSUMED**

(₹ in Lacs)

PARTICULARS	For the year ended 31st March 2016		For the year ended 31st March 2015	
RAW MATERIAL & COMPONENTS				
OPENING STOCK	13,246.63		13,094.38	
PURCHASE	<u>88,671.69</u>	1,01,918.32	<u>80,987.20</u>	94,081.58
LESS:- CLOSING STOCK		<u>13,520.22</u>		<u>13,246.63</u>
TOTAL		<u>88,398.10</u>		<u>80,834.95</u>

Additional informations are given in Notes:- 30 and 31

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

(₹ in Lacs)

PARTICULARS	For the year ended 31st March 2016	For the year ended 31st March 2015
FINISHED GOODS		
CLOSING STOCK	229.96	319.46
LESS:- OPENING STOCK	<u>319.46</u>	<u>316.30</u>
	<u>(89.50)</u>	<u>3.16</u>
WORK-IN-PROGRESS		
CLOSING STOCK	1,473.21	1,330.48
LESS:- OPENING STOCK	<u>1,330.48</u>	<u>1,908.05</u>
	<u>142.73</u>	<u>(577.57)</u>
DECREASE (INCREASE) IN EXCISE DUTY ON FINISHED GOODS	9.94	(0.69)
TOTAL	<u>63.17</u>	<u>(575.10)</u>

**NOTE 23 - EMPLOYEE BENEFIT EXPENSES**

(₹ in Lacs)

PARTICULARS	For the year ended 31st March 2016	For the year ended 31st March 2015
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES :		
- SALARIES, WAGES, BONUS ETC	10,785.04	9,345.47
- CONTRIBUTION TO PROVIDENT & OTHER FUNDS	531.32	512.77
- STAFF WELFARE EXPENSES	1,306.15	1,312.51
- DIRECTOR REMUNERATION	476.72	427.02
TOTAL	<u>13,099.23</u>	<u>11,597.77</u>

**NOTE 24 - FINANCE COST**

(₹ in Lacs)

PARTICULARS	For the year ended 31st March 2016	For the year ended 31st March 2015
INTEREST PAID TO BANK	3,672.77	3,609.68
INTEREST PAID TO OTHERS	499.79	262.81
TOTAL	<u>4,172.56</u>	<u>3,872.49</u>

**NOTE 25 - OTHER EXPENSES**

(₹ in Lacs)

PARTICULARS	For the year ended 31st March 2016	For the year ended 31st March 2015
STORE CONSUMED (Refer Note No-31)	2,717.16	2,630.17
POWER & FUEL	2,374.65	2,104.33
REPAIRS AND MAINTENANCE		
- BUILDING	47.77	43.90
- PLANT & MACHINERY	952.75	1,110.72
- OTHERS	208.69	180.62
RENT	328.31	311.21
INSURANCE	236.99	209.64
RATES AND TAXES	119.56	94.15
VEHICLE RUNNING AND MAINTENANCE	207.08	220.57
TRAVELLING AND CONVEYANCE	390.93	408.66
LEGAL AND PROFESSIONAL CHARGES	320.12	291.92
AUDIT FEES	18.50	17.50
ROYALTY	1,232.28	1,107.24
SELLING & DISTRIBUTION EXPENSES	1,946.13	1,602.43
LOSS ON SALE OF FIXED ASSETS	17.03	—
REBATE & DISCOUNT	1,228.17	1,039.63
CORPORATE SOCIAL RESPONSIBILITY (CSR EXPENSES)	46.92	57.32
DIRECTOR'S SITTING FEES	43.10	40.50
MISCELLANEOUS EXPENSES	1,609.95	1,560.13
TOTAL	<u>14,046.09</u>	<u>13,030.64</u>

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

- Net Outstanding commitments against Letter of Credits established by the Company: Rs.3,235.28 Lacs (Previous Year Rs.3,966.33 Lacs)
- Guarantees given by banks on behalf of the Company: Rs.1,463.14 Lacs (Previous Year: Rs. 463.74 Lacs)
- Claims against the company not acknowledged as debt :-

(₹ in Lacs)

Nature of Claim	As at 31.03.16	As at 31.03.15
Disputed Sales Tax Demands	139.36	139.36
Disputed Income Tax Demands	24.40	24.40
Other claims	119.10	83.16

- Pursuant to the Payment of Bonus (Amendment) Act, 2015, enhanced bonus is to be paid to the eligible employees with retrospective effect from 01.04.2014. Based on various court decisions, the Company has been advised by its legal consultants that the applicability of the said Act for the Year 2014-15 is not likely to stand the trial of the jurisdictional courts. Accordingly, differential amount of Bonus for the year 2014-15 amounting to approximately Rs. 192 Lacs has not been accounted for in these financial statements.
- 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): Rs 1,178.88 Lacs (Previous Year: Rs.2,052.62 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)	5.48	5.04
- Others Components of A.C. System	313.98	311.26
Sales (including samples)		
- Automotive Airconditioning Systems	1,32,950.83	1,16,595.12
- Fan Motor Assembly (Ventilators)	4,531.32	4,651.33
- Others Components of A.C. System	10,480.95	12,053.42
Closing Stock (Inclusive of Excise Duty)		
- Automotive Airconditioning Systems	-	-
- Fan Motor Assembly (Ventilators)	4.29	5.48
- Others Components of A.C. System	225.67	313.98

## 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*	88,398.10	80,834.95

\* 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	51	44,782.48	53	42,455.90
- Indigenous	49	43,615.62	47	38,379.04
<b>Total</b>	<b>100</b>	<b>88,398.10</b>	<b>100</b>	<b>80,834.95</b>
Stores and Spares				
- Imported	18	489.09	19	505.27
- Indigenous	82	2,228.07	81	2,124.90
<b>Total</b>	<b>100</b>	<b>2,717.16</b>	<b>100</b>	<b>2,630.17</b>

## 32. CIF Value of Imports

PARTICULARS	Current Year (₹ in Lacs)	Previous Year (₹ in Lacs)
a) Raw Materials/Components	41,210.90	41,044.02
b) Stores & Consumables	310.14	442.01
c) Plant & Machinery	1,425.43	2,108.35



## 33. Expenditure in Foreign Currency

PARTICULARS	Current Year Value (₹ in Lacs)	Previous Year Value (₹ in Lacs)
a) Fees for Technical Services/Technical Know How	439.52	1,088.29
b) Interest	336.17	318.33
c) Travelling	88.22	85.12
d) Royalty	1,232.28	1,107.24
e) Salary	16.52	-
f) Repair of Plant & Machinery (CIF Value)	272.15	285.31
g) Dividend		
No. of Non-Resident Shareholders	2	2
No. of Shares of Rs.2/- each	15600000	15600000
Amount Remitted	109.20	109.20
h) Others	17.11	20.82

## 34. Earnings in Foreign Currency

PARTICULARS	Current Year Value (₹ in Lacs)	Previous Year Value (₹ in Lacs)
FOB Value of Exports	13.62	6.82

## 35. Amount paid/payable to Auditors

PARTICULARS	Current Year (₹ in Lacs)	Previous Year (₹ in Lacs)
a) Audit Fees	18.50	17.50
b) Tax Audit Fees	2.00	1.85
c) Fees for Income Tax Matters	9.73	10.18
d) Fee for Limited Review	3.75	3.68
e) Other Services	3.31	3.70
f) Reimbursement of expenses	1.13	1.06

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

	Current Year (₹ in Lacs)	Previous Year (₹ in Lacs)
Provision at the beginning of the year	112.43	138.93
Add: Provisions made during the year	110.87	56.86
	<u>223.30</u>	<u>195.79</u>
Less: Amount utilised during the year	91.87	83.36
Balance at the end of the year	<u>131.43</u>	<u>112.43</u>

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 Airconditioning 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.	24.29	32.05
Sale of Goods		
- Rohan Motors Ltd.	14.18	16.79
- Tempo Automobiles (P) Ltd.	112.23	45.52
Purchase of Fixed Assets		
- Rohan Motors Ltd.	10.17	16.78
- Prima Telecom Ltd.	4.72	7.69
- Fibcom India Ltd.	11.45	38.24
Sale of Fixed Assets		
- Rohan Motors Ltd.	2.95	-
- Prima Telecom Ltd.	-	1.77
Receiving of Services		
- SHS Transport (P) Ltd.	736.97	699.36
Reimbursement (Received)		
- Prima Telecom Ltd.	2.90	3.60
- Fibcom India Ltd.	1.45	1.88
Rent/License Agreement		
- Ms. Shradha Suri	21.86	33.54
- Prima Infratech Pvt. Ltd.	248.39	248.34
Directors Remuneration/Sitting Fee		
- Mr. Ramesh Suri	79.07	69.73
- Ms. Shradha Suri	182.83	182.83
- Mr. D.M.Reddy	214.82	174.46

41. Monthly Remuneration paid to the Executive Directors 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 157.10 Lacs (Previous Year of Rs. 55.36 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 Inhouse R & D Centres, 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 Centres is as under :-

(₹ in Lacs)

Particulars	Financial Year			
	2015-2016		2014-2015	
	Noida	Pune	Noida	Pune
Capital Expenses	19.60	—	137.18	—
Revenue Expenses	1,581.44	90.69	1,929.17	109.83
Total	1,601.04	90.69	2,066.35	109.83

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

## 43. 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	2015-16	2014-15
a) Net profit after Tax(Rs. In lacs)	Rs. 2,400.39	Rs. 2,031.84
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. 4.00	Rs. 3.39

#### 44. Foreign Exchange Differences

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

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

Particulars	Current Year		Previous Year	
	No. of Contracts	Amount	No. of Contracts	Amount
Forward Contracts against Imports				
- In US Dollars (Million)	25	14.35	25	11.94
- In Japanese Yen (Million)	3	175.00	6	369.00
- In Japanese Yen/US \$ ( Millions)	16	830.68	14	1,092.09
- Equivalent (Rs. in Lacs)		10,649.03		9,195.00

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	
	31.03.16	31.03.15	31.03.16	31.03.15
Creditors, Buyer's Credit and Forex Loan (Net)	587.46	62.45	JPY 98.32	JPY 11.98
	48.89	151.14	Euro 0.064	Euro 0.23
	5.06	-	USD 0.007	-

d) Difference between forward rates and Spot rates to be recognized in Subsequent years Rs. 255.45 Lacs  
(Previous Year Rs.191.15 Lacs)

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

(₹ in Lacs)

Particulars	Current Year (₹ in Lacs)	Previous Year (₹ in Lacs)
Salaries, wages and other amenities to staff	1,680.65	1,752.52
Power & Fuel	194.73	306.00
Rent	234.24	271.98
Repair and Maintenance	133.55	71.47
Depreciation	268.96	-
Other Overheads	608.39	736.66
Total	3,120.52	3,138.63

46. Borrowing cost amounting to Rs.515.00 lacs (Previous Year : 1,046.18 lacs) has been capitalised with the cost of fixed assets as per Accounting Standard 16 on "Borrowing Cost".

## 47. 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)	
	31.03.16	31.03.15
Employer's Contribution to Provident Fund	386.75	349.33
Employer's Contribution to Superannuation Fund	12.47	23.29
Employer's Contribution to Employees State Insurance Scheme	86.21	77.54

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)	
	31.03.16	31.03.15	31.03.16	31.03.15
Defined Benefit obligation at beginning of the year	783.90	698.42	247.35	212.47
Current Service Cost	87.63	84.50	43.95	45.30
Interest Cost	60.75	61.11	19.17	18.59
Actuarial (gain)/loss	(33.22)	(15.53)	16.85	30.57
Benefits paid	(87.22)	(44.60)	(58.05)	(59.58)
Defined Benefit obligation at year end	811.84	783.90	269.27	247.35

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

(₹ in Lacs)

Particulars	Gratuity (Funded)	
	31.03.16	31.03.15
Fair value of plan assets at beginning of the year	828.92	746.55
Expected return on plan assets	74.60	67.19
Actuarial (Loss)/gain	(5.34)	0.28
Employer contribution	2.09	14.90
Benefits paid/Withdrawn	-	-
Fair value of plan assets at year end	900.28	828.92

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

(₹ in Lacs)

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
	31.03.16	31.03.15	31.03.16	31.03.15
Fair value of plan assets	900.28	828.92	-	-
Present value of obligation	811.84	783.90	269.27	247.35
Amount recognized in Balance Sheet	(88.44)	(45.02)	269.27	247.35

IV. Expense recognized during the year  
(Under the head "Employee Benefit Expenses - Refer Note '23')

(₹ in Lacs)

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
	31.03.16	31.03.15	31.03.16	31.03.15
Current Service Cost	87.63	84.50	43.95	45.30
Interest Cost	60.75	61.11	19.17	18.59
Expected return on plan assets	(74.60)	(67.19)	-	-
Actuarial (Gain)/Loss	(27.88)	(15.82)	16.85	30.57
Total	45.90	62.61	79.97	94.46

V. Investment Details - Gratuity

Particulars	% Invested
Insurer Managed Fund	100%

VI. Actuarial assumptions

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
	31.03.16	31.03.15	31.03.16	31.03.15
Mortality Table (LIC)	1994-96	1994-96	1994-96	1994-96
Discount rate (per annum)	7.75%	7.75%	7.75%	7.75%
Expected rate of return on plan assets (per annum)	8.50%	9.00%	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 policy for plan assets management and past returns.

48. As informed there was no supplier who was registered under "The Micro, Small and Medium Enterprises (Development) Act, 2006".
49. (i) The Company does not have pending litigations which would impact its Financial Position.  
(ii) The Company do not have any Long term Contracts including derivative contracts which require any provision for Forceable Losses.  
(iii) The Company has deposited an amount of Rs 4.60 Lacs (Previous Year Rs. 6.51 Lacs) during the year in Investor Education and Protection Fund. Further, no amount is pending for deposition in Investor Education and Protection Fund.
50. 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.
51. 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

SANJAY JINDAL  
Partner  
Membership No : 087085

Place : New Delhi  
Date : 26<sup>th</sup> May, 2016

For and on behalf of the Board of Directors

RAMESH SURI  
Chairman

SHRADHA SURI  
Managing Director

MANOJ K SETHI  
Sr VP (Finance)

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



## 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	INR in Lacs Exchange Rate Closing as on 31/03/2016 1 THB= Rs 1.8756
4	Share capital (Paid Up Share Capital)	93.78
5	Reserves & Surplus	(12.14)
6	Total assets	87.33
7	Total Liabilities	87.33
8	Investments	-
9	Turnover	-
10	Profit before taxation* (at average rate)	(10.01)
11	Provision for taxation	-
12	Profit after taxation* (at average rate)	(10.01)
13	Proposed Dividend	-
14	% of shareholding	100%

\* Average exchange rate for 2015-16 1 THB = Rs. 1.8978

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	31-03-2015
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	135.49
6	Profit / (Loss) for the year	
	i. Considered in Consolidation	0.63 lacs
	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.  
Chartered Accountants

For and on behalf of the Board of Directors

SANJAY JINDAL  
Partner  
Membership No : 087085

RAMESH SURI  
Chairman

SHRADHA SURI  
Managing Director

Place : New Delhi  
Date : 26<sup>th</sup> May, 2016

MANOJ K SETHI  
Sr VP (Finance)

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

## Directors' Report - Thai Subros Limited

To  
The Members

Your Directors are pleased to present the Eighth Annual Report of the Company together with the audited accounts for the year ended on 31st March, 2016.

### FINANCIAL RESULTS

During the financial year, the Company has gross revenue of THB 1.98 Lacs as against THB 64 Lacs during the previous year. The Company has reported loss before tax of THB 5.28 Lac as against loss of THB 14.86 Lac during the previous year.

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. Chatchawat Auditing & Tax Co. Ltd., is the auditor of the Company and being recommended for re-appointment for the next financial year. Notes to accounts referred to in then Auditors Report are self explanatory.

### ACKNOWLEDGMENT

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

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

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

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

For and on behalf of Board of Directors

Dated: 26<sup>th</sup> May, 2016

(RAMESH SURJ)  
Chairman

## Independent Auditor's Report - Thai Subros Limited

To the Shareholders of Thai Subros Limited

I have audited the accompanying financial statements of Thai Subros Limited which comprise the statement of financial position as at 31<sup>st</sup> March 2016, the statements of income and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position as at 31<sup>st</sup> March 2016, and the financial performance for the year then ended of Thai Subros Limited in accordance with the Thai Financial Reporting Standard for Non-Publicly Accountable Entities.

(Mr. Chatchawat Setthee)

C.P.A. Registration No. 5535

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

Huaykwang, Bangkok 10320. Thailand

12<sup>th</sup> May, 2016

## Thai Subros Limited – Balance Sheet

AS AT MARCH 31, 2016 AND 2015

### ASSETS

Particulars	Note	(Baht)	
		2016	2015
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	20,51,268.51	26,18,503.15
Trade and other receivables	5	25,81,155.51	24,51,425.90
<b>TOTAL CURRENT ASSETS</b>		<u>46,32,424.02</u>	<u>50,69,929.05</u>
<b>NON - CURRENT ASSETS</b>			
Equipment	6	3,028.02	9,670.02
Intangible assets	7	20,751.43	24,251.43
<b>TOTAL NON - CURRENT ASSETS</b>		<u>23,779.45</u>	<u>33,921.45</u>
<b>TOTAL ASSETS</b>		<u>46,56,203.47</u>	<u>51,03,850.50</u>

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

### LIABILITIES AND SHAREHOLDERS' EQUITY

Particulars	Note	(Baht)	
		2016	2015
<b>CURRENT LIABILITIES</b>			
Other payables	8	2,77,043.15	2,00,883.71
<b>TOTAL CURRENT LIABILITIES</b>		<u>2,77,043.15</u>	<u>2,00,883.71</u>
<b>NON - CURRENT LIABILITIES</b>			
Employee benefit obligations	9	26,184.54	22,443.89
<b>TOTAL NON - CURRENT LIABILITIES</b>		<u>26,184.54</u>	<u>22,443.89</u>
<b>TOTAL LIABILITIES</b>		<u>3,03,227.69</u>	<u>2,23,327.60</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)		(6,47,024.22)	(1,19,477.10)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<u>43,52,975.78</u>	<u>48,80,522.90</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u>46,56,203.47</u>	<u>51,03,850.50</u>

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

## Thai Subros Limited – Statement of Income

FOR THE YEARS ENDED MARCH 31, 2016 AND 2015

Particulars	(Baht)	
	2016	2015
<b>REVENUES</b>		
Sales	-	62,73,951.75
Gain on exchange rate	1,87,229.77	77,393.44
Other income	10,835.42	60,056.51
Total Revenues	<u>1,98,065.19</u>	<u>64,11,401.70</u>
<b>EXPENSES</b>		
Cost of sales	-	54,20,262.75
Selling expenses	-	1,28,142.90
Administrative expenses	7,25,612.31	15,41,818.89
Loss on disposal assets	-	3,34,701.44
Loss on deactivate assets	-	4,72,186.14
Total Expenses	<u>7,25,612.31</u>	<u>78,97,112.12</u>
NET PROFIT ( LOSS ) FOR THE YEARS	<u>(5,27,547.12)</u>	<u>(14,85,710.42)</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, 2016 AND 2015

(Unit : Baht)

Particulars	Note	Paid-up share capital	Retained Earnings (Deficits)	Total
Balance as at March 31, 2014		50,00,000.00	13,66,233.32	63,66,233.32
Net Profit (Loss) for the year 2014		-	(14,85,710.42)	(14,85,710.42)
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

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

## Thai Subros Limited – Statement of Cash Flows

FOR THE YEARS ENDED MARCH 31, 2016 AND 2015

Particulars	(Baht)	
	2016	2015
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit (loss) before income tax	(5,27,547.12)	(14,85,710.42)
Adjustment to reconcile profit (loss) to net cash		
Depreciation	6,642.00	1,49,298.36
Amortization	3,500.00	3,499.98
Unrealized (gain) loss on exchange rate	(1,87,229.77)	(52,081.30)
Operating assets decrease (increase)		
Trade and other accounts receivable	57,500.16	(9,48,795.02)
Inventories	-	41,77,259.40
Other non - current assets	-	4,81,350.00
Operating liabilities increase (decrease)		
Trade and other accounts payable	76,159.44	(26,31,729.62)
Employee benefits obligations	3,740.65	(26,817.77)
Net cash from (used in) operating activities	<u>(5,67,234.64)</u>	<u>(3,33,726.39)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Machinery and equipment	-	<u>21,05,878.28</u>
Net cash (used in) investing activities	<u>-</u>	<u>21,05,878.28</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>	<b>(5,67,234.64)</b>	<b>17,72,151.89</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><b>26,18,503.15</b></u>	<u><b>8,46,351.26</b></u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<u><u><b>20,51,268.51</b></u></u>	<u><u><b>26,18,503.15</b></u></u>

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

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

FOR THE YEARS ENDED MARCH 31, 2016 AND 2015

Particulars	(Baht)	
	2016	2015
Beginning raw materials	–	31,13,482.57
<u>Add</u> Purchases of raw materials	–	14,08,694.50
Import duty	–	1,79,636.00
Import clearances	–	33,164.86
Total cost of raw materials	–	47,34,977.93
<u>Less</u> Ending raw materials	–	–
Raw materials consumed	–	47,34,977.93
<u>Add</u> Manufacturing Expenses :		
Factory supply	–	5,925.00
Warehouse rental - Factory	–	1,56,251.61
Service - Factory	–	2,34,377.42
Property Tax	–	19,531.45
Electricity and water - Factory	–	12,929.23
Depreciation - Leasehold Improvement	–	5,219.19
Depreciation - Machinery & Equipment	–	1,15,177.39
Depreciation - Electric System	–	4,982.08
Total Manufacturing Expenses	–	5,54,393.37
Total Cost of Manufacturing	–	52,89,371.30
<u>Add</u> Beginning finished goods	–	1,30,891.45
Cost of goods available for sales	–	54,20,262.75
<u>Less</u> Ending finished goods	–	–
Total Cost of Sales	–	54,20,262.75

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



## Thai Subros Limited – Detailed Statements Of Selling Expenses

FOR THE YEARS ENDED MARCH 31, 2016 AND 2015

Particulars	(Baht)	
	2016	2015
Entertainment	–	2,622.00
Freight	–	40,200.00
Export clearances	–	85,320.90
Total Selling Expenses	<u>–</u>	<u>1,28,142.90</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, 2016 AND 2015

Particulars	(Baht)	
	2016	2015
Salary & other allowances	4,80,972.00	9,47,759.52
Severance pay	-	1,49,010.00
Bonus	64,000.00	18,421.00
Staff welfare	-	66,571.96
Social security	9,000.00	20,632.00
Workmen compensation	2,805.00	4,700.00
Telephone & communication	-	13,564.50
Internet charges	-	3,363.00
Travelling expenses	-	46,411.00
Motor vehicle expenses	-	1,267.65
Audit fee	25,000.00	45,000.00
Professional & consultant fee	67,300.00	1,38,535.00
Bank charges	865.00	1,680.00
Other services	-	11,900.00
Legal fee	200.00	6,610.00
Insurance - Office	-	6,363.37
Stationery & printing	-	74.77
Postage & courier	1,886.00	5,677.00
Office supply	-	3,821.46
Miscellaneous expenses	201.94	561.37
Depreciation and amortization	10,142.00	27,419.68
Unclaimable input vat	-	699.69
Non-deductible expenses	59,499.72	21,775.92
Employee benefits	3,740.65	-
Total Administrative Expenses	<u>7,25,612.31</u>	<u>15,41,818.89</u>

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

## Thai Subros Limited – Notes of financial statements as March 31, 2016 and 2015

### 1. GENERAL INFORMATION

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

### 2. BASIS FOR FINANCIAL STATEMENTS PREPARATION

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

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

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Revenues recognition

##### Sales

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

##### Service income

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

##### Interest income

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

#### 3.2 Cash and cash equivalents

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

#### 3.3 Account receivable

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

#### 3.4 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 lifes 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 NPAEs requires the Company to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent assets and liabilities. Actual result may differ from those estimates.

## 4. CASH AND CASH EQUIVALENTS

	(Baht)	
	<u>2016</u>	<u>2015</u>
Cash in Banks - Current Account	<u>20,51,268.51</u>	<u>26,18,503.15</u>
Total	<u><u>20,51,268.51</u></u>	<u><u>26,18,503.15</u></u>

## 5. TRADE AND OTHER RECEIVABLES

	(Baht)	
	<u>2016</u>	<u>2015</u>
Trade accounts receivable	24,65,296.29	22,78,066.52
Other receivables		
- Prepaid expenses	540.00	2,625.00
- A/R-Revenue Department	1,03,487.75	1,02,434.19
- Deferred input vat	11,831.47	8,800.47
- Prepaid corporate income tax	-	59,499.72
TOTAL	<u><u>25,81,155.51</u></u>	<u><u>24,51,425.90</u></u>

## 6. EQUIPMENT

	(Baht)			
	As at April 1, 2015	Movement during the year		As at March 31, 2016
		Addition	Deduction	
Cost :				
Office equipment	33,210.56	-	-	33,210.56
Total	<u>33,210.56</u>	<u>-</u>	<u>-</u>	<u>33,210.56</u>
Accumulated Depreciation:				
Office equipment	23,540.54	6,642.00	-	30,182.54
TOTAL	<u>23,540.54</u>	<u>6,642.00</u>	<u>-</u>	<u>30,182.54</u>
Net	<u>9,670.02</u>			<u>3,028.02</u>
Depreciation (included in statements of income)				
Year 2016				6,642.00
Year 2015				1,49,298.36

## 7. INTANGIBLE ASSETS

	(Baht)	
	<u>2016</u>	<u>2015</u>
Computer Software	35,000.00	35,000.00
Less Accumulated amortization	(14,248.57)	(10,748.57)
Intangible assets - net	<u><u>20,751.43</u></u>	<u><u>24,251.43</u></u>

## 8. TRADE AND OTHER PAYABLES

		(Baht)	
		2016	2015
Other payable	- Accrued expenses	2,38,277.47	1,79,546.47
	- A/P-Revenue Department	-	1,503.06
	- Withholding tax remittable	1,138.88	1,142.28
	- Accrued social security	1,500.00	1,500.00
	- Others	36,126.80	17,191.90
	Total	<u>2,77,043.15</u>	<u>2,00,883.71</u>

## 9. EMPLOYEE BENEFIT OBLIGATIONS

The Company has changed the estimate of provisions as follows.

		(Baht)	
		2016	2015
Employee benefit obligations at beginning of year		22,443.89	49,261.66
Increase		3,740.65	-
(Decrease)		-	(26,817.77)
Employee benefit obligations at end of year		<u>26,184.54</u>	<u>22,443.89</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, 2015 have been reclassified to conform with the presentation of accounts in the financial statements for the year ended March 31, 2016 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, 2016, 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 2016 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 87.33 Lacs as at 31st March, 2016 and total revenues of Rs.3.76 lacs and net cash out flows amounting to Rs. 11.80 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. 230.11 Lacs as at 31st March 2016 and total revenues of Rs. 388.29 Lacs and net cash flows amounting to Rs.29.51 Lacs for the year ended 31st March, 2016, 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, 2016 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, 2016 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 (a) 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 (b) to the consolidated financial statements.
- iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Group. Refer Note No 38 (c) to the consolidated financial statements.

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

PLACE: NEW DELHI  
DATED: 26<sup>th</sup> May 2016

(SANJAY JINDAL)  
PARTNER  
M. No. 087085



## 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<sup>ST</sup> MARCH 2016 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, 2016, 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, 2016, 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: 26<sup>th</sup> May 2016

(SANJAY JINDAL)  
PARTNER  
M. No. 087085

## Consolidated Balance Sheet as at 31<sup>st</sup> March 2016

(₹ in Lacs)

PARTICULARS	NOTE NO.	AS AT 31ST MARCH 2016	AS AT 31ST MARCH 2015
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS:</b>			
(A) SHARE CAPITAL	2	1,199.77	1,199.77
(B) RESERVES AND SURPLUS	3	32,307.90	30,489.50
<b>NON-CURRENT LIABILITIES</b>			
(A) LONG-TERM BORROWINGS	4	18,896.94	21,430.68
(B) DEFERRED TAX LIABILITIES (NET)	5	2,945.00	2,700.11
(C) OTHER LONG-TERM LIABILITIES	6	42.08	36.58
(D) LONG-TERM PROVISIONS	7	293.41	262.67
<b>CURRENT LIABILITIES</b>			
(A) SHORT-TERM BORROWINGS	8	10,829.03	11,901.29
(B) TRADE PAYABLES		12,956.59	11,045.46
(C) OTHER CURRENT LIABILITIES	9	19,950.72	17,639.02
(D) SHORT-TERM PROVISIONS	10	684.90	602.51
TOTAL		<u>1,00,106.34</u>	<u>97,307.59</u>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
(A) FIXED ASSETS			
(I) TANGIBLE ASSETS	11	41,032.92	41,371.58
(II) INTANGIBLE ASSETS	11	15,298.72	12,286.92
(III) CAPITAL WORK-IN-PROGRESS	11	4,328.20	5,145.20
(IV) INTANGIBLE ASSETS UNDER DEVELOPMENT	11	1,085.60	3,701.74
(B) LONG-TERM LOANS AND ADVANCES	12	4,885.39	4,686.74
<b>CURRENT ASSETS</b>			
(A) INVENTORIES	13	17,661.55	17,341.70
(B) TRADE RECEIVABLES	14	9,937.79	7,872.40
(C) CASH AND BANK BALANCES	15	774.79	750.20
(D) SHORT-TERM LOANS AND ADVANCES	16	5,075.10	4,122.80
(E) OTHER CURRENT ASSETS	17	26.28	28.31
TOTAL		<u>1,00,106.34</u>	<u>97,307.59</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

SANJAY JINDAL  
Partner  
Membership No : 087085  
Place : New Delhi  
Date : 26<sup>th</sup> May, 2016

RAMESH SURI  
Chairman  
MANOJ K SETHI  
Sr VP (Finance)

SHRADHA SURI  
Managing Director  
H K AGARWAL  
Dy. Company Secretary & GM (Finance)

## Consolidated Statement of Profit and Loss for the Year Ended 31<sup>st</sup> March 2016

(₹ in Lacs)

P A R T I C U L A R S	NOTE NO.	FOR THE YEAR ENDED ON 31.03.2016	FOR THE YEAR ENDED ON 31.03.2015
REVENUE FROM OPERATIONS	18	1,31,071.97	1,20,197.79
OTHER INCOME	19	251.06	104.89
<b>TOTAL REVENUE</b>		<u>1,31,323.03</u>	<u>1,20,302.68</u>
EXPENSES:			
COST OF MATERIALS CONSUMED	20	88,398.10	80,908.16
CHANGES IN INVENTORIES OF FINISHED GOODS & WIP - (INCREASE) / DECREASE	21	(63.17)	575.10
EMPLOYEE BENEFIT EXPENSE	22	13,370.89	11,869.76
FINANCE COST	23	4,172.94	3,872.72
DEPRECIATION AND AMORTISATION EXPENSE		8,650.73	7,886.08
OTHER EXPENSES	24	14,155.38	13,181.54
<b>TOTAL EXPENSES</b>		<u>1,28,684.87</u>	<u>1,18,293.36</u>
PROFIT BEFORE TAX		2,638.16	2,009.32
TAX EXPENSE:			
-CURRENT TAX (MAT)		568.47	433.55
-MAT CREDIT ENTITLEMENT		(568.47)	(427.55)
-NET CURRENT TAX		-	6.00
-DEFERRED TAX EXPENSE		244.89	4.00
-TAX IN RESPECT OF EARLIER YEARS		(0.91)	(2.07)
<b>PROFIT FOR THE YEAR</b>		<u>2,394.18</u>	<u>2,001.39</u>
EARNING PER EQUITY SHARE OF FACE VALUE OF Rs. 2 EACH			
BASIC & DILUTED (Rs.)		3.99	3.34
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

SANJAY JINDAL  
Partner  
Membership No : 087085  
Place : New Delhi  
Date : 26<sup>th</sup> May, 2016

RAMESH SURI  
Chairman  
MANOJ K SETHI  
Sr VP (Finance)

SHRADHA SURI  
Managing Director  
H K AGARWAL  
Dy. Company Secretary & GM (Finance)

## Consolidated Statement of Cash Flow for the Year Ended 31<sup>st</sup> March 2016

(₹ in Lacs)

PARTICULARS	2015-2016		2014-2015	
I. CASH FLOW FROM OPERATING ACTIVITIES				
A Profit Before Taxation		2,638.16		2,009.32
B Adjustments		-		-
Add:				
i) Depreciation	8,650.73		7,886.08	
ii) Loss on Assets Sold / Discarded	17.03		12.64	
iii) Interest & Financial Charges	4,172.94	12,840.70	3,872.72	11,771.44
Less:				
i) Interest Income		50.35		72.94
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		15,428.51		13,707.82
Adjustment for:				
i) Trade & Other receivable	(2,958.42)		(1,927.56)	
ii) Inventories	(319.86)		442.42	
iii) Trade & Other payables	3,548.16	269.88	2,178.26	693.12
CASH GENERATED FROM OPERATIONS		15,698.39		14,400.94
Less:				
Direct Taxes paid (Net)		(631.91)		(390.04)
Add:				
Interest received		52.38		64.84
Effect of Exchange Fluctuation on Consolidation		1.83		17.36
NET CASH FLOW FROM OPERATING ACTIVITIES		15,120.69		14,093.10
II. CASH FLOW FROM INVESTING ACTIVITIES				
i) Purchase of Fixed Assets/ CWIP		(6,955.68)		(9,450.08)
ii) Sale of Fixed Assets		15.28		51.30
NET CASH USED IN INVESTING ACTIVITIES		(6,940.40)		(9,398.78)

(₹ in Lacs)

PARTICULARS	2015-2016	2014-2015
III. CASH FLOW FROM FINANCING ACTIVITIES		
i) Proceeds of long term secured loans	6,788.61	6,000.00
ii) Repayment of long term loans	(8,698.28)	(7,974.57)
iii) Working Capital Loans from Banks (Net)	(1,072.26)	2,610.81
iv) Dividend and Corporate Dividend Tax paid	(505.41)	(491.29)
v) Interest Paid	(4,718.01)	(4,908.80)
NET CASH FROM FINANCING ACTIVITIES	<u>(8,205.35)</u>	<u>(4,763.85)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS (I+II+III)	(25.06)	(69.53)
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR	195.83	265.36
CASH AND CASH EQUIVALENTS AS AT THE CLOSING OF THE YEAR	<u>170.77</u>	<u>195.83</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

SANJAY JINDAL  
Partner  
Membership No : 087085  
Place : New Delhi  
Date : 26<sup>th</sup> May, 2016

RAMESH SURI  
Chairman  
MANOJ K SETHI  
Sr VP (Finance)

SHRADHA SURI  
Managing Director  
H K AGARWAL  
Dy. Company Secretary & GM (Finance)

## Notes Annexed to and Forming Part of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2016 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 2016	As at 31st March 2015
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 2016		As at 31st March 2015	
	(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 2016		As at 31st March 2015	
	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 2016	As at 31st March 2015
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	11,425.48	11,220.48
ADD: TRANSFERRED FROM SURPLUS	250.00	205.00
CLOSING BALANCE	<u>11,675.48</u>	<u>11,425.48</u>
SURPLUS		
OPENING BALANCE	19,032.10	17,741.12
ADD: PROFIT FOR THE YEAR	2,394.18	2,001.39
	<u>21,426.28</u>	<u>19,742.51</u>
LESS: APPROPRIATIONS		
PROPOSED DIVIDEND ON EQUITY SHARE*	479.91	419.92
PROVISION FOR TAX ON PROPOSED DIVIDEND	97.70	85.49
TRANSFERRED TO GENERAL RESERVE	250.00	205.00
CLOSING BALANCE	<u>20,598.67</u>	<u>19,032.10</u>
FOREIGN CURRENCY TRANSLATION RESERVE		
OPENING BALANCE	28.27	10.91
ADD/LESS: - DURING THE YEAR	1.83	17.36
CLOSING BALANCE	<u>30.10</u>	<u>28.27</u>
TOTAL	<u>32,307.90</u>	<u>30,489.50</u>

\* Rs.0.80 Per Equity Share(Previous Year Rs. 0.70 per Equity Share)

**NOTE 4 - LONG - TERM BORROWINGS**

(₹ in Lacs)

PARTICULARS	As at 31st March 2016	As at 31st March 2015
SECURED LOANS		
TERMS LOANS:		
FROM BANKS	17,063.64	18,667.47
FROM OTHERS	1,833.30	2,763.21
TOTAL	<u>18,896.94</u>	<u>21,430.68</u>

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

NATURE OF SECURITY	TERMS OF REPAYMENT
Term loan amounting to Rs. NIL lacs (March 31, 2015: Rs. 1,395 lacs) is secured by Exclusive first charge on specific equipments.	Repayment in sixteen quarterly instalments (@ Rs 348.91 lacs each) commencing from June 2014. Last instalment in March 2017. Rate of interest 9.70% P.A. (Previous year 9.70%)
Term loan amounting to Rs. NIL lacs (March 31, 2015: Rs. 37.50 lacs) is secured by Exclusive first charge on specific equipments.	Repayment in sixteen quarterly instalments @ Rs 37.50 lacs each commencing from August 2012. Last instalment in June 2016. Rate of interest SBIBR+1.90% P.A. as at year end. (SBIBR + 1.90% P.A.)
Term loan amounting to Rs. 1,354 lacs (March 31, 2015: Rs. 3,522 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. 625 lacs (March 31, 2015: Rs 1,875 lacs) is Secured by way of first charge on specific machineries, equitable mortgage on Pune Land & Bldg., Personal Gaurantee of Chairman of the Company	Repayment in sixteen 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. 4,500 lacs (March 31, 2015: Rs. 6,000 Lacs) is secured by equitable mortgage on Manesar Land & Bldg., Personal Gaurantee of Chairman of the Company.	Repayment in twenty Quarterly equal instalments commencing from June 2015. Last instalment in March 2020. Rate of interest 9.85% P.A. (Previous year 10.95% P.A.)
Term loan amounting to Rs. 375 lacs (March 31, 2015: Rs. 1,125 lacs) is secured by equitable mortgage on Manesar Land & Bldg., Personal Gaurantee of Chairman of the Company.	Repayment in sixteen Quarterly equal instalments commencing from Dec. 2014. Last instalment in September 2017. Rate of interest 9.85% P.A. (Previous year 11.10% P.A.)
Term loan amounting to Rs. 1,833.30 lacs (March 31, 2015: Rs. 2,725.60 Lacs) is Secured by way of first charge on specific machineries.	Repayment in Eighteen Quarterly instalments commencing from October 2015. Last instalment in Feburary 2019. Rate of interest 10.05% P.A. (Previous year 10.75% P.A.)
Term loan amounting to Rs. 3,750 lacs (March 31, 2015: Rs. 4,750 Lacs) is secured by equitable mortgage on Manesar Land & Bldg., Personal Gaurantee of the Chairman of the Company.	Repayment in twenty Quarterly equal instalments commencing from March 2016. Last instalment in Dec 2020. Rate of interest 9.85% P.A. (Previous year 10.95%)
Term loan amounting to Rs. 2,959 lacs (March 31, 2015: NIL) 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 Nil)
Term loan amounting to Rs. 3,500 lacs (March 31, 2015: Rs. Nil) is secured by equitable mortgage on Manesar Land & Bldg., Personal Gaurantee of the Chairman of the Company.	Repayment in Twenty Quarterly equal instalments commencing from March 2017. Last instalment in Dec 2021. Rate of interest 9.85% P.A. (Previous year NA)
Term loan amounting to Rs. 4,750 lacs (March 31, 2015: Rs. NIL Lacs) is secured by equitable mortgage on Manesar Land & Bldg., Personal Gaurantee of the Chairman of the Company.	Repayment in twenty Quarterly equal instalments commencing from March 2016. Last instalment in Dec 2020. Rate of interest 10.95% P.A. (Previous year NA)

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

(₹ in Lacs)

PARTICULARS	As at 31st March 2016	As at 31st March 2015
DEFERRED TAX LIABILITY		
DEPRECIATION	3,186.00	2,836.07
TOTAL DEFERRED TAX LIABILITY(A)	3,186.00	2,836.07
DEFERRED TAX ASSETS		
EXPENSES ALLOWABLE ON PAYMENT BASIS (NET)	241.00	135.96
TOTAL DEFERRED TAX ASSETS(B)	241.00	135.96
TOTAL (A-B)	2,945.00	2,700.11

**NOTE 6 - OTHER LONG TERM LIABILITIES**

(₹ in Lacs)

PARTICULARS	As at 31st March 2016	As at 31st March 2015
SECURITY DEPOSITS RECEIVED	42.08	36.58
TOTAL	42.08	36.58

**NOTE 7 - LONG TERM PROVISIONS**

(₹ in Lacs)

PARTICULARS	As at 31st March 2016	As at 31st March 2015
PROVISION FOR EMPLOYEE BENEFITS		
PROVISION FOR LEAVE ENCASHMENT	243.55	219.75
PROVISION FOR WARRANTY	49.86	42.92
TOTAL	293.41	262.67

**NOTE 8 - SHORT-TERM BORROWINGS**

(₹ in Lacs)

PARTICULARS	As at 31st March 2016	As at 31st March 2015
SECURED		
FROM BANKS:		
CASH CREDIT ACCOUNT (Secured by First Charge by way of Hypothecation of stocks, receivables, existing Plant & Machinery and Miscellaneous Fixed Assets and equitable mortgage of two factory premises and also by way of personal guarantee of the Chairman of the company.) Rate of Interest ; CB Base Rate + 1.50%	836.49	5,368.39
UNSECURED		
- WORKING CAPITAL LOAN FROM BANKS Rate of Interest : 9.95 %	4,402.55	3,578.65
BUYERS CREDIT ARRANGEMENTS FROM BANKS Rate of Interest : LIBOR + 0.40% to 0.68% [(Against personal guarantee of the Chairman of the Company Rs. NIL Lacs (Previous year : Rs. 781.76)]	3,089.99	2,954.25
- COMMERCIAL PAPER Rate of Interest : 8.40 %	2,500.00	-
TOTAL	10,829.03	11,901.29

**NOTE 9 - OTHER CURRENT LIABILITIES**

(₹ in Lacs)

PARTICULARS	As at 31st March 2016	As at 31st March 2015
CURRENT MATURITIES OF LONG-TERM DEBT	9,281.35	8,657.28
INTEREST ACCRUED BUT NOT DUE ON LOANS	154.86	184.92
UNCLAIMED DIVIDEND	32.85	33.06
DUE TO DIRECTORS	39.74	30.63
STATUTORY DUES	1,032.85	856.41
ADVANCE FROM CUSTOMERS	2,155.65	1,769.64
CREDITOR FOR CAPITAL EXPENDITURE	796.83	719.37
OTHER PAYABLES	6,456.59	5,387.71
TOTAL	<u>19,950.72</u>	<u>17,639.02</u>

**NOTE 10 - SHORT TERM PROVISIONS**

PARTICULARS	As at 31st March 2016	As at 31st March 2015
PROVISION FOR EMPLOYEE BENEFITS		
PROVISION FOR LEAVE ENCASHMENT	25.72	27.60
OTHER PROVISIONS		
PROPOSED DIVIDEND	479.91	419.92
CORPORATE DIVIDEND	97.70	85.49
TAX PROVISION FOR WARRANTY	81.57	69.50
TOTAL	<u>684.90</u>	<u>602.51</u>

**NOTE 11 - FIXED ASSETS**

(₹ in Lacs)

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	COST AS ON 01.04.15	ADDITIONS	SALE/ ADJUSTMENTS	COST AS ON 31.03.2016	DEPRECIATION AS ON 01.04.15	DEPRECIATION FOR THE PERIOD*	SALE/ ADJUSTMENTS	TOTAL DEPRECIATION upto 31.03.2016	AS ON 31.03.2016	AS ON 31.03.2015
<b>TANGIBLE ASSETS</b>										
LAND LEASEHOLD	1,471.24	—	—	1,471.24	132.59	14.86	—	147.45	1,323.79	1,338.65
FREEHOLD	718.31	—	—	718.31	0.26	—	—	0.26	718.05	718.05
BUILDINGS	11,801.37	422.73	—	12,224.10	4,961.56	729.83	—	5,691.39	6,532.71	6,839.81
PLANT AND MACHINERY	71,092.91	6,315.22	32.63	77,375.50	39,842.66	6,030.35	11.81	45,861.20	31,514.30	31,250.25
FURNITURE AND FIXTURE	1,125.58	15.98	0.11	1,141.45	776.90	101.13	0.08	877.95	263.50	348.68
VEHICLES	1,104.06	138.31	72.49	1,169.88	760.37	116.47	62.63	814.21	355.67	343.69
OFFICE EQUIPMENTS	2,620.41	96.01	34.80	2,681.62	2,087.96	301.96	33.20	2,356.72	324.90	532.45
TOTAL	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
PREVIOUS YEAR	81,615.64	8,530.73	212.49	89,933.88	42,007.12	6,706.39	151.21	48,562.30	41,371.58	39,608.52
<b>INTANGIBLE ASSETS</b>										
SPECIALISED SOFTWARES	1,611.93	30.67	—	1,642.60	1,435.02	81.47	—	1,516.49	126.11	176.91
TECHNICAL KNOW HOW	6,741.42	1,199.25	—	7,940.67	2,596.81	539.25	—	3,136.06	4,804.61	4,144.61
DEVELOPMENT COST	11,153.37	3,406.98	—	14,560.35	3,187.97	1,004.38	—	4,192.35	10,368.00	7,965.40
TOTAL	19,506.72	4,636.90	—	24,143.62	7,219.80	1,625.10	—	8,844.90	15,298.72	12,286.92
PREVIOUS YEAR	14,837.86	4,673.44	4.58	19,506.72	6,042.04	1,179.69	1.93	7,219.80	12,286.92	8,795.82
GRAND TOTAL	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
PREVIOUS YEAR	96,453.50	13,204.17	217.07	1,09,440.60	48,049.16	7,886.08	153.14	55,782.10	53,658.50	48,404.34
CAPITAL WORK IN PROGRESS	—	—	—	—	—	—	—	—	4,328.20	5,145.20
INTANGIBLE ASSETS UNDER DEVELOPMENT	—	—	—	—	—	—	—	—	1,085.60	3,701.74

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

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

(₹ in Lacs)

PARTICULARS	As at 31st March 2016	As at 31st March 2015
CAPITAL ADVANCES		
UNSECURED, CONSIDERED GOOD TO RELATED PARTIES (REFER NOTE:- 33) TO OTHERS	8.97 157.44	5.75 535.54
SECURITY DEPOSITS		
UNSECURED, CONSIDERED GOOD TO RELATED PARTIES (REFER NOTE:- 33) TO OTHERS	240.52 580.52	246.52 622.30
ADVANCE TAX (NET)	207.75	137.85
UNSECURED, CONSIDERED GOOD		
MAT CREDIT RECOVERABLE	3,654.57	3,091.66
UNSECURED, CONSIDERED GOOD		
LOANS AND ADVANCES TO EMPLOYEE	35.62	47.12
UNSECURED, CONSIDERED GOOD		
TOTAL	<u>4,885.39</u>	<u>4,686.74</u>

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

(₹ in Lacs)

PARTICULARS	As at 31st March 2016	As at 31st March 2015
A. RAW MATERIAL & SPARES		
- IN HAND	13,387.11	13,119.25
- IN TRANSIT	133.11	127.38
	<u>13,520.22</u>	<u>13,246.63</u>
B. WORK IN PROGRESS	1,473.21	1,330.48
C. FINISHED GOODS	229.96	319.46
D. STORES	2,438.16	2,445.13
TOTAL	<u>17,661.55</u>	<u>17,341.70</u>

**NOTE 14 - TRADE RECEIVABLES**

(₹ in Lacs)

PARTICULARS	As at 31st March 2016	As at 31st March 2015
UNSECURED, CONSIDERED GOOD		
OUTSTANDING FOR A PERIOD EXCEEDING SIX MONTHS FROM THE DATE THEY ARE DUE FOR PAYMENT	72.04	74.90
OTHERS	9,865.75	7,797.50
TOTAL	<u>9,937.79</u>	<u>7,872.40</u>

Trade Receivable stated above include Debts due from related parties Rs.36.96 Lacs  
(Previous year Rs.38.24 Lacs) (Refer Note No.-33)



**NOTE 15 - CASH AND BANK BALANCES**

(₹ in Lacs)

PARTICULARS	As at 31st March 2016	As at 31st March 2015
CASH AND CASH EQUIVALENTS		
BALANCE WITH BANKS - IN CURRENT A/C	153.56	166.73
CASH IN HAND	17.21	29.10
	<u>170.77</u>	<u>195.83</u>
OTHER BANK BALANCES		
- IN MARGIN MONEY A/C*	571.17	521.31
- IN UNPAID DIVIDEND A/C	32.85	33.06
	<u>604.02</u>	<u>554.37</u>
TOTAL	<u>774.79</u>	<u>750.20</u>

\* Margin Money include Fixed Deposits of Rs. 148.74 Lac (Previous year Rs.44.86 Lac) with maturity of more than 12 months

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

(₹ in Lacs)

PARTICULARS	As at 31st March 2016	As at 31st March 2015
ADVANCES TO RELATED PARTIES		
UNSECURED, CONSIDERED GOOD (Refer Note No-33)	148.90	136.32
ADVANCES TO OTHER PARTIES	4,838.10	3,906.69
UNSECURED, CONSIDERED GOOD		
LOAN TO EMPLOYEES		
UNSECURED, CONSIDERED GOOD	88.10	79.79
TOTAL	<u>5,075.10</u>	<u>4,122.80</u>

**NOTE 17 - OTHER CURRENT ASSETS**

(₹ in Lacs)

PARTICULARS	As at 31st March 2016	As at 31st March 2015
INTEREST ACCRUED ON BANK DEPOSITS WITH BANK	26.28	28.31
TOTAL	<u>26.28</u>	<u>28.31</u>

**NOTE 18 - REVENUE FROM OPERATIONS**

(₹ in Lacs)

PARTICULARS	For the year ended 31st March 2016	For the year ended 31st March 2015
SALE OF PRODUCTS	1,47,963.10	1,33,400.80
LESS: EXCISE DUTY	17,670.77	14,039.71
NET SALES	<u>1,30,292.33</u>	<u>1,19,361.09</u>
OTHER OPERATING INCOME		
SALE OF SERVICES	703.35	505.32
SALE OF SCRAP	76.29	64.12
INDUSTRIAL PROMOTION SUBSIDY	—	267.26
TOTAL	<u>1,31,071.97</u>	<u>1,20,197.79</u>

**NOTE 19 - OTHER INCOME**

(₹ in Lacs)

PARTICULARS	For the year ended 31st March 2016	For the year ended 31st March 2015
INTEREST ON :		
A) FIXED DEPOSITS WITH BANKS	48.03	72.68
B) OTHERS	2.33	0.26
PROFIT ON SALE OF FIXED ASSETS	162.20	7.25
GAIN FROM EXCHANGE RATE DIFFERENCE(NET)	38.50	24.70
MISCELLANEOUS INCOME		
TOTAL	<u>251.06</u>	<u>104.89</u>

**NOTE 20 - COST OF MATERIAL CONSUMED**

(₹ in Lacs)

PARTICULARS	For the year ended 31st March 2016		For the year ended 31st March 2015	
RAW MATERIAL & COMPONENTS				
OPENING STOCK	13,246.63		13,151.91	
PURCHASE	<u>88,671.69</u>	1,01,918.32	<u>81,002.88</u>	94,154.79
LESS:- CLOSING STOCK		<u>13,520.22</u>		<u>13,246.63</u>
TOTAL		<u>88,398.10</u>		<u>80,908.16</u>

Additional informations are given in Notes:- 30 and 31

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

(₹ in Lacs)

PARTICULARS	For the year ended 31st March 2016	For the year ended 31st March 2015
FINISHED GOODS		
CLOSING STOCK	229.96	319.46
LESS:- OPENING STOCK	<u>319.46</u>	<u>318.72</u>
	<u>(89.50)</u>	<u>0.74</u>
WORK-IN-PROGRESS		
CLOSING STOCK	1,473.21	1,330.48
LESS:- OPENING STOCK	<u>1,330.48</u>	<u>1,908.05</u>
	<u>142.73</u>	<u>(577.57)</u>
DECREASE (INCREASE) IN EXCISE DUTY ON FINISHED GOODS	9.94	1.73
TOTAL	<u>63.17</u>	<u>(575.10)</u>

**NOTE 22 - EMPLOYEE BENEFIT EXPENSES**

(₹ in Lacs)

PARTICULARS	For the year ended 31st March 2016	For the year ended 31st March 2015
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES :		
- SALARIES, WAGES, BONUS ETC	11,039.89	9,615.82
- CONTRIBUTION TO PROVIDENT & OTHER FUNDS	541.93	512.77
- STAFF WELFARE EXPENSES	1,312.35	1,314.15
- DIRECTOR REMUNERATION	476.72	427.02
TOTAL	<u>13,370.89</u>	<u>11,869.76</u>

**NOTE 23 - FINANCE COST**

(₹ in Lacs)

PARTICULARS	For the year ended 31st March 2016	For the year ended 31st March 2015
INTEREST PAID TO BANK	3,673.15	3,609.91
INTEREST PAID TO OTHERS	499.79	262.81
TOTAL	<u>4,172.94</u>	<u>3,872.72</u>

**NOTE 24 - OTHER EXPENSES**

(₹ in Lacs)

PARTICULARS	For the year ended 31st March 2016	For the year ended 31st March 2015
STORE CONSUMED	2,717.16	2,630.28
POWER & FUEL	2,377.94	2,108.45
REPAIRS AND MAINTENANCE		
-BUILDING	47.77	43.90
-PLANT & MACHINERY	952.75	1,110.72
-OTHERS	231.67	182.95
RENT	343.93	329.77
INSURANCE	238.62	209.76
RATES AND TAXES	119.85	94.52
VEHICLE RUNNING AND MAINTENANCE	216.80	231.01
TRAVELLING AND CONVEYANCE	396.63	409.54
LEGAL AND PROFESSIONAL CHARGES	345.83	315.24
AUDIT FEES	21.47	18.35
ROYALTY	1,232.28	1,107.24
SELLING & DISTRIBUTION EXPENSES	1,946.65	1,604.79
LOSS ON SALE OF FIXED ASSETS	17.03	12.64
REBATE & DISCOUNT	1,228.17	1,039.63
CORPORATE SOCIAL RESPONSIBILITY (CSR EXPENSES)	46.92	57.32
DIRECTOR'S SITTING FEES	43.10	40.50
MISCELLANEOUS EXPENSES	1,630.81	1,634.93
TOTAL	<u>14,155.38</u>	<u>13,181.54</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, 2016	Percentage of voting power as at March 31, 2015
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, 2016	Percentage of voting power as at March 31, 2015
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. 3,235.28 Lacs (Previous Year Rs. 3,966.33 Lacs)
- b) Guarantees given by banks on behalf of the Group: Rs. 1,463.14 Lacs (Previous Year: Rs. 463.74 Lacs)
- c) Claims against the Group not acknowledged as debt :-

(₹ in Lacs)

Nature of claim	As at 31.03.16	As at 31.03.15
Disputed Sales Tax Demands	139.36	139.36
Disputed Income Tax Demands	24.40	24.40
Other claims	119.10	83.16

- d) Pursuant to the Payment of Bonus (Amendment) Act, 2015, enhanced bonus is to be paid to the eligible employees with retrospective effect from 01.04.2014. Based on various court decisions, the Group has been advised by its legal consultants that the applicability of the said Act for the Year 2014-15 is not likely to stand the trial of the jurisdictional courts. Accordingly, differential amount of Bonus for the year 2014-15 amounting to approximately Rs.192 Lacs has not been accounted for in these financial statements.
  - e) 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):Rs 1,178.88 Lacs (Previous Year: Rs. 2,052.62 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	112.43	138.93
Add: Provisions made during the year	110.87	56.86
	223.30	195.79
Less: Amount utilised during the year	91.87	83.36
Balance at the end of the year	131.43	112.43

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

31. The Group has identified that there is no material impairment of assets and as such no provision is required in terms of Accounting Standard-28 on "Impairment of assets".
32. Segment Reporting  
The Group's business activity falls within a single primary business segment i.e., Automotive Air conditioning Systems and parts thereof. Export sales constitute an insignificant portion of the total business of the Group. Hence, there is no geographical segment as well. Therefore, the disclosure requirements of Accounting Standard 17 on 'Segment Reporting' are not applicable.
33. Related Party Disclosures

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

- a) Name of related parties and description of relationship (as certified by the management & relied upon by the auditors):-
  - i. Key Management Personnel
    - Mr. Ramesh Suri, Chairman
    - Ms. Shradha Suri, Managing Director  
(Daughter of Mr. Ramesh Suri)
    - Mr. D. M. Reddy, Executive Director

- Mr. Manoj K. Sethi- Senior Vice President -Finance
- Mr. H K Agarwal- Deputy Company Secretary & General Manager-Finance
- ii. Relatives of Key Management Personnel
  - Mrs. Ritu Suri (Wife of Mr. Ramesh Suri)
  - Ms. Lohitha Reddy (Daughter of Mr. D. M. Reddy)
- 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	—	—	—	—	—	—	24.37	32.05
- Sale of goods	—	—	—	—	—	—	131.72	64.75
- Purchase of fixed assets	318.56	661.94	—	—	—	—	26.34	62.70
- Sale of Fixed Assets	—	—	—	—	—	—	2.95	1.77
- Receiving of Service	—	—	—	—	—	—	784.68	751.06
- Rent/License Agreements	—	—	21.86	33.54	26.10	26.10	332.10	293.55
- Directors' Remuneration*	—	—	476.72	427.02	—	—	—	—
- Retirement Benefits Paid#	—	—	57.25	—	—	—	—	—
- Rental Income	21.37	21.37	—	—	—	—	—	—
- Reimbursement of expenses received	12.66	15.65	—	—	—	—	4.35	5.48
- Security Deposits/ Advance rent (refund)	—	—	6.00	—	—	—	—	—
- Remuneration Paid to Senior Vice President - Finance	—	—	59.24	—	—	—	—	—
- Remuneration Paid to Company Secretary	—	—	35.67	—	—	—	—	—
Closing Balances								
- Amount payable	58.97	157.38	39.74	30.63	—	—	83.35	2.12
- Amount Receivable	—	—	—	—	—	—	194.83	180.31
- Security Deposit (Rent)	—	—	1.50	7.50	13.55	13.55	225.47	225.47

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

# Gratuity paid to Mr. D.M. Reddy.

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

(₹ in Lacs)

Particulars	Current year	Previous year
Purchase of Materials		
- Prima Telecom Ltd.	24.29	32.05
Sale of Goods		
- Rohan Motors Ltd.	14.18	16.79
- Tempo Automobiles (P) Ltd.	112.23	45.52
Purchase of Fixed Assets		
- Rohan Motors Ltd.	10.17	16.78
- Prima Telecom Ltd.	4.72	7.69
- Fibcom India Ltd.	11.45	38.24
Sale of Fixed Assets		
- Rohan Motors Ltd.	2.95	—
- Prima Telecom Ltd.	—	1.77
Receiving of Services		
- SHS Transport (P) Ltd.	736.97	699.36
Reimbursement (Received)		
- Prima Telecom Ltd.	2.90	3.60
- Fibcom India Ltd.	1.45	1.88
Rent/Licence Agreement		
- Ms. Shradha Suri	21.86	33.54
- Prima Infratech Pvt Ltd.	248.39	248.34
Directors Remuneration/Sitting Fee		
- Mr. Ramesh Suri	79.07	69.73
- Ms. Shradha Suri	182.83	182.83
- Mr. D.M.Reddy	214.82	174.46

## 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	2015-16	2014-2015
a) Net profit after Tax (Rs. In lacs)	Rs. 2,394.18	Rs. 2,001.38
b) Number of Equity shares*(Nos)	59988600	59988600
c) Nominal value per Equity share	Rs. 2.00	Rs. 2.00
d) Earning per Share (Basic & Diluted)	Rs. 3.99	Rs. 3.34

\*There were no potential equity shares.

## 35. Foreign Exchange Differences

- The Group has entered into foreign exchange forward contracts to partly hedge its risks associated with the foreign currency fluctuations relating to firm commitments.
- 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)	25	14.35	25	11.94
- In Japanese Yen (Million)	3	175.00	6	369.00
- In Japanese Yen/US \$ (Millions)	16	830.68	14	1,092.09
- Equivalent (Rs. in Lacs)		10,649.03		9,195.00

- 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	
	31.03.16	31.03.15	31.03.16	31.03.15
Creditors, Buyer's Credit and Forex Loan (Net)	587.46	62.45	JPY 98.32	JPY 11.98
	48.89	151.14	Euro 0.064	Euro 0.23
	5.06	-	USD 0.007	-

- d) Difference between forward rates and Spot rates to be recognized in Subsequent years Rs. 255.45 Lacs (Previous Year Rs.191.15 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	1,680.65	1,752.52
Power & Fuel	194.73	306.00
Rent	234.24	271.98
Repair and Maintenance	133.55	71.47
Depreciation	268.96	-
Other Overheads	608.39	736.66
Total	3,120.52	3,138.63

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)	
	31.03.16	31.03.15
Employer's Contribution to Provident Fund	395.67	358.22
Employer's Contribution to Superannuation Fund	16.83	27.43
Employer's Contribution to Employees State Insurance Scheme	86.21	77.54

#### 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)	
	31.03.16	31.03.15	31.03.16	31.03.15
Defined Benefit obligation at beginning of the year	783.90	698.42	247.35	212.47
Current Service Cost	87.63	84.50	43.95	45.30
Interest Cost	60.75	61.11	19.17	18.59
Actuarial (gain)/loss	(33.22)	(15.53)	16.85	30.57
Benefits paid	(87.22)	(44.60)	(58.05)	(59.58)
Defined Benefit obligation at year end	811.84	783.90	269.27	247.35

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

Particulars	Gratuity (Funded)	
	31.03.16	31.03.15
Fair value of plan assets at beginning of the year	828.92	746.55
Expected return on plan assets	74.60	67.19
Actuarial (Loss)/gain	(5.34)	0.28
Employer contribution	2.09	14.90
Benefits paid/Withdrawn	—	—
Fair value of plan assets at year end	900.28	828.92

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

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
	31.03.16	31.03.15	31.03.16	31.03.15
Fair value of plan assets	900.28	828.92	-	-
Present value of obligation	811.84	783.90	269.27	247.35
Amount recognized in Balance Sheet	(88.44)	(45.02)	269.27	247.35

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

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
	31.03.16	31.03.15	31.03.16	31.03.15
Current Service Cost	87.63	84.50	43.95	45.30
Interest Cost	60.75	61.11	19.17	18.59
Expected return on plan assets	(74.60)	(67.19)	-	-
Actuarial (Gain)/Loss	(27.88)	(15.82)	16.85	30.57
Total	45.90	62.61	79.97	94.46

V. Investment Details Gratuity

Particulars	% Invested
Insurer Managed Fund	100%

## VI. Actuarial assumptions

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
	31.03.16	31.03.15	31.03.16	31.03.15
Mortality Table (LIC)	1994-96	1994-96	1994-96	1994-96
Discount rate (per annum)	7.75%	7.75%	7.75%	7.75%
Expected rate of return on plan assets (per annum)	8.50%	9.00%	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. (a) The Group does not have pending litigations which would impact its Financial Position.  
 (b) The Group do not have any Long term Contracts including derivative contracts which require any provision for Forceable Losses.  
 (c) The Group has deposited an amount of Rs 4.60 Lacs (Previous Year Rs. 6.51 Lacs) during the year in Investor Education and Protection Fund. Further, no amount is pending for deposition in Investor Education and Protection Fund.
39. As informed there was no supplier who was registered under "The Micro, Small and Medium Enterprises (Development) Act, 2006".
40. Balance confirmations have not been received from some of the parties showing debit/credit balances. Management does not expect to have any material differences effecting the financial statements for the year upon confirmation.
41. 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, 2016		31st March, 2015		31st March, 2016		31st March, 2015	
	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	33,333.57	99.48	31,507.77	99.43	2,400.39	100.26	2,031.84	101.52
Foreign Subsidiaries								
Thai Subros Limited	35.69	0.11	50.33	0.16	(10.01)	(0.42)	(26.76)	(1.34)
Joint Ventures								
Indian								
Denso Subros Thermal Engineering Centre India Limited	138.41	0.41	131.17	0.41	3.80	0.16	(3.69)	(0.18)
Total	33,507.67	100.00	31,689.27	100.00	2,394.18	100.00	2,001.39	100.00

42. 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

SANJAY JINDAL  
Partner  
Membership No : 087085

RAMESH SURI  
Chairman

SHRADHA SURI  
Managing Director

Place : New Delhi  
Date : 26<sup>th</sup> May, 2016

MANOJ K SETHI  
Sr VP (Finance)

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

# Our Presence

## Plants & Offices

### Head Office

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

### Noida Plant

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

### R&D Centre

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

### PDC Plant

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

### Manesar Plant

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

### Pune Plant

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

### Sanand Plant

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

### Chennai Plant

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

### Subros Tool Engineering Centre

A-16, Sector- 68 Noida-201304  
Distt: Gautam Budh Nagar (U.P)

[www.subros.com](http://www.subros.com)



Noida Die Casting Plant



Subros Tool Engineering Centre



Noida Central Plant



Noida R&D Centre



Manesar Plant



Sanand Plant



Pune Plant



Chennai Plant



 Plants

 Regional Offices



